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What's News

Business & Finance

Tesla overtook Ford as the No. 2 U.S. auto firm by stock-market value, as the electric-car maker's market cap rose to \$48.7 billion. **A1**

◆ China's yuan has been strengthening against the dollar, a rise that could weaken U.S. claims of currency manipulation. **A1**

◆ Ultra's CEO stands to get \$35 million in stock when the firm exits from bankruptcy, due to higher gas prices. **B1**

◆ J. Crew's creative chief is leaving the apparel firm, which is struggling with soft sales and heavy debt. **B1**

◆ North Korea was linked to a hacking group blamed for the cyberattack on Bangladesh's central bank. **B3**

◆ Reckitt Benckiser, the U.K. owner of French's mustard, started a strategic review of its food business. **B3**

◆ Mylan was hit with a suit alleging the drug firm overcharged EpiPen patients as part of a sales scheme. **B3**

◆ An Apple supplier raised the prospect of a patent fight after the iPhone maker said it would stop using its GPUs. **B4**

◆ Google unveiled steps to help marketers track where YouTube ads appear. **B4**

◆ Factory activity grew at a healthy pace in March, while firms faced rising raw-materials costs. **A2**

◆ Stocks eased as investors sold consumer-discretionary shares. The Dow shed 13.01 points to 20650.21. **B11**

World-Wide

◆ Senate Democrats assembled enough votes to mount a filibuster that would block consideration of Trump's Supreme Court nominee, setting up a fight over rules. **A1**

◆ A blast tore through a subway train in St. Petersburg, Russia, killing 11 people, in what officials were probing as a terror attack. **A11**

◆ The Justice Department sought to delay an agreement aimed at eliminating racially biased practices of the Baltimore police and will review other pacts affecting local law enforcement. **A4**

◆ Trump is pushing for a probe into whether Obama administration officials improperly spied on members of his transition team. **A6**

◆ The government began accepting H-1B visa applications but pledged to target outsourcing firms. **A6**

◆ Trump can draw funds from his businesses without public disclosure, according to his revised trust. **A6**

◆ The Supreme Court will weigh if firms can be sued by foreigners in U.S. courts in a terror-related suit. **A3**

◆ Haley said that the U.S. would closely scrutinize the U.N.'s peacekeeping and human-rights functions. **A8**

◆ Kushner paid a surprise visit to Iraq, receiving military briefings on the fight against Islamic State. **A8**

◆ Trump welcomed Egyptian President Sisi, as the U.S. administration focuses its relationship with Cairo on security cooperation. **A8**

◆ North Carolina defeated Gonzaga, 71-65, for its sixth national championship. **A16**

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In Russia's Second-Largest City, a Scene of Carnage



BRUTAL AFTERMATH: A blast tore through a subway train in St. Petersburg, Russia, Monday, killing 11 people and injuring dozens more. Russian officials said they had opened a criminal probe into a potential terrorist attack, and security was increased at transport hubs. **A11**

Yuan Finds New Direction

China's currency has risen against the U.S. dollar, complicating manipulation claims

By SAUMYA VAISHAMPAYAN AND CAROLYN CUI

As China's leader prepares to head to the U.S. this week, there's a new twist in the persistent argument that China is keeping its currency artificially low against the dollar. The yuan has recently been rising.

The gains have been small—the yuan is up 1% against the dollar so far this year—but began shortly before Donald Trump was inaugurated as president. The rise could complicate a central criticism that Mr. Trump has leveled against China: that it is manipulating its currency downward at the expense of the U.S. to help bolster exports and its economy.

Mr. Trump and Chinese leader Xi Jinping are due to meet Thursday.

China for years had been criticized by other countries for

its heavy-handed efforts to keep the yuan undervalued, even while it made moves to open its markets to free trading. Then came a period of appreciation which led to the government to suddenly devalue the currency in August 2015, causing a global market sell-off.

Since Mr. Trump took office, Chinese authorities have relied on capital controls and a broadly weakening dollar to keep the yuan in a narrow range against the U.S. currency.

China achieved the recent calm with relatively mild

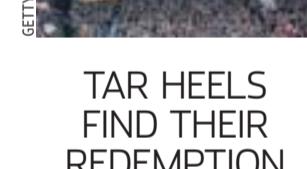
nudges. In late 2015 and early 2016, the People's Bank of China heavily intervened in the foreign-exchange market by selling its dollar reserves to support the yuan. This year the authorities resorted to a combination of measures, including heightened capital controls and increases of domestic interest rates, analysts and in-

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◆ James Mackintosh: Dollar back in the flow again B1

◆ Chinese shun debt in Europe's currencies B12

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TAR HEELS FIND THEIR REDEMPTION

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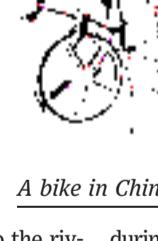
J. CREW'S NO. 2 STEPS DOWN

BUSINESS & FINANCE, B1

Braking Bad: In China, Many Share Bikes Meet Grisly Fates

* * *

Park-it-anywhere systems give vandals, pranksters a lift; Mr. Sun to the rescue



geons hers with a hammer.

The moral of this story: If you're somehow reincarnated as a share bike, pray you don't end up in China.

More than two dozen bike-share startups have put millions of cheery-hued yellow, blue, green or orange two-wheelers

on Chinese streets

during the past year. The hugely popular bikes cost just a handful of U.S. cents to rent per hour after users sign up, usually putting down a deposit of between

Please see BIKES page A12

Trump's Man in Iraq: Son-in-Law Kushner



FAMILY MATTERS: White House adviser Jared Kushner paid a visit to Baghdad for a military briefing on the fight against Islamic State. **A8**

Senate Face-Off Could Upend Vote Rules

BY BYRON TAU

WASHINGTON—Senate Democrats on Monday assembled enough votes to mount a filibuster that would block consideration of President Donald Trump's nominee to the Supreme Court, setting up a fight over the chamber's rules that could reshape the way the institution considers future nominees to the court.

Forty-one Senate Democrats said they would vote "no" on a procedural motion later this week that is needed to end debate and bring Judge Neil Gorsuch's nomination to a final vote. That is enough to halt the nomination from advancing in the 100-member body, where Republicans control 52 seats but need 60 votes to end debate on the nomination.

As of late Monday, three Democrats had said they would support confirming Judge Gorsuch, who serves on the federal 10th Circuit Court of Appeals in Denver. A fourth, Sen. Michael Bennet of Colorado, said he wouldn't block consideration of his home-state judge, but he hasn't said how he would vote on the nomination itself.

The Senate's Republican majority has the power to Please see COURT page A4

◆ Gerald F. Seib: Tribalism spreads in Trump's Washington A4
◆ U.S. puts a curb on visa program A6

Tesla Steps on the Gas, Overtakes Ford in Value

BY TIM HIGGINS AND CHRISTINA ROGERS

Elon Musk has steered past Henry Ford in the minds of investors, the latest sign that the auto industry is undergoing a seismic shift.

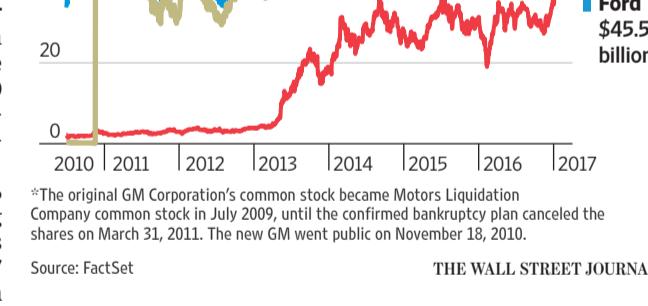
Tesla Inc., the upstart Silicon Valley electric-car maker run by Mr. Musk, has overtaken Ford Motor Co., the automotive pioneer that is exactly 100 years older, as the second-largest U.S. auto maker by stock-market value.

Shares in Tesla were up 7.3% at \$298.52 Monday, pushing the California auto maker's market capitalization to \$48.7 billion, above the Michigan company's roughly \$45.5 billion, according to FactSet. The next milestone for Tesla would be General Motors Co., valued at roughly \$51.2 billion.

This milestone was achieved as the broader auto industry delivered disappointing March sales results, reinforcing wide-

Electric Shock

Market values of car makers since Tesla's IPO



*The original GM Corporation's common stock became Motors Liquidation Company common stock in July 2009, until the confirmed bankruptcy plan canceled the shares on March 31, 2011. The new GM went public on November 18, 2010.

Source: FactSet

spread investor concern that the profitable U.S. market has plateaued after seven years of growth.

Wall Street has soured on blue-chip auto stocks as discounts to sell cars soar and inventories balloon, fearful that established players are headed

into the prolonged downturns that have long plagued the boom-and-bust car business.

Tesla is among the few companies showing the potential to Please see TESLA page A2

◆ Google shifts up driverless-car suit B1

TECH FOUNDERS WANT IPO CASH—AND CONTROL

'Dual-class' shares, which give majority to a few, spread in Silicon Valley

BY MAUREEN FARRELL

Companies that go public on the New York Stock Exchange usually celebrate by ringing the opening bell from a balcony crowded with executives and employees. Snap Inc. had only two: co-founders Evan Spiegel and Bobby Murphy, who control about 90% of the voting power in Snapchat's parent.

Snap was the first major company since at least 2000 to do an initial public offering in the U.S. that gave new shareholders no voting rights whatsoever, and earlier investors got one vote for every 10 held by the two co-founders.

Their viselike grip on the disappearing-message app is an extreme example of a growing power grab by technology companies when they go public.

Those companies are structuring their IPOs so that founders and executives wind up with far more votes than actual shares. The exaggerated voting power gives those few shareholders dominance over all corporate decisions,

ranging from the election of directors to whether to sell the company someday.

About 15% of the tech companies that went public in the U.S. between 2012 and 2016, including Facebook Inc., Fitbit Inc. and Twilio Inc., did so with at least two classes of stock, up from 8% between 2007 and 2011, according to data compiled by University of Florida finance professor Jay Ritter.

That ownership structure makes it possible for companies to assign different voting rights to different groups of shareholders, as Facebook did in its IPO in 2012. Class B shares held by Chief Executive Mark Zuckerberg and other early investors have 10 votes per share, while Class A shares sold to the public have one vote per share. Snap has three classes of shares.

The tech industry's use of so-called super-voting shares has climbed so much in the past five years that it is roughly in line with IPOs as a whole.

The percentage of newly public tech companies with supervoting shares is likely to climb

Please see TECH page A12

U.S. NEWS

Student Defaults Remain Elevated

By JOSH MITCHELL

Americans continue to default on student loans at a "stubbornly high" rate, and a small share of borrowers are unable to buy homes because of high levels of student debt, according to a new report from the Federal Reserve Bank of New York.

The report offers a mixed assessment on the effect of student debt on the economy.

Student debt, which has more than doubled over the past decade to \$1.3 trillion, has risen partly as the result of an increase in the number of Americans attending college.

That has led to higher incomes and, in turn, positioned many Americans to buy homes.

But a significant minority of borrowers are defaulting on their student loans and in turn harming their credit and ability to purchase homes, the report shows.

More than one in 10 borrowers are at least 90 days behind on their student debt. The delinquency rate for student loans is far higher than it is for other forms of credit, including mortgages, credit

cards and auto loans.

The report notes that homeownership rates are far higher for those who graduated from college than those who never earned a degree. But it also shows that "those with significant student debt are much less likely to own a home at any given age than those who completed their education with little or no student debt."

About 5% of student-loan borrowers owe more than \$100,000, but they account for almost a third of all outstanding student debt.

Borrowers on average leave school owing about \$34,000, up nearly 70% from a decade ago.

Student debt appears to damp homeownership rates among those with the same level of education, the report said.

"For a large share of households, housing equity is the principal form of wealth," William Dudley, president of the New York Fed, said. "Thus, changes in the way we finance postsecondary education could also have important implications for the distribution of wealth."

Factory Activity Expands

By BEN LEUBSDORF

U.S. manufacturing activity expanded at a healthy pace in March, while factories are facing rising raw-materials costs that could lift broader inflation.

The Institute for Supply Management on Monday said its index of factory activity fell to 57.2 in March from 57.7 in February, which had been the strongest reading since August 2014. Despite the downshift, the gauge marked a seventh consecutive month of industrial expansion.

"It's often all about attitude rather than fundamentals," said Bradley Holcomb, who oversees the ISM survey. "The prospects of lower tax rates and reduced encumbrances from regulation are helping to drive this system."

One highlight in Monday's report: The index tracking prices paid by companies for their raw materials rose to its highest level since May 2011.

Broad U.S. inflation gauges have firmed in recent months, and the Federal Reserve's preferred price gauge in February exceeded the central bank's 2% annual target for the first time in nearly five years.

More than has been the norm in recent years, "companies are seemingly feeling they can pass prices along" to their



An employee working at Pewag Inc.'s chain-manufacturing facility in Pueblo, Colo., last month.

customers, Mr. Holcomb said.

While indexes for new orders and production pulled back in March, the employment index rose to its highest level since June 2011. The index tracking new export orders hit its highest level since November 2013, signaling stronger global growth.

Among 18 industries tracked in Monday's report, 17 reported growth during March and one said there was no change in conditions.

The U.S. factory sector has been on the upswing after a rough patch in 2015 and early 2016, when falling oil prices squeezed energy firms and a strong dollar depressed demand for U.S. products by making them more expensive for foreign customers.

The rebound in actual production has been less dramatic than the surge in sentiment. Manufacturing production was up 1.3% in February from a

year earlier, according to Federal Reserve data.

Monday's report was "consistent with other recent surveys on manufacturing activity, highlighting strong momentum since the presidential elections last November," Barclays economist Blerina Uruci said in a note to clients. "However, this has not translated into an acceleration in manufacturing output of the same scale."

Taking the Measure of Sierra Nevada Snowfall



PACKING IT IN: Workers gauging snowpack depth during a Pacific Gas and Electric survey in the Sierra Nevadas near Nevada City, Calif., on Monday.

TESLA

Continued from Page One

defy that cycle. Its sales of electric cars, while relatively modest, have skyrocketed in a period when low gasoline prices have sunk demand for other electric vehicles. On Sunday, the company said its global sales rose 69% in the first quarter, putting the car maker on the path to meet its goal of 50,000 deliveries in the first half.

GM launched its Chevrolet

Bolt in January with none of the fanfare Tesla's forthcoming Model 3 received; and the 3,000 Bolts sold through March indicate that the battery-powered Chevrolet will struggle to be more than a niche car.

Tesla shares, which had already received a vote of confidence last week with Chinese tech company Tencent Holdings Ltd. revealing it had taken a 5% stake, were boosted by the auto maker's vehicle sales record.

The changing of the guard reflects a growing belief that internal-combustion engines will eventually be replaced by electric motors as the primary power source for automobiles. It is the latest threat to Detroit's once-dominant stranglehold on personal transportation, a role that was diminished by Japanese car companies in the 1980s and is now being challenged by Silicon Valley's technological

might. While Mr. Ford's Model T ushered in a wave of affordable mobility for the middle class, Mr. Musk is promising the same with the coming Model 3. It is a sleek, computerized \$35,000 sedan that can drive nearly the distance from New York City to Washington on a single charge.

Tesla is a bet that Mr. Musk—who is 45 years old, the same age as Mr. Ford was in 1908 when he released the Model T—can reshape transportation not only with electric vehicles, but with cars that drive themselves.

A Tesla spokesman declined to comment on the new market value. In a tweet Monday, Mr. Musk defended against critics of his company's valuation, saying it reflects Tesla's future potential. "Tesla is absurdly overvalued if based on the past, but that's irrelevant," Mr. Musk wrote. "A stock price represents risk-adjusted future cash flows."

In a statement, Ford said it doesn't run its business based on daily stock changes. "What we are doing is focusing our business on what drives value creation, which is profitable growth, minimizing risk and delivering strong returns."

Some investors believe Tesla is better positioned than auto makers and tech giants to bring advanced self-driving technology to the roadway.

"Other auto makers really have to make this transition to electric and autonomous, and it is almost like twice as hard for

them to get there than it is for Tesla," said Tasha Keeney, an analyst for ARK Invest, which owns shares in Tesla, GM and Toyota Motor Corp.

Tesla remains a shaky bet. The 13-year-old company is unprofitable, deeply indebted and delivered just 76,000 cars last year. Its Autopilot mode is untested as a fully autonomous feature and has raised safety concerns.

Ford has over 20 times the annual revenue, billions of dollars in profit and sells millions of cars each year. It isn't standing still under Chief Executive Mark Fields, promising to deliver self-driving cars by 2021.

It is buying and investing in tech startups: It invested \$1 billion in Argo AI, a company consisting of engineers from the autonomous vehicle programs of Uber Technologies Inc. and Alphabet Inc. Ford is coming off one of its most profitable periods in history, after a re-

structuring effort led by former Chief Executive Alan Mulally.

Under Mr. Fields, who took over Ford in 2014, the company has benefited from strong truck demand but struggled to persuade investors that brighter days are ahead, particularly as important markets plateau.

He has proposed a number of ways to reshape Ford, but his vision is weighed down by a century-old business model that will be expensive to reshape.

Ford is forecasting leaner results for 2017, further confirming Wall Street's view that traditional car makers are still too exposed to the auto industry's boom-bust cycles.

On Monday, Ford reported March sales plunged 7.2% amid a decline in fleet and passenger-car sales. GM posted a softer-than-expected 1.6% sales increase for the month.

Ford's market value is roughly the same as it was in late 2010, when a newly public

Tesla was valued at less than \$2 billion. Ford's stock has fluctuated since then, while Tesla's has steadily risen and has surged more than 50% since the company acquired SolarCity Corp. in November.

The acquisition was part of Mr. Musk's vision to have under one roof a company that could offer customers solar-roof panels, battery-storage units and electric-powered cars. It is a vision he highlighted in February when he removed the word "Motors" from Tesla's official name.

Mr. Musk is betting that a less-expensive Model 3 will help Tesla evolve from a luxury-car maker into one with mass-market appeal. He is aiming to make 500,000 vehicles next year, a projection doubted by some of his biggest supporters.

Still, Morgan Stanley analyst Adam Jonas has a target of \$305 a share for Tesla, estimating the added value could come from a ride-hailing service that Mr. Musk has hinted will work with future vehicles. "Tesla is distinctively positioned to commercialize an app-based, on-demand mobility service," Mr. Jonas wrote in a note to investors.

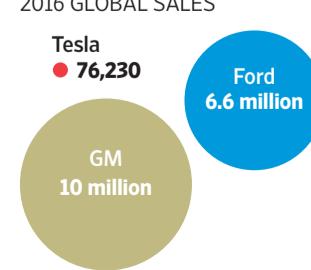
Some old-timers disagree.

"Its market cap is based on hype and promises versus substance," said David Cole, an outspoken supporter and investor in Detroit auto makers, and chairman emeritus of the Center for Automotive Research in Ann Arbor, Mich.

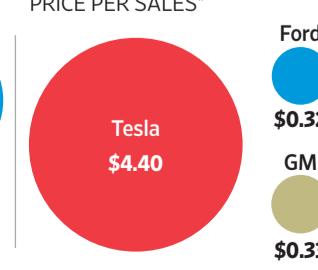
Punching Above Its Weight

Tesla's recent growth in market value belies the number of cars it sells compared with car makers of similar market value.

2016 GLOBAL SALES



PRICE PER SALES*



*As of Dec. 2016

THE WALL STREET JOURNAL

CORRECTIONS & AMPLIFICATIONS

Xiaomi Inc. co-founder Lei Jun met with Elon Musk in Silicon Valley in 2013. A Technology article on Friday about the popularity of Mr. Musk and his company, Tesla Inc., in China incorrectly said the meeting took place in 2014.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.

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U.S. NEWS

Battles Over Confederate Icons Heat Up

Moves to eliminate symbols marking Civil War's losing side meet growing resistance

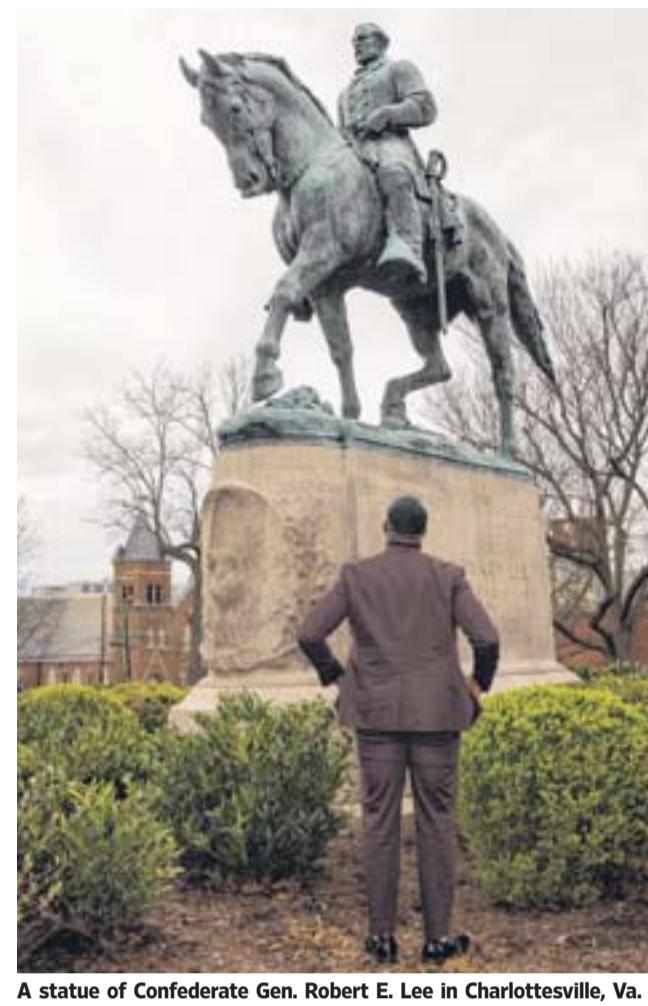
BY CAMERON MCWHIRTER

In the recent battles over Civil War iconography, supporters of Confederate monuments, statues and flags are fighting back.

After the city council in Charlottesville, Va., voted 3-2 in February to remove an equestrian statue of Confederate Gen. Robert E. Lee, preservationist groups and individuals filed a complaint in circuit court in March saying the city violated state law, seeking an injunction to block the statue being moved. It is the latest fight in an increasingly contentious struggle in Southern communities over whether symbols of the region's secessionist past should stay or go.

"You can't erase history," said Thomas Strain Jr., national commander-in-chief of the Sons of Confederate Veterans, a national heritage group with about 33,000 members, that had its Virginia chapter join the legal challenge. "At some point, the citizens are going to stand up."

So far this year, controversies have continued—or new ones have erupted—in all 11 former Confederate states over how to remember the Civil War's losing side. These days, removal efforts are meeting stiff resistance in city halls, legislatures and courtrooms from groups arguing the Confederate flags, markers and emblems honor the South's past, not racism, segregation or slavery.



A statue of Confederate Gen. Robert E. Lee in Charlottesville, Va.

Charleston Killings Fuel Removal Effort

During the Jim Crow era, Confederate statues and monuments were put up across the South. Streets were named for rebel generals and the familiar Confederate battle emblem—the "Southern Cross"—was placed on several state flags.

But beginning with the civil rights movement, Confederate imagery—especially the battle emblem, which was used by

segregationists as a rallying banner—has been challenged. In parts of the South like Atlanta, many Confederate street names have disappeared and rebel flags are rarely seen.

In other areas, support for Confederate symbols remains strong.

In 2015, removing rebel symbols from public spaces gained traction after the shooting of nine African-American churchgoers in Charleston, S.C., by a white supremacist who exalted Confederate flags. The massacre launched efforts by

politicians and activists against the flag, with retailers such as Wal-Mart Stores Inc. stopping the sale of merchandise depicting the battle emblem.

Since then, supporters of Confederate imagery have been countering such moves by pushing for monument protections in conservative-dominated legislatures and filing challenges in court. They lobbied successfully in the Mississippi legislature against efforts to remove the Confederate battle emblem from the state flag.

—Cameron McWhirter

several city parks.

"People are realizing it's just part of history and should be left alone," said Lee Millar, regional spokesman for the Tennessee Sons of Confederate Veterans in the Memphis area.

In Alabama, the state Senate in March passed a bill called the Alabama Memorial Preservation Act that would prohibit moving or changing any monuments or public markers that have stood for over 20 years. The state House is considering the bill.

Having introduced a similar bill last year, state Sen. Gerald Allen, a Republican from Tuscaloosa, said this year it appears headed for passage. Confederate monuments might offend some people, but "you can't whitewash history," he said.

Democratic state Sen. Hank Sanders, who opposed the measure, said he believes all Confederate monuments should be removed from public land.

Not all efforts to remove Confederate imagery have failed. Last year, Louisville, Ky.,

after a brief legal challenge, moved a 70-foot-tall Confederate monument near the University of Louisville to the small town of Brandenburg, Ky., about 45 miles to the southeast.

New Orleans Mayor Mitch Landrieu is preparing to remove three rebel monuments, including one to Gen. Lee, after overcoming legal challenges.

Meanwhile, in Charlottesville, the city council and its opponents are preparing for a long legal fight.

"We have to come to grips with our past," said Kathy Galvin, a councilwoman who voted against removing the statue, but

supported a move to drop the names of Confederate leaders from two city parks.

Janette Martin, president of the Albemarle-Charlottesville NAACP, said many younger people view Confederate imagery as offensive, and she believed such memorials or flags should be removed from public property.

But she felt a discussion about history and its legacies is needed in the South, and simply removing Confederate symbols wouldn't end racial tensions.

"You can remove all this stuff, but are you going to remove it from the hearts of people?" she said.

Top Court to Review Firms' Liability in Terror Attacks

BY BRENT KENDALL

WASHINGTON—The Supreme Court agreed to consider whether corporations can be sued by foreign individuals in U.S. courts for alleged violations of international law, including giving aid to terrorists.

The high court on Monday said it would review an appeal by citizens of Israel and other nations who filed U.S. lawsuits against Jordan-based **Arab Bank**, alleging it provided financial services to terrorist organizations and terrorist front groups posing as charities.

The plaintiffs are victims who were injured or captured in attacks, or family members of victims who were injured or killed. They are seeking damages for attacks that took place in the West Bank and Gaza during a 10-year span beginning in 1995. They say the case has connections to the U.S. because

Arab Bank operated a branch in New York that was accused of knowingly processing transactions in aid of terrorists.

The victims brought claims under the federal Alien Tort Statute, a 1789 law passed by the first U.S. Congress. The law allows foreign citizens to file U.S. lawsuits based on alleged violations of "the law of nations" or a treaty of the United States.

A federal appeals court, however, ruled in 2015 that the bank couldn't be sued because corporations can't be held liable under the statute.

The Supreme Court will review that ruling.

Arab Bank said it has been a constructive partner with the U.S. in preventing terrorist financing.

"The bank did not cause plaintiffs' injuries, and there is no basis under international law or the Supreme Court's [Alien Tort Statute] decisions

to reinstate these dismissed claims," the bank said in a statement.

The high court has waded into the same issue previously but never has fully resolved legal questions about corporate liability.

In a 2013 ruling that threw out international law claims against Royal Dutch Shell PLC, the Supreme Court sharply limited lawsuits against companies under the Alien Tort Statute, but it didn't foreclose corporate liability altogether.

Lawyers for the plaintiffs in the Arab Bank case said they are representing about 6,000 people affected by terrorist attacks in Israel and the Palestinian territories.

"This decision has important implications for the fight against global terrorism," said Michael Elsner of law firm Motley Rice, one of the lawyers for the victims.

Voided Ban on Ballot Selfies Will Stand

BY JOE PALAZZOLO

The U.S. Supreme Court passed on an opportunity to rule on a New Hampshire law banning voters from sharing ballot selfies on social media.

The court on Monday denied a request by New Hampshire to review a September ruling by a federal appeals court that toppled the state's 2014 ban, the first in the nation.

The Supreme Court's decision means the New Hampshire law is no more, but the ballot-selfie issue could reach the justices again soon. At least four other courts are looking at how ballot selfies square with laws prohibiting voters from showing their ballots to others.

A lawyer for New Hampshire said the state has a duty to "proactively" protect the rights of voters from threats engendered by rapidly advancing technology.



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U.S. NEWS

Tribalism Spreads in Trump's Washington



CAPITAL JOURNAL

GERALD F. SEIB

The problem in Washington is no longer simply paralyzing partisanship. The danger at the moment is that the capital could be sliding into a kind of tribalism.

The fights over health care and a new Supreme Court justice suggest that the divides aren't simply between Republicans and Democrats. Instead, there are schisms within the parties, and in some cases schisms within the schisms.

The polarizing nature of President Donald Trump and his presidency is fueling this trend, though the roots run deeper. "Most of these fault lines, in my view, predate the president," says Republican Rep. Tom Cole of Oklahoma, a Washington veteran. "He didn't create them. He walked into it." Indeed, the divides may be signs of a political and ideological realignment under way.

A new health-care bill was choked off by ideological divisions among Republicans, while Democrats are splitting over whether to force a blowup in the Senate



SCOTT APPELWHITE/ASSOCIATED PRESS

Political divides may be signs of a further realignment under way in the U.S. Capitol and elsewhere.

rules in an attempt to stop Supreme Court nominee Neil Gorsuch. A similar fate may await coming efforts at a tax overhaul and infrastructure spending unless the White House finds a way to blur the lines to form a governing coalition across them.

For now, think of the capital as divided among five tribes:

The Trump Tribe. This group is made up of the president, his advisers and his wider administration. The president is essentially an independent force who

won office with limited support from his Republican Party's leaders, and who now is surrounded in the White House largely by people with limited government experience.

Administration officials' loyalty is more to their president than to the party that runs Congress, and many Capitol Hill Republicans appear to feel limited loyalty in return. That was illustrated in the health debacle.

Mr. Trump's own loyalty is largely to his voters outside Washington. And those voters are standing with

him. The Journal's Dante Chinni dug deep into Gallup's presidential job-approval numbers for February and March and found that, even as Mr. Trump's approval ratings slumped nationally, they actually went up in the working-class and Appalachian counties that form his base.

Governing Republicans. These are Republicans who think that, after waiting years to gain full control of the government, it's essential the party show that it can get things done, even if that means accepting com-

promises.

Mr. Cole estimates that, while this group had comprised about 70 of the House's 237 Republicans, the health-bill episode actually has drawn in more members alarmed by that failure. He estimates its size now as 100 or more. This group also is well represented in the Senate.

Freedom Caucus Republicans. This is a group that, at its core, consists of about 40 of the House's most conservative Republicans. (The exact number isn't clear and shifts around a bit.) They are the people who stood in the way of the bill to repeal and replace Obamacare because they thought it didn't sufficiently adhere to their principles.

The Freedom Caucus has in the past found sympathizers in the Senate: Ted Cruz, Mike Lee, Rand Paul. Mr. Trump has spent the past few days sniping at the Freedom Caucus, and its members are firing back in return.

Never-Trump Democrats. On the other side of the aisle are some Democrats who appear determined not to cooperate with Mr. Trump on anything. The precise number is hard to tell, but Sen. Bernie Sanders often gives voice to the feelings of such Democrats; on Friday he defended Trump voters while calling the president a "fraud."

Intense anti-Trump feelings at the Democratic grassroots are fueling such inclinations. Republicans are pointing to a speech last

week by new party Chairman Tom Perez in which he told a rally that Democratic protesters feel Mr. Trump "didn't win this election."

Maybe-Sometimes-Trump Democrats. These are moderate to conservative Democrats, many from states the president won, who are willing to work with the Trump administration on selected issues.

Sens. Heidi Heitkamp of North Dakota, Joe Manchin of West Virginia and Joe Donnelly of Indiana, for example, have said they would back Judge Gorsuch for the Supreme Court, while a big majority of their colleagues go the other way.

The chances of such Democrats working with the White House are "completely dependent on what the issue is," says Ms. Heitkamp. "The question is whether the well is too poisoned to get anything done. I think the answer to that is no."

In fact, the Senate's combination of governing Republicans and Democrats willing to work with them form the likeliest path to legislative achievement amid a tribal Washington. Democratic Sens. Heitkamp, Manchin, Mark Warner and Claire McCaskill, and Republicans Bob Corker, John McCain, Rob Portman and Lamar Alexander—they are the kinds of people who hold the key.

It may be impossible for them to prevent a standoff over a Supreme Court nominee, but a tax overhaul looms as the next big test.

U.S. Acts to Delay Police Oversight

BY ARUNA VISWANATHA
AND SCOTT CALVERT

The U.S. Justice Department sought Monday to delay an agreement with Baltimore aimed at eliminating racially biased police practices, saying it needed more time to review the deal reached in the final days of the Obama administration.

The move is the latest sign the Justice Department under the Trump administration is intent on reversing Obama-era policies and priorities, and in the criminal-justice arena is focusing on an uptick in violent crime while pulling back on scrutiny of local police.

Attorney General Jeff Sessions said in his first major speech on the job that he planned to pull back from investigations into alleged civil rights abuses by local police departments. He said he was concerned about whether the interventions were causing police to be less aggressive and contributing to an increase in violent crime in some cities.

Earlier Monday, Mr. Sessions issued a memo that instructed Justice Department lawyers to "ensure" that any such settlements "advance the safety and protection of the public, promote officer safety and morale, protect and respect the civil rights of all members of the public, respect local control of law enforcement, are rooted in timely and reliable statistics on crime and criminals, and do not impede recruitment and training of officers."

Donald Trump's First 100 Days

The administration's latest actions and agenda at a glance

MONDAY
Supreme Court: Senate Democrats have enough votes to mount a filibuster that would block consideration of Judge Neil Gorsuch, President Donald Trump's Supreme Court nominee, setting up a fight over the chamber's rules that could reshape the process for future court nominations.

Egypt: Mr. Trump welcomed President Abdel Fattah Al Sisi of Egypt to the White House as the administration shifts the U.S.'s focus in its relationship with Cairo away from hu-

COURT

Continued from Page One
change the chamber's rules to eliminate the 60-vote requirement on Supreme Court nominees—a rule change known as the "nuclear option."

Also on Monday, the Senate Judiciary Committee advanced Judge Gorsuch's nomination on a straight party-line vote, clearing the way for him to be considered by the full Senate. Republicans control 11 seats on the 20-member panel, and Democrats control nine.

White House spokesman Sean Spicer said on Monday that the Trump administration was pleased that the panel had advanced Judge Gorsuch.

A successful filibuster against a Supreme Court nominee hasn't been mounted since 1968, though President Barack Obama's nominee for the same court vacancy was denied a hearing and a vote last year. Even Justice Clarence Thomas, a nominee of President George H.W. Bush who faced sexual-harassment allegations during his 1991 confirmation hearing, wasn't filibustered by Democrats and won a narrow 52-to-48 vote in the full Senate.

In fact, Supreme Court nominees historically have been confirmed with some bipartisan support—owing to the traditional view of the position as a neutral arbiter in judicial disputes, and out of deference to the president's right to pick a nominee.

But today, members of both parties say a fight over the rules is inevitable, even as they disagree with each other over the events leading up to it.

Democrats say that in refusing last year to even consider Appeals Court Chief Judge Merrick Garland, Mr. Obama's pick, Republicans hit a new low in obstructionism and violated the clear intent of the Constitution, which gives presidents the right to pick Supreme Court justices.

Republicans say Democrats opened the door to ending the filibuster for Supreme Court picks when they ended it for cabinet appointees and lower-court nominations in 2013 but left it in place for Supreme Court nominees. GOP lawmakers also say that by blocking Mr. Obama's selection, they gave voters in the 2016 presidential election the choice of who would make the pick.

In the meantime, Democrats are under pressure from liberal activists not to yield on any of Mr. Trump's agenda, while Republicans are under pressure to deliver a win for the new president.

"This will be the last person

man rights and toward security matters.

QUOTES

"Democrats are setting a very dangerous precedent when it comes to how they want to do this."

—Sean Spicer, White House press secretary on a filibuster to block Judge Gorsuch

"I cannot vote solely to protect an institution when the rights of hardworking Americans are at risk. Because I fear that the Senate I would be defending no longer exists."

—Sen. Patrick Leahy, Vermont Democrat

\$78,333

That is the president's first-quarter salary, a sum he is giving to the National Park Service.

"This will be the last person

Where Democratic Senators Stand

In their quest to gain the 60 necessary votes to confirm Supreme Court nominee Neil Gorsuch and avoid a filibuster, Senate Republicans have so far gained three Democratic 'yes' votes, all from heavily Republican states with Senate races in 2018.

■ Trump vote share in November

● Senator vote share in most recent election

Gorsuch position: Yes No Reviewing

Three senators up for election next year in states Trump won handily are voting yes:

Senator	State	0	10	20	30	40	50	60	70	80%
Joe Manchin	W.V.									70
Heidi Heitkamp	N.D.							60		
Joe Donnelly	Ind.						50	60		

Senator	State	0	10	20	30	40	50	60	70	80%
Joe Manchin	W.V.									70
Heidi Heitkamp	N.D.						60			
Joe Donnelly	Ind.						50	60		

Most others up for election in 2018 are voting no:

Senator	State	0	10	20	30	40	50	60	70	80%
Claire McCaskill	Mo.							60		
Jon Tester	Mont.						50			
Sherrod Brown	Ohio						50			
Bill Nelson	Fla.						50			
Robert Casey	Pa.						50			
Debbie Stabenow	Mich.						50			
Tammy Baldwin	Wis.						50			
Amy Klobuchar	Minn.						50			
Tim Kaine	Va.						50			
Angus King	Maine						50			
Thomas R. Carper	Del.						50			
Robert Menendez	N.J.						50			
Christopher Murphy	Conn.						50			
Martin Heinrich	N.M.						50			
Sheldon Whitehouse	R.I.						50			
Maria Cantwell	Wash.						50			
Kirsten E. Gillibrand	N.Y.						50			
Benjamin L. Cardin	Md.						50			
Elizabeth Warren	Mass.						50			
Dianne Feinstein	Calif.						50			
Bernard Sanders	Vt.						50			
Mazie K. Hirono	Hawaii						50			

Senators with elections in 2020 and 2022 are also mostly voting no:

Senator	State	0	10	20	30	40	50	60	70	80%
Gary C. Peters	Mich.							60		
Margaret Hassan	N.H.						60			
Jeanne Shaheen	N.H.						60			
Catherine Masto	Nev.						60			
Al Franken	Minn.						60			
Mark R. Warner	Va.						60			
Michael F. Bennet	Colo.						60			
Christopher A. Coons	Del.						60			
Cory A. Booker	N.J.						60			
Richard Blumenthal	Conn.						60			
Tom Udall	N.M.						60			
Jeff Merkley	Ore.						60			
Ron Wyden	Ore.						60			
Jack Reed	R.I.						60			
Richard J. Durbin	Ill.						60			
Tammy Duckworth	Ill.						60			
Patty Murray										



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U.S. NEWS



White House press secretary Sean Spicer fielded questions Monday about the president's aides being identified in intelligence reports.

Trump Pushes 'Real Story'

President says probes should focus on alleged spying on his transition team

By PAUL SONNE
AND SHANE HARRIS

WASHINGTON—President Donald Trump and his supporters in Congress said they hoped investigators scrutinize whether Obama administration officials improperly spied on members of his team during the transition and requested that the identities of Trump staff members be revealed, or "unmasked," in intelligence reports chronicling the surveillance.

Mr. Trump said on Twitter Monday that the "real story" is improper surveillance of his team by the Obama administration during the transition.

White House press secretary Sean Spicer said on Monday that the administration's concerns about the Obama administration's role in unmasking identities in the intelligence reports is moving in a "troubling direction." He de-

clined to comment further.

Mr. Spicer declined to comment specifically on allegations published by a Bloomberg News columnist and by Fox News that former President Barack Obama's national security adviser, Susan Rice, requested to unmask the names of Mr. Trump's associates caught up in incidental surveillance collection.

Ms. Rice declined to comment.

Mr. Trump is facing two congressional investigations into Russia's alleged meddling in the election—one that has faltered amid partisan acrimony in the House and another that is proceeding apace in the Senate. The Federal Bureau of Investigation is also conducting its own investigation.

Russia has repeatedly denied meddling in the election. Mr. Trump and his aides have denied any collusion with Russia. And a representative for Mr. Obama has declined to comment on the White House's allegation that Mr. Obama's team engaged in efforts to leak sensitive intelligence information for political purposes.

FBI Director James Comey

has said there is no evidence backing an allegation last month by Mr. Trump, a Republican, that Mr. Obama, a Democrat, ordered surveillance of Trump Tower. But Rep. Devin Nunes, a California Republican and chairman of the House Intelligence Committee, has alleged that Trump associates were subject to incidental surveillance while talking to foreign officials and in certain cases had their names unmasked improperly.

Mr. Trump said in a tweet in early March that his campaign was ordered "wiretapped" by Mr. Obama. After the allegation was criticized as baseless, White House staffer Ezra Cohen-Watnick began examining policies on surveillance and started to "stumble on stuff," said a person familiar with the matter.

Mr. Cohen-Watnick told White House colleague Michael Ellis and others, this person said, but White House general counsel Don McGahn told them to stand down and to give anything they found to Congress, said a second person familiar with the matter.

Soon after, Mr. Nunes went

to the White House to examine what he has called new evidence of improprieties under Mr. Obama. He hasn't produced any of the evidence, while infuriating committee Democrats, who said he undermined the probe. Mr. Nunes has apologized to Democrats, while refusing calls to recuse himself.

The first person familiar with the matter said the documents showed "a lot of incidental information that was unmasked" and seemed to have been done "for only one reason."

Mr. Nunes has denied White House staffers were his source for the material.

On Monday, Mr. Trump promoted a report on the Fox News morning show "Fox & Friends" saying that Mr. Trump and people close to him were surveilled for up to a year before the end of the Obama administration.

"Such amazing reporting on unmasking and the crooked scheme against us by @foxandfriends," Mr. Trump tweeted. "Spied on before nomination. The real story."

—Carol E. Lee
contributed to this article.

U.S. Puts a Curb On Visa Program

By LAURA MECKLER

WASHINGTON—The federal government on Monday began accepting visa applications for a fresh round of high-skilled foreign workers, without the wholesale changes President Donald Trump promised in his campaign. His administration did, though, announce one shift that could put pressure on outsourcing companies that typically win a large share of the coveted visas.

The U.S. Citizenship and Immigration Service said it would direct more inspectors in the H-1B program to the controversial outsourcing companies, many of them based in India. Those firms have drawn scrutiny because their U.S. subsidiaries sometimes import employees to do work once performed by Americans.

The companies say they are adhering to the program's rules and only hire foreigners because they can't find Americans for the jobs, but they are under substantial political scrutiny.

Demand for the program badly outstrips the supply, so the government plans a lottery to decide which companies get them, as it has in past years.

Last year, the government received more than 236,000 applications for the 85,000 visas, of which 20,000 are reserved for people with advanced degrees. That exceeded the previous year's record and was the fourth year in a row in which the cap was reached within five days.

During his presidential campaign, Mr. Trump promised to reduce legal as well as illegal immigration, saying foreign workers drive down wages and threaten American jobs. At times, he was particularly critical of the H-1B program, though at other times he praised it.

"These are temporary foreign workers, imported from abroad, for the explicit purpose of substituting for American workers at lower pay," he said in a statement last March. "I remain totally committed to eliminating rampant, wide-

spread H-1B abuse."

There is also pressure in Congress for changes. One bipartisan bill pending in the House, for instance, would punish companies seeking H-1B visas by imposing burdensome requirements if they don't pay workers at least \$100,000 a year. The current threshold to avoid those requirements is \$60,000.

With no major changes to the program announced, the Trump administration instead said that it would work to better detect fraud and abuse in the program by changing how it targets companies for inspection.

Under the new rules, companies will be prioritized when they have a high ratio of H-1B workers employed and when the employees work off site at another company's location. Both of those criteria would lead to targeting of outsourcing companies. The agency said it also would pri-

oritize companies where business information can't be validated through commercially available data.

The immigration agency also said it was establishing a new email address for people to report allegations of fraud or abuse. It said it would continue random inspections, too, which has been past practice.

Also Monday, the Justice Department issued a statement cautioning employers participating in the program against discriminating against American workers. "U.S. workers should not be placed in a disfavored status, and the department is wholeheartedly committed to investigating and vigorously prosecuting these claims," acting Assistant Attorney General Tom Wheeler of the Civil Rights Division said in a statement.

President's Revised Trust Lets Him Draw Funds Privately

By REBECCA BALLHAUS

President Donald Trump can draw money from his business empire as its trustees see fit without disclosing it publicly, according to a revised version of his trust, a change that ethics experts say blurs the lines between the **Trump Organization** and his administration.

Mr. Trump said before his

inauguration that he would put his assets into a trust and relinquish control of his businesses to his two adult sons, in an effort to avoid conflicts of interest during his presidency. Ethics experts criticized the arrangement, in which Mr. Trump would retain ownership of the business, arguing the nation's first purely private-sector president hadn't taken

adequate steps to distance himself from his company.

According to a revised version of the trust released by the General Services Administration, "The Trustees shall distribute net income or principal to Donald J. Trump at his request, as the Trustees deem necessary for his maintenance, support or uninsured medical expenses, or as the Trustees

otherwise deem appropriate."

The trustees who would be responsible for making those decisions are Donald Trump Jr., the president's son, and Allen Weisselberg, chief financial officer of Trump Organization.

The trust doesn't require that any such transfer of funds be publicly disclosed. While such a transfer likely would show up on Mr. Trump's personal finan-

cial disclosure, he doesn't have to release one until 2018.

"It removes one safeguard from there being a disbursement to the president that could coincide with or be related to something that he does in his official capacity as the president of the United States," said Bryson Morgan, a political law attorney with Caplin and Drysdale.

White House press secretary Sean Spicer said Monday he was unsure whether Mr. Trump had withdrawn money from his trust and didn't respond to a question about whether the president would disclose such transfers.

"The entire point of setting it up is that somebody can withdraw money," Mr. Spicer said.

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YUAN

Continued from Page One

vendors say. The yuan's decline against major trading partners other than the U.S. suggests an effort to maintain global trade advantages while reducing political friction with the U.S., China's second-largest partner in goods trading behind the European Union, analysts said.

The yuan has fallen more than 2% against a basket of China's major trading partners, which include the U.S., the EU and numerous Asian countries including Hong Kong, Japan and South Korea, according to data published by the EU.

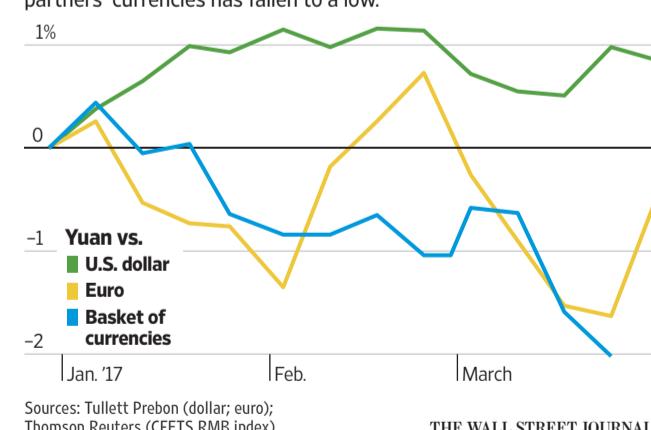
Letting the yuan strengthen against the dollar while weakening against other currencies helps China "achieve the objective of export competitiveness and inflation in the economy while at the same time avoiding that negative spillover effect," said Roland Mieth, emerging-markets portfolio manager for Pacific Investment Management Co. in Singapore.

China's currency practices have long been a source of tension between the two biggest economies.

Throughout his campaign for the presidency, Mr. Trump and his surrogates repeatedly accused China of manipulating the yuan in a way that boosted the U.S. trade deficit and destroyed U.S. jobs. Global inves-

Ready, Steady, Go

The yuan's value against a basket of its trading partners' currencies has fallen to a low



Sources: Tullett Prebon (dollar, euro); Thomson Reuters (CFETS RMB index)

tors say that China doesn't meet the Treasury's criteria to be named a currency manipulator because its current-account surplus has shrunk and it has been burning through its reserves to prop up the currency, rather than letting it fall. China's currency was undervalued until 2013, some analysts say, but its recent economic and trade weakness has led the currency to a more overvalued position.

In mid-April, the Treasury Department is set to release its semiannual report on foreign-exchange policies of the U.S.'s major trading partners, and China is on its monitoring list, which tracks countries that run large trade surpluses with the U.S. Many economists and inves-

ting a new tactic to discourage China from undervaluing its currency to boost exports by designating the practice of currency manipulation as an unfair subsidy.

By keeping the yuan from falling further against the dollar, the Chinese want Mr. Trump to "know that they're willing to play ball on currency and trade issues so that the bilateral economic relationship can be maintained," Mr. Prasad said.

For much of 2017, the yuan's value against the dollar has been higher in offshore markets, where it trades more freely, than in domestic markets, suggesting that broader market expectations of yuan depreciation have receded for now.

"It's politically induced stability," said Claire Dissaix, head of global economics and strategy at Millennium Global Investments Ltd., a London-based currency investment firm.

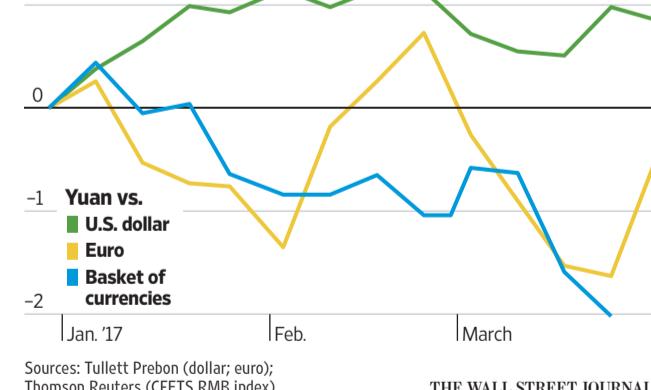
However, over the long run, economists say the Chinese currency is still under pressure to weaken against the dollar, as China's current-account surplus continues to narrow along with its slowing economy. Chinese households and companies are still eager to find ways to swap their yuan-denominated savings into overseas assets.

Ms. Dissaix said: "Capital controls are never sustainable."

FROM PAGE ONE

Ready, Steady, Go

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An index of the yuan against a broad group of currencies published by a branch of China's central bank is at its lowest since the basket was introduced more than a year ago, as China pledged to decouple the yuan from the dollar and let it move on market forces.

The White House is explor-

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WORLD NEWS

Why Trump Spared Iraq From Travel Ban

Top officials, in a test of their clout, pushed president to back off big campaign pledge

President Donald Trump's national-security team had many reasons to be wary of his travel ban aimed at seven majority-Muslim nations, even though it followed through on a signature campaign pledge.

By Tamer El-Ghobashy, Peter Nicholas, Felicia Schwartz and Ben Kesling

They had been left out of the deliberations; there were concerns the executive order couldn't pass muster legally; and they disagreed with some of its provisions—above all the inclusion of Iraq, a key ally in the fight against Islamic State, among countries whose citizens were temporarily denied entry in a bid to prevent terrorists from coming to the U.S.

When federal-court rulings put the executive order on hold in February, the national-security team saw an opportunity to test their clout, and Iraq's leaders to make their case.

In meetings in Baghdad, Washington and Munich, officials including Defense Secretary Jim Mattis, Secretary of State Rex Tillerson and Homeland Security Secretary John Kelly talked through the travel ban and laid down arguments for a significantly revised one that could address Mr. Trump's terrorism concerns but align better with national security strategy and stand up in court.

Throughout the process, they kept private their discussions, both with Iraqi leaders and with the mercurial new president, so as not to ratchet up public pressure on Mr. Trump while they prodded him toward action.

Ultimately, Mr. Trump accepted changes to his travel or-



An Iraqi translator who worked with U.S. troops greeted local Iraqi police and army district heads in east Baghdad in 2008.

der, including leaving Iraq out of it. For the first time in his short period in office, Mr. Trump moved from his preferred option to something less sweeping.

He immediately complained to his staff that a replacement order was "watered down."

One of many unknowns of the Trump administration is how a president with no governing experience, in particular no military or foreign-affairs experience, would interact with advisers steeped in such matters. The story of the travel ban shows a president who proved willing to defer to a parade of advisers pushing a different line, yet one who remained confident in his own instincts.

Mr. Trump signed the executive order just one week into his

presidency. It barred Syrian refugees indefinitely and suspended all immigration for 90 days from "terror prone" Iran, Iraq, Yemen, Somalia, Sudan, Libya, and Syria. The seven had been singled out for special treatment by Congress and the Obama administration, imposing stricter rules on certain foreigners looking to come to the U.S.

Mr. Mattis, whose Marine Corps career included overseeing the wars in Iraq and Afghanistan as head of the U.S. Central Command, went to the Pentagon that day expecting to see Mr. Trump sign an order on military readiness. Fifteen minutes before the ceremony began, Mr. Mattis learned that a second order would be signed, one that suspended travel to the U.S. by

Iraqi interpreters, people whose safety is of paramount importance to the U.S. military in Iraq.

The former general hadn't been consulted. He stood by as the president signed the order.

U.S. Ambassador to Iraq Douglas Silliman spent hours on the phone with Iraqi Prime Minister Haider al-Abadi the next day, while also struggling to learn the full scope of the ban.

"The impact of the Executive Order will be felt disproportionately here," Mr. Silliman cabled the State Department. He said Iraqi legislators and military officers were baffled by the inclusion of Iraq, and said "it would increase resentment of the U.S. throughout the Muslim world."

Mr. Silliman declined to comment on specifics of the discus-

sions, saying only that he was in frequent contact with Iraqi officials and Washington.

A week after the signing, the federal district judge in Washington state's suit blocked implementation of the order nationwide. About a week later, a federal appeals-court panel in San Francisco declined to overturn him and reinstate the ban.

The day of the appellate ruling, Messrs. Trump and Abadi spoke by phone for about 15 minutes. Mr. Abadi brought up the order at the end of the conversation, according to a person familiar with the call, telling Mr. Trump the restrictions would undermine the shared goal of a secure and prosperous Iraq.

Mr. Abadi told Mr. Trump the executive order would affect

pilot training, visits of military officers to the U.S. and study by Iraqi students in American universities, the person familiar with the call said—adding that the president replied he would speak to Mr. Tillerson, find a solution and sort it out.

Mr. Mattis, visiting Iraq two days later, assured Mr. Abadi the issue would be rectified, said a person familiar with their discussions.

"The good thing is that it became clear that the key American establishment, including defense, foreign and national security sides, were for the decision to remove Iraq," said Abdubari al-Zebari, head of the foreign-relations committee in Iraq's parliament.

Mr. Trump's national security team mostly stayed out of the headlines, but Messrs. Tillerson, Mattis and Kelly, frequent visitors to the Oval Office, made the case to the president for revamping the travel ban.

On March 4, Attorney General Jeff Sessions and Mr. Kelly spoke with one voice during a long session with Mr. Trump at his Mar-a-Lago resort in Florida. Mr. Tillerson and others, in separate discussions, argued Iraq didn't belong on the list.

The proposed new travel ban omitted Iraq, although Baghdad agreed to implement enhanced travel documents and accept the return of any citizens deported from the U.S.

Mr. Trump wasn't happy with the idea of changing the order. The day before he agreed to it, he had a heated conversation with his general counsel, Don McGahn, in the Oval Office over what the president saw as a watering down of his order, according to people familiar with the matter.

Mr. Trump signed the revised order in the Oval Office on March 6. There were no reporters present. The only photo documenting the moment was taken by press secretary Sean Spicer.

U.S. to Review U.N. Core Functions

BY FARNAZ FASSIHI

UNITED NATIONS—United States Ambassador Nikki Haley said Monday that the U.S. would closely scrutinize two prominent U.N. functions—peacekeeping and human rights—as the U.S. assumes the Security Council's rotating presidency this month.

In her first news conference at the U.N., Ms. Haley appeared softer in tone and more praising of the U.N. and its core mission in her one-hour long press encounter than when she arrived in January pledging to overhaul the world body.

She said Monday's attack at a subway station in St. Petersburg underscored the importance and role of the U.N. and the Security Council, and she dismissed the perception among many diplomats and U.N. officials that the Trump administration was a threat to the institution. "I want to show that there is value to this place," said Ms. Haley.

"The administration is looking at the U.N. with fresh eyes."

When pressed on a critical challenge facing the U.N.—the conflict in Syria—Ms. Haley said the U.S. priority in the country was to fight Islamic State.

The White House has said it is considering defunding certain U.N. programs and has suggested it could pull out of the organization's Geneva-based Human Rights Council and dial back support for the 2015 Paris climate agreement to limit climate change.

Late Monday, the U.S. State Department announced that it was cutting funding to the United Nations Population Fund, which supports maternal and reproductive health programs, stripping the organization of contributions that amounted to \$69 million in 2016.

In a statement, the UNFPA said the move was based on what the organization called "erroneous claims" by the Trump administration that UNFPA supports or participates in coercive abortion programs and sterilization in China.

Kushner Visits Iraq for Briefing on Terror Fight

BY GORDON LUBOLD

BAGHDAD—President Donald Trump's senior adviser and son-in-law Jared Kushner paid a surprise visit to Iraqi Prime Minister Haider al-Abadi and other officials here, receiving military briefings on the fight against Islamic State.

Mr. Kushner is the first member of the president's inner circle to visit Iraq, a key ally in the fight against Islamic State, since Mr. Trump took office. He was invited here by the chairman of the U.S. Joint Chiefs of Staff, Gen. Joe Dunford, who is on a routine visit to meet with U.S. and Iraqi commanders and troops.

Monday's visit comes as the Trump administration is assessing the U.S. strategy to combat Islamic State in Iraq, Syria and elsewhere.

According to a statement from Mr. Abadi's office, the two sides discussed the battle in Mosul, international support for Iraq, as well as training and equipment issues.

The U.S. delegation also met with Irfan al-Hayali, the defense minister, and Gen. Othman al-Ghanimi, the chief of staff of the Iraqi forces.

They were joined in those meetings by Tom Bossert, a former administration official un-

der President George W. Bush, now serving as Mr. Trump's homeland security adviser. The men arrived midafternoon and proceeded to a number of back-to-back meetings with Iraqi and U.S. officials, including Lt. Gen. Stephen Townsend, who is the commander of the coalition effort against Islamic State in Iraq and Syria.

"As well as receiving briefings and updates, Mr. Kushner is traveling on behalf of the president to express the president's support and commitment to the government of

Iraq and U.S. personnel currently engaged in the campaign," said Capt. Greg Hicks, a spokesman for Gen. Dunford. Later in the evening, Messrs. Kushner, Bossert and Gen. Dunford dined with U.S. Ambassador Douglas Silliman at the sprawling U.S. Embassy compound in Baghdad.

Mr. Kushner, 36 years old, a newcomer to foreign-policy issues, has taken an active role as an adviser to Mr. Trump on national security and foreign policy.

Last month, Mr. Kushner

made, for a White House official, a rare appearance at the Pentagon, where he met Saudi Arabia's Deputy Crown Prince and Minister of Defense Mohammed bin Salman during his meeting with Defense Secretary Jim Mattis.

He has also been influential with his father-in-law on issues pertaining to Mexico and other countries, and he has been given broad authority by his father-in-law to attempt to broker a peace deal between Israel and the Palestinians.

Mr. Kushner, a multimillion-

aire businessman and developer interested in how technology can reform organizations, launched an innovation office for the White House last week that intends to help overhaul government.

Mr. Kushner didn't speak with reporters on the trip to Iraq, his first ever here, which was preceded by an overnight stay at a U.S. military base in Germany.

Mr. Mattis and Gen. Dunford are completing a review of the strategy to fight the group. Mr. Trump signaled during the campaign and since assuming office that he had a plan to accelerate the fight against Islamic State, offering no details about what it might be.

No plan has emerged, and it now falls to Mr. Mattis and Gen. Dunford to come up with a new strategy. Gen. Dunford declined to discuss what the new strategy would look like. But, according to numerous U.S. officials, the strategy may largely resemble the old one, initiated under President Barack Obama, with tweaks and additions in the margins, U.S. officials said.

Gen. Dunford said he invited Messrs. Kushner and Bossert to join him on the trip some weeks ago so they could see the work troops are doing here, since they will be part of the decision on strategy.

President Welcomes Egypt's Leader as U.S. Resets Ties

BY FELICIA SCHWARTZ

WASHINGTON—President Donald Trump provided a boost to Egyptian President Abdel Fattah Al Sisi, giving him a warm welcome to the White House as his administration shifts the U.S. focus in its relationship with Cairo away from human rights while emphasizing security cooperation.

Neither Mr. Trump nor White House press secretary Sean Spicer made any public mention of Egypt's spotty human-rights record. "I'm not going to get into what they discussed privately," Mr. Spicer said Monday. "But I will tell you we understand the concern and I think those are the kinds of things that I think progress is made privately."

Mr. Trump praised Mr. Sisi throughout the day, saying that he has "done a fantastic job in

a very difficult situation" as they sat side by side in the Oval Office. "We agree on so many things," Mr. Trump said.

Mr. Sisi said Egypt will always be a "strong partner" in confronting terrorism.

The visit marked a step forward for Mr. Sisi, analysts said.

"He has longed for a big hug from Washington as a sign of his broadening international legitimacy and he got that today," said Eric Trager, an Egypt expert at the Washington Institute. "The key question moving forward is whether Trump can translate this big hug for Sisi into better and deeper cooperation with Egypt."

In a meeting in the Cabinet Room, where Mr. Trump was joined by Secretary of State Rex Tillerson, Defense Secretary Jim Mattis, White House strategist Steve Bannon and other officials, Mr. Trump nodded to U.S. concerns with Egypt's human-rights abuses. Experts and former officials say rights conditions have deteriorated significantly over the past several years. "We have many things in common; we have a few things we don't agree on," Mr. Trump said.

Egypt is one of the largest recipients of U.S. military and foreign aid, getting about \$1.5 billion a year. The Trump administration's budget blueprint doesn't guarantee aid to Egypt, and State Department officials have said aid to every country except Israel is under review.

Also on Mr. Trump's agenda for the meeting was a discussion of the Middle East peace process, as the Trump administration is seeking to bring the Israelis and Palestinians back to the negotiating table.

Mr. Sisi's trip is the first state visit of an Egyptian leader to Washington since 2009. He won an election in 2014, several months after the military, then under his command, led a coup to oust Egypt's first freely elected leader, President Mohammed Morsi of the Muslim Brotherhood.



BRENDAN SMIALOWSKI/AGENCE FRANCE PRESSE/GETTY IMAGES

Abdel Fattah Al Sisi with President Trump in the Oval Office Monday.

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WORLD NEWS

Colombia School Reels After Disaster

By KEJAL VYAS

MOCOA, Colombia—Wilmar Benavides, 37, was one of hundreds of shattered residents milling about outside Mocoa's cemetery on Monday.

Mr. Benavides had come to claim the bodies of his wife and 11-year-old daughter Alison, who were swept away Saturday when this city's three rivers swelled, triggering an avalanche of rocks and trees that killed at least 273 people.

What has been particularly searing here is the loss of so many children, snatched from their beds in the middle of the night. At least 60 of them, like Alison, were students of the same school, the Educational Institute of Mocoa City, according to its administrators.

"Everything has been destroyed in my life and my heart, split in two," Mr. Benavides said.

Like others at the cemetery, he wore a surgical mask, a precaution among so many decomposing bodies in the muggy heat. "Even my clothes are borrowed. Everything is rubble," he said.

Rescue crews on Monday continued to find and retrieve bodies that were taken far downstream. President Juan Manuel Santos, in giving the latest death toll, described the shock of so many dead as torture.

Teachers and administrators at the Educational Institute of Mocoa City have been putting together a registry to confirm the whereabouts of the students. About 80% of the school's 1,200 students—from prekindergarten to high school—have been affected by the disaster, having been killed or having lost a loved one or their home, said vice principal



A girl waits for medical attention at a shelter in Mocoa in southern Colombia. The death toll from the landslides rose to at least 273.

Erwin Ordoñez.

Survivors have found shelter in brick buildings uphill from the school, where volunteers are providing the displaced with food, water and toilet paper. But many are still missing.

"It could be a lot more," Mr. Ordoñez said. "No one could have imagined a tragedy of such magnitude."

The disaster has been a cruel turn of events in this corner of Colombia, where the prospect of peace after decades of armed conflict had given many people here hope.

This state, Putumayo, was one of the most battered during a long guerrilla conflict,

with armed groups fighting for control of drug crops and poor farmers caught in the middle.

Many of those displaced from the countryside had come to Mocoa, the state capital, and their children had found new possibilities at the school, Mr. Ordoñez said.

"This was a chance for them to rebuild, reconstruct their lives," he said.

Mr. Benavides's family was one of those. They moved to a house built on stilts along the Sangoyaco River's rocky, muddy banks seven months ago.

Mr. Benavides liked that it

daughter and his 17-year-old son, who also survived the flood. And his salary as an accountant was enough to cover the \$100 monthly rent.

"We thought we had finally made it," Mr. Benavides said, breaking down in tears. "We thought the school would be good for the kids."

Then, on Saturday they were awakened by a thud—the wall of water that slammed into their home. They ran to the second floor. A second wave, this time carrying boulders, knocked out the house's supports.

It was the last time Mr. Benavides saw his wife or daughter.

"She always had a smile on her face," Mr. Benavides said of his little girl, recalling how she liked to dress like a princess.

Former students who now live in the larger city of Popayan to the west were delivering donated food and medical supplies to the school, Mr. Ordoñez said, though much more is still needed as the city tries to dig out and take stock.

Ninth-grader Maria Paula Buenaventura feared her school would never be the same. "So many people are talking about moving away," she said. "They have nothing left, so why stay here?"

Ecuador Vote Was Fair, Says Observer

By RYAN DUBE

QUITO, Ecuador—International election observers didn't find evidence of fraud in Ecuador's presidential vote, the Organization of American States said Monday, as the group congratulated the ruling party's candidate and urged conservative challenger Guillermo Lasso to pursue his opposition through the country's institutions.

Lenin Moreno, Ecuador's leftist former vice president, had 51.17% support compared with 48.83% for Mr. Lasso, with 99.5% of the votes counted, according to the national electoral council. The body hasn't officially declared a winner.

At a press conference, Mr. Lasso said he wouldn't recognize the results. He said some votes for him were exchanged for Mr. Moreno and he urged supporters to peacefully protest.

Mr. Moreno was congratulated on Monday by the leaders of Peru, Chile and Argentina, as well as the OAS's secretary-general. In a statement, the Washington, D.C.-based OAS urged Mr. Lasso to address his fraud complaints through Ecuador's institutions.

"There were no discrepancies between the analyzed ballots and the official data," it said. The organization sent 77 observers to 480 polling stations across Ecuador.

A victory for Mr. Moreno would extend the leftist government's decadelong hold on power, bucking a trend in Latin America that has seen the region's populist left lost power.

S&P Cuts South Africa's Credit Rating to Junk Status



Protesters rallied against the government outside the South African National Treasury in Pretoria Monday.

By GABRIELE STEINHAUSER

JOHANNESBURG—South Africa's credit rating was downgraded to junk status for the first time in almost two decades amid an accelerating drumbeat of calls for President Jacob Zuma to step down.

S&P Global Ratings on Monday cut South Africa's foreign-currency credit rating by one notch, to double-B-plus, becoming the first major ratings firm since 2000 to determine that the debt of Africa's most-developed economy was no longer investment grade. The firm also lowered its local-currency rating to triple-B-minus from triple-B.

Moody's Investors Service, which currently has South Africa at Baa2, two notches above junk, placed South Africa's bond rating under review, but stopped short of a downgrade. Both agencies said they accelerated their ratings action because of Friday's dismissal of Finance Minister Pravin Gordhan, which prompted a revolt

in the ruling African National Congress and a selloff in the rand currency.

Their moves are a rebuke to the new finance minister, Malusi Gigaba, who hours before S&P's statement was released insisted that government would continue to reduce its deficit.

"We are not a bunch of wild gunmen running amok, gung-ho into Treasury to do different things. We are going to maintain the programs that are being implemented," Mr. Gigaba told reporters.

These assurances appeared to have little impact on S&P's assessment. "Divisions in the ANC-led government that have led to changes in the executive leadership, including the finance minister, have put policy continuity at risk," the agency said. "This has increased the likelihood that economic growth and fiscal outcomes could suffer."

The ANC did little Monday to hide the divisions cited by S&P. Kgalema Motlanthe, who

was president from September 2008 to May 2009, became the latest senior party official to demand Mr. Zuma resign.

"He doesn't come across as someone who thinks about what is in the national interests or what is in the organizational interests, but seems to be driven by an agenda based on vested interests," Mr. Motlanthe told Bloomberg News.

Hours earlier, the recording of a speech by Deputy President Cyril Ramaphosa was leaked to the media, in which he lashed out against Mr. Gordhan's dismissal and promised to turn around Africa's most prominent liberation movement.

While Mr. Ramaphosa's remarks were making the rounds on social media, the deputy president remained holed up with Mr. Zuma and the rest of the ANC leadership at the party's headquarters in Johannesburg. Since Friday's cabinet shuffle, the party has failed to reach consensus on the president's future.

Japanese Envoy Set to Return to Seoul

By ALASTAIR GALE

TOKYO—Japan's ambassador to South Korea, withdrawn three months ago amid a dispute over the countries' wartime past, will return to Seoul on Tuesday to bolster coordination in dealing with North Korea, Japan said.

Japanese Foreign Minister Fumio Kishida said Tokyo is also sending its ambassador back to prepare for a new government in South Korea, which is set to hold a presidential election on May 9.

Japan and South Korea are the two closest allies of the U.S. in East Asia and coordinate with Washington on defense. The three nations are holding a joint three-day anti-submarine exercise starting Monday as part of moves to counter rising threats from North Korea.

However, Tokyo and Seoul also frequently clash over the legacies of Japan's 35-year colonization of the Korean Peninsula through 1945. One of the most contentious issues is the use of Korean women by the Japanese military as forced sex workers during that time.

In late 2015, the two countries reached a deal that both sides said "finally and irreversibly" end a dispute over Japan's atonement for the so-called comfort-women



Activists protested a move to remove a statue symbolizing 'comfort women' at Japan's consulate in Busan, South Korea, in December.

system by providing an apology from Japan's prime minister and ¥1 billion (\$9 million) in Japanese government funds to support the women. Around 40 of the women remain alive.

The deal was accepted by most of the women but became unpopular in South Korea, in part because it was agreed to by former President Park Geun-hye, who has since been removed from office. Critics of the deal in South Korea have also slammed the Korean government for not consulting the surviving comfort women before the agreement was signed.

Following the deal, Japan

said it expected South Korea to remove a statue of a comfort woman built by a civic group outside the Japanese Embassy in Seoul in 2011. However, that statue remains in place, and at the end of 2016, activists built an identical statue outside the Japanese consulate in South Korea's second city of Busan.

Japan recalled its ambassador, Yasumasa Nagamine, in early January, saying the installation of the Busan statue was a violation of the 2015 agreement. It called on South Korea to remove it before Mr. Nagamine would return to Seoul.

A spokesman for South Korea's foreign ministry said the government expected the return of the ambassador to enable closer communication.

—Jonathan Cheng in Seoul contributed to this article.

Since then, concerns have risen in both countries about the threat from North Korea following a string of missile launches. On March 6, three missiles fired by North Korea landed inside Japan's Exclusive Economic Zone, an area extending about 230 miles out to sea from its coastline.

Mr. Kishida said the decision for Mr. Nagamine to return to Seoul reflected "the need for close information sharing at a high level and for close communication with the South Korean government."

He added that Tokyo would continue to demand the full implementation of the 2015 comfort-women agreement. U.S. Secretary of State Rex Tillerson, speaking in Tokyo in March, called on both countries to move beyond the dispute to work together to jointly deal with North Korea.

However, several of the main candidates for the South Korean presidency, including front-runner Moon Jae-in, have said the agreement should be renegotiated.

A spokesman for South Korea's foreign ministry said the government expected the return of the ambassador to enable closer communication.

U.N. Slams Australia On Indigenous Rights

By ROB TAYLOR

CANBERRA, Australia—The top United Nations envoy on indigenous rights criticized Australia for "deeply disturbing" levels of racism and urged the country to embrace a treaty that would recognize its indigenous people as its first inhabitants, a move she said would help combat prejudice.

Australia's indigenous people make up less than 3% of the 24 million population, but suffer higher rates of imprisonment, domestic violence and unemployment, according to government data.

"I have found the prevalence of racism against Aboriginal and Torres Strait Islander Peoples deeply disturbing," Victoria Tauli-Corpuz, the U.N. special rapporteur on indigenous rights, said in a report ending her 15-day visit. "This manifests itself in different ways, ranging from public stereotyped portrayals of them as violent criminals, welfare profiteers and poor parents and to discrimination in the administration of justice."

One in four prison inmates is of indigenous heritage, a statistic Ms. Tauli-Corpuz said

was "simply astounding."

In a February report to Parliament, Prime Minister Malcolm Turnbull said his government was failing to close the gap between indigenous and other Australians in six of seven priority areas, including health and unemployment.

Community leaders for Australia's 460,000 Aboriginal and Torres Strait Islander people have for years called for constitutional recognition and a treaty to reduce discrimination.

While the Australian government has supported a referendum on a constitutional change to recognize its indigenous people, it hasn't backed a formal treaty over concerns it could open up legal challenges over compensation and property rights. Mr. Turnbull has said a formal treaty could further stoke divisions over reconciliation and make constitutional change even harder.

Australia is the only former British colony not to have a formal treaty with indigenous inhabitants. New Zealand has the Treaty of Waitangi, signed between Britain and Maori chiefs in 1840, while Canada and the U.S. have agreements going back as far as 1701.

WORLD NEWS

Blast in St. Petersburg Subway Kills 11

One explosive device disarmed at another station; Putin considers terrorism 'above all'

BY NATHAN HODGE
AND JAMES MARSON

ST. PETERSBURG, Russia—A blast tore through a subway train under Russia's second-largest city Monday, killing 11 people and injuring dozens more in what officials said they were investigating as a terrorist attack.

An explosive device packed with shrapnel was later found and disarmed at a station not far from where the blast happened under downtown St. Petersburg, security officials said.

"As part of investigations, measures are being taken to establish all the circumstances of the crime, search for the perpetrators and organizers of the terrorist act, and also the facilitators of the criminals," Russia's National Antiterrorist Committee said.

Russian airplanes, subway trains and transport hubs have been a frequent target for terrorist attacks officials have blamed on Islamist militants and separatists.

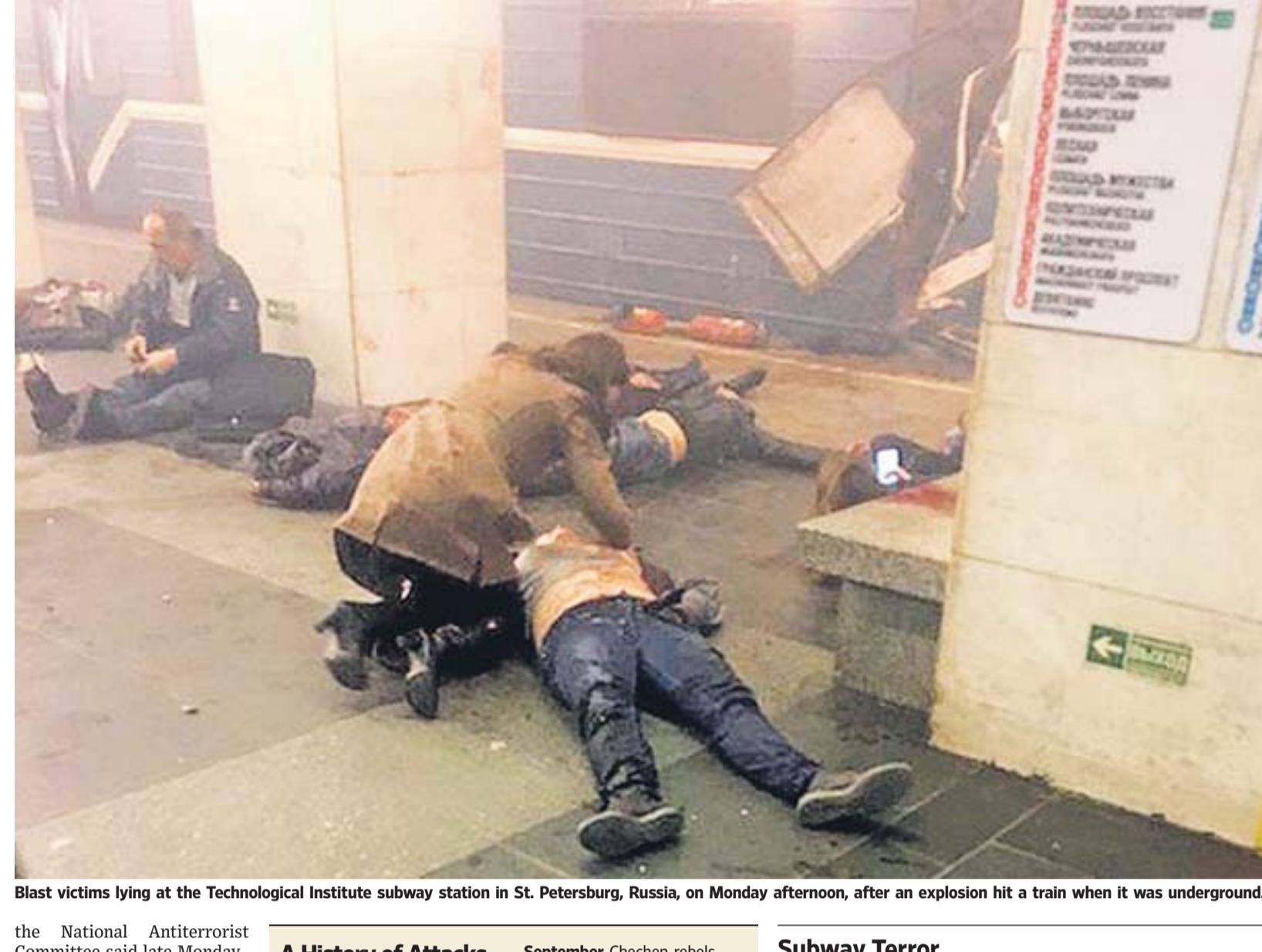
"Naturally, we always consider all options—both domestic and criminal, and above all actions of a terrorist nature," Russian President Vladimir Putin said in televised remarks at the start of a meeting with Belarusian President Alexander Lukashenko in St. Petersburg. Mr. Putin met with top security officials in the city late Monday before laying flowers at the station where casualties were evacuated, state news agencies reported.

Russia's Investigative Committee, the main federal investigative authority, said it had opened a criminal probe into a potential terrorist attack but didn't rule out other possible versions. The National Antiterrorist Committee said it had ordered increased antiterror security at transport hubs.

The blast around 2:30 p.m. Monday stunned Russia's second-largest city. St. Petersburg, with around five million inhabitants, is known as the country's cultural capital and most European city.

State television showed first responders arriving on the platform at Technology Institute station and treating apparent victims. Videos posted on social media and broadcast on television showed smoke inside the station and the doors of a subway train bent outward by the blast.

The explosion left 45 people needing hospital treatment,



Blast victims lying at the Technological Institute subway station in St. Petersburg, Russia, on Monday afternoon, after an explosion hit a train when it was underground.

the National Antiterrorist Committee said late Monday.

Unnamed witnesses on state television described a bright flash followed by smoke and a smell of burning. One said he crawled out of the window of the subway car.

Officials said an explosive device was found and disarmed at another subway station nearby, called Ploshchad Vosstaniya, or Uprising Square.

President Donald Trump, commenting on the blast, said: "Terrible. Terrible thing. Happening all over the world. Absolutely a terrible thing." Mr. Trump made the remarks to reporters in response to a question at the start of a meeting in the White House's State Dining Room in Washington.

Mr. Trump spoke with Mr. Putin on Monday to condemn the attack and offer the full support of the U.S. government.

Authorities closed down all of St. Petersburg's subway stations after the blast. Officials said more than three dozen ambulances raced to help victims after the blast, which occurred between Sennaya Ploshchad, or Haymarket Square, a busy downtown subway station

A History of Attacks

September 1999 Bombings in three cities kill about 300 people. No group claims responsibility, but the Kremlin cites the attacks as a reason for sending troops back into Chechnya the following month.

October 2002 Chechen militants take about 800 people hostage in a Moscow theater. All 41 attackers and 129 hostages die in the rescue operation.

August 2004 About 90 people die on an airplane after two female suicide bombers blow themselves up. Chechen rebels claim responsibility.

September Chechen rebels capture a school in Beslan, North Ossetiya. More than 330 people, half of them children, are killed.

March 2010 A suicide attack in the Moscow subway kills 40. A militant Islamist group in the Caucasus claims responsibility.

January 2011 37 people die after a suicide bombing at Moscow's Domodedovo airport. Russian officials say the attacker was from the North Caucasus.

October 2015 A Russian-operated charter jet disintegrates over the northern Sinai, killing all 224 on board. The local affiliate of Islamic State claims responsibility.

Subway Terror

Russian officials said they were investigating an underground blast as terrorism after a device was found and disarmed at another station.



THE WALL STREET JOURNAL.

that connects three lines, and Technological Institute station.

The subway driver carried on to Technological Institute station, preventing a greater number of casualties by allowing the wounded to be treated and evacuated quickly, a spokeswoman for the Investigative Committee said. Subway service was partially restarted

late on Monday evening.

Much of Russia's elite, including Mr. Putin, hails from St. Petersburg.

The former czarist capital was a site of terror attacks more than a century ago, including the assassination of Czar Alexander II. But the 300-year-old city, popular with tourists for its architec-

ture, theaters and museums, has been spared the large-scale terror attacks that have hit Moscow in the past two decades linked to insurgencies in the country's North Caucasus region.

Separatist violence that began in the republic of Chechnya there morphed into an Islamist insurgency that spread

into neighboring regions of Ingushetia and Dagestan.

Volunteers from the Muslim-majority republics of the North Caucasus have made their way to the Middle East to fight for Islamic State, and Russian officials have expressed concern that some will return to organize terror attacks on Russian soil.

Debate on Black Boxes Enters Holding Pattern

BY ANDY PASZTOR

Three years after Malaysia Airlines Flight 370's unresolved disappearance sparked efforts to implement new flight-data recorder technology, the global aviation community is deadlocked over the best way to ensure investigators will have timely access to vital clues in future crashes.

Technical, marketing and jurisdictional disputes—pitting Boeing Co. and U.S. regulators against Airbus SE and European authorities—have blocked consensus over prospective changes to today's black boxes that help unravel accidents.

The most prominent disagreement involves deployable recorders, designed to capture real-time flight data and cockpit conversations, just as damage-resistant black-box recorders do.

But while conventional black boxes are intended to be recovered from wreckage, the alternative devices, already used in a broad range of military jets and helicopters world-wide, are designed to be jettisoned automatically before impact and to float.

Airbus and other proponents say supplementing current systems with deployable technology would lead to easier searches, with features including built-in emergency transmitters that can pinpoint locations on the surface of water.

In the opposing camp, Boeing's position is that the deployable technology is unnecessary partly because there are so few crashes of big jets, and

the recorders are expensive to maintain and potentially hazardous if ejected by mistake. Federal Aviation Administration officials say it is hard to justify the costs of deployable recorders versus the safety benefits.

Progress in adopting deployable systems has been slow, with U.S. and European regulators watching to see whether the other side takes action to benefit either Boeing or Airbus at the other's expense.

The most prominent disagreement involves deployable flight-data recorders.

pense. Equipment changes will take at least several years to show up, and they are expected to affect only new jetliners rolling off assembly lines.

The rivals say they don't compete on safety matters, but, in this instance, each company has quietly pressured suppliers and government agencies to embrace their view, people familiar with the details said. The result, these people say, has impeded the initial sense of urgency among regulators.

"Governments and international organizations are moving mighty slowly," said Alan Diehl, a former military and commercial accident investigator. "The public perception is, 'Why can't we have the solution now?'"

Falls in the number of people without work in Italy and Spain drove a decline in the eurozone's unemployment rate to its lowest level since mid-2009 in February, chiming with other signs that the currency area's modest economic recovery accelerated slightly in the early months of 2017.

The European Union's statistics agency Monday said the unemployment rate across the 19 countries that use the euro fell to 9.5% from 9.6% in January, reaching its lowest level since May 2009. The number of people without work fell by 140,000 from January, as the number of jobless Italians dropped to 2.98 million from 3.06 million, and the number of jobless Spanish to 4.09 million from 4.13 million.

—Paul Hannon

CANADA

Firms Say Prospects For Sales Look Up

A majority of Canadian companies suggest their sales outlook will improve in the year ahead, supported by robust foreign demand and a recovery in the energy sector, the Bank of Canada reported.

The results of the central bank's quarterly business-outlook survey, released on Monday, signaled stronger domestic demand after weak activity over the past two years. The survey also indicated a modest recovery in business investment, and hiring in-

tentions remain positive. The survey was conducted between Feb. 13 and March 9.

The Bank of Canada maintains a dovish tilt toward monetary policy even though economic data over the past few months indicate economic activity has accelerated.

—Paul Vieira

MEXICO

Economists Raise Inflation Estimates

Economists surveyed in March by the Bank of Mexico raised their estimates for inflation this year—expecting that consumer prices will rise the most since 2008—while continuing

to lower forecasts for economic growth.

Inflation measured by the consumer-price index is expected to end the year at 5.6%, according to the median estimate of 35 analysts, up from 5.4% in the February survey, the central bank said Monday. The median economic-growth estimate for 2017 fell to 1.5% from 1.6% the previous month, although the outlook for job creation and unemployment improved slightly.

—Anthony Harrup

SPAIN

Central Bank Lifts Growth Projection

The central bank raised its

growth expectations for the eurozone's fourth-largest economy over the next three years, indicating the resilience of the country's economic recovery.

The Bank of Spain said Monday that it forecasts gross domestic product will expand by 2.8% in 2017, an increase of 0.3 percentage point from its previous estimate in December.

The central bank said some indicators, such as consumer and business confidence and job creation, had been more buoyant than expected.

The Bank of Spain predicts the country's economy will expand 2.3% in 2018 and by 2.1% in 2019, both higher than previous estimates.

—Jeannette Neumann



A Nepalese veterinary and technical team searches for one-horned rhinoceros in Chitwan National Park as part of an effort to establish a new breeding group of the rare and vulnerable animals.

IN DEPTH

BIKES

Continued from Page One

\$15 and \$45.

Unlike programs in the U.S. and Europe, however, these bikes don't have docking stations—bikes can be left anywhere and renters use smartphone apps to unlock their built-in locks.

London and New York, where bikes can be picked up or dropped off only at docking stations, have about 23,000 share bikes between them. Shanghai alone has half a million—and the sheer number of bikes, their often isolated and haphazard parking locations, and the age-old scourges of thievery, petty vandalism and general mischief-making have led many to meet grisly fates.

The abuse has become so widespread that several hundred Good Samaritans across the country have taken up the cause. "I can't bear to see this behavior," said 26-year-old Sun Shiyue, who works for a unit of Coca-Cola Co. in Shanghai by day, and patrols his neighborhood by night with a flashlight looking for damaged or misused bikes from Mobike, one of China's largest share programs.

He reports problems via the Mobike app, moves badly parked bikes and tapes a small notice—which he made himself—to the bike's saddle rebuking the previous user for irresponsible behavior. "They are the prey, and I am the hunter," he said of the saboteurs.

Before China began opening up in the late 1970s, bicycles conferred prestige. They were one of the four status symbols Chinese newlyweds aspired to own—the others being a watch, a radio and a sewing machine. Bicycles lost their glow to cars as China's economy took off, but as traffic and congestion became a problem, bikes became trendy again.

In recent months, investors have plowed \$1 billion into Chinese bike-share companies.

The bright yellow, single-gear bikes from Ofo, another of the nation's largest operators, cost under \$60 apiece, making them relatively unattractive to thieves, said Chief Operating Officer Zhang Yanqi. But their



Dozens of bike-sharing programs in China don't use docking stations, leaving bikes at the mercy of vandals and thieves. Above, vandals created this pile in Shenzhen.

locks are simple and security is rudimentary, a strategy Mr. Zhang said helps keep costs low. Users receive a code for a bike's combination lock after inputting the bike's ID number into the Ofo app.

Ofo has lost 1% of its bikes since it launched in September 2015—a small share but still a large number; Ofo is set to have 20 million bikes on the street by the end of 2017, Mr. Zhang said.

Mobike, Ofo's orange rival, has taken a different tack: Its higher-end bicycles cost up to \$400 each to build; users unlock them by scanning a QR code on the bike with their smartphone. They are bristling with security measures, including GPS tracking and an alarm system. That makes Mobike's loss rate "negligible," said spokesman Martin Reidy.

Nevertheless, tech-savvy

thieves have begun producing fake QR codes for Mobikes and sticking them over the genuine codes. When users scan the bogus codes they end up, in some cases, transferring money to the scammers. Two men in the coastal cities of Ningbo and Fuzhou were charged with committing such a fraud in March, state media reported.

Bikes stolen from various programs—and repainted—have turned up for sale in countryside shops.

A man in Chengdu was arrested last month after being caught red-handed, surrounded by the dismantled parts of numerous shared bikes. Stealing the bikes and reselling them whole was too unsubtle, the man told police, local media said, so he was breaking the bikes down and jumbling the parts together to form new ones.

Some people are so fond of the bikes they have taken to hoarding them, so one is always handy. It is common to see bikes stashed inside offices, or cached in stairwells. In February, two Beijing nurses were arrested for allegedly locking up shared bikes with their own locks, for which they spent five days locked up themselves, local media reported.

In January, hundreds of shared bikes were found dumped in a huge pile in the southern city of Shenzhen by unknown saboteurs. In other locations, ranks of bikes have had their brake lines severed. Vandals have also taken to scratching off Ofo bikes' ID codes, making locked bikes unusable.

Some of the vandalism is just old-fashioned mischief. Li, a 12-year-old Shanghai middle-school student, and his friends

have a game: seeing how many Ofo bikes they can unlock by exploiting a weakness in the company's system. People often neglect to jumble up the lock's combination at the end of their ride, enabling someone to flip open the lock free of charge.

"It's a lot of fun," Li said. Sometimes they mix it up by locking bikes together, Li said, or by removing locks and swapping them, baffling the next user when the code they are given doesn't work.

Authorities, until now generally supportive of the programs, are starting to get fed up with the snarls of parked share bikes blocking streets and intersections.

A vendor at Beijing's Bawangfen long-distance bus station said thousands of shared bikes routinely block buses from entering or leaving

the station. "It causes arguments and even fights," said the vendor, who gave only his surname, Yan. "The city sent a guy to maintain order, but he does nothing."

Some local governments have impounded thousands of bikes, and Shanghai authorities warned bike companies not to put any more on the streets. Mobike and Ofo both said they are working with authorities to iron out these troubles.

Mr. Sun, the Good Samaritan, said bike sharing had brought too big an improvement to urban China to be fatally punctured by crooks or vandals. He said he thinks China will eventually learn to love its bikes once more, adding, "Mobike is part of my life now."

—Junya Qian and Kersten Zhang contributed to this article.

TECH

Continued from Page One

even higher if the market for new offerings continues to rebound and corporate executives are emboldened by the successful stock-market debuts so far this year, including Snap.

Investment bankers and lawyers expect that the vast majority of the highest-valued companies that are now private would use some form of dual-class structure if they decide to go public. The most valuable companies include Uber Technologies Inc., Palantir Technologies Inc. and Airbnb Inc.

On Friday, Snap shares closed at \$22.53, up a third from their \$17-a-share offering price March 1, valuing the five-year-old company at about \$27 billion. Snap raised \$3.9 billion in the IPO, according to Dealogic.

Snap declined to comment on why Messrs. Spiegel and Murphy were the only employees on the NYSE balcony when the stock began trading.

In the first quarter, there were 29 IPOs of U.S.-listed companies, up from nine a year earlier. Just four of the IPOs in the latest quarter were by tech companies, according to Dealogic, and 2016 was the slowest year for tech IPOs since the financial crisis.

Since Snap's stock sale, though, investment bankers and lawyers who work with tech companies said they have been fielding phone calls from closely held companies that are considering going public and are eager to explore similar share-class structures.

The shift troubles some investors, corporate-governance advocates and even Silicon Valley executives. They said watered-down voting power hurts shareholder democracy and leaves those investors vulnerable. "It reduces the role of a board member to that of an adviser who works at the behest or pleasure of the founder," said Mark Lonergan, founder and managing partner of executive-search firm Lonergan Partners in Redwood City, Calif.

The Council of Institutional Investors, which represents large pension funds and other shareholders, has proposed barring Snap from stock-market indexes such as the S&P 500 be-

cause the company's structure "will undermine the quality and confidence of public shareholders in the market."

Snap could become eligible to join the S&P 500 after the company is profitable for four quarters in a row. Analysts and investors don't expect that to happen for at least two years.

Officials at S&P Dow Jones Indices, which manages the stock benchmark, have said they would consider Snap's corporate governance as part of their overall review.

Matt MacInnis, chief executive of Inkling Systems Inc., based in San Francisco, has qualms about creating two classes of stock but wouldn't rule it out if the labor-management software company eventually decides to go public. Inkling has raised \$95 million from venture-capital investors since its launch in 2009.

"There's an element of: 'We'll take money from common shareholders, but we're not accountable to them,'" Mr. MacInnis said.

It is hard for investors to resist promising tech IPOs even if that means they will wind up

Snap is the first big IPO since at least 2000 where investors got no voting power.

with little or no voice at the company. "As a firm, we much prefer shareholder-friendly management teams and boards with good corporate governance," said Dan Ernst, a senior analyst at asset manager Welch Capital Partners LLC in New York. "But if you're dogmatic, you won't get a chance to participate in Facebook or Google."

Vivek Wadhwa, a distinguished fellow at Carnegie Mellon University's College of Engineering, said the "winner-take-all" culture in which a few tech companies emerge as hugely profitable from among a far-larger number that fail encourages investors to give tech executives more leeway.

As a result, "CEOs in Silicon Valley now have God complexes," he said.

Google parent Alphabet Inc. and Facebook have gained

More Controlling

Snap's largest shareholders have far more voting power than those at Facebook and Google's parent, Alphabet.

Company / Founders and/or executives	Year of IPO	Percentage of votes held	Change since IPO: Stock price S&P 500
Snap Evan Spiegel, Bobby Murphy	2017	90.5 38.4	33% -1%
Facebook Mark Zuckerberg	2012	57.6 27.6	274% 81%
Alphabet Sergey Brin, Larry Page, Eric Schmidt	2004	37.6 33.3	1,893% 117%

Note: Percentage changes in stock prices and S&P 500 are as of Friday's close.

Sources: the companies (votes, shares); FactSet (change) THE WALL STREET JOURNAL.

nearly \$800 billion in combined stock-market value since their initial public offerings. Alphabet shares are up nearly 1,900% since their debut in 2004, while Facebook is up nearly 300%, trouncing the overall stock market.

When Google went public, co-founders Sergey Brin and Larry Page and CEO Eric Schmidt held 33% of the internet search giant's shares and 38% of the voting power. Mr. Brin is now Alphabet's president, Mr. Page is chief executive and Mr. Schmidt is executive chairman.

Facebook's Mr. Zuckerberg held 28% of the shares and 58% of the voting power at the time of the social-networking company's IPO in 2012.

Google now sells a nonvoting class of stock, and Facebook plans to issue nonvoting stock. The companies have said different types of stock help executives manage for the long run, rather than worry about appeasing investors who are fixated on short-term gains.

Have it both ways

Spencer Rascoff, chief executive of Zillow Group Inc., which has three classes of stock, wrote in a LinkedIn post in 2015 that supervoting shares should assuage private-company CEOs who are wary about going public. "There is a way to have the benefits of being public while keeping a company quick to move and focused on the long term," he wrote.

Numerous academic studies show no statistical difference between the stock-price perfor-

this year in our turnaround."

News Corp, the owner of The Wall Street Journal's parent, Dow Jones & Co., has two classes of shares, which allow Executive Chairman Rupert Murdoch and his family to maintain greater influence over the media company.

Class A shares that make up about two-thirds of News Corp's equity base have no voting power, while Mr. Murdoch and his family trust hold about 39% of the Class B voting shares.

Supervoting shares have been around for more than a century and began to proliferate in the 1920s. Dodge Brothers Inc., the auto maker that later became part of Chrysler, raised more than \$100 million in an offering that limited the voting power of new investors. In 1940, the NYSE limited the use of multiple classes of stock.

Some companies responded by listing their shares on other exchanges, and the NYSE made a few exceptions to its own curbs. Ford Motor Co. went public in 1956 in what was then the largest IPO ever. The sale gave the Ford family control far in excess of its financial stake, and the structure is still in place.

The advent of corporate raiders in the 1980s led to a resurgence in supervoting shares as companies sought to protect themselves from unwanted takeovers. The NYSE sought to abandon its policy, but the Securities and Exchange Commission put forth a rule that would have prohibited dual-class shares. It was invalidated by an appeals court.

By the time Google went public in 2004, the dual-class structure was widely accepted by stock exchanges, investors and regulators, including the NYSE. Google's debut encouraged other tech companies to do the same.

In a prospectus, Google cited media companies such as Dow Jones, then a stand-alone company, and New York Times Co. and said their separate classes of shares made it possible to concentrate on "core, long-term interest in serious news coverage, despite fluctuations in quarterly results."

Lately, a wave of shareholder activism, driven occasionally by investors like billionaire Carl Icahn, has helped prompt some companies to consider creating new share classes as protection.

Long before Snap went pub-

lic, Messrs. Spiegel and Murphy were intent on keeping as much control of the company as possible, according to people familiar with the matter. Mr. Spiegel is chief executive, and Mr. Murphy is chief technology officer.

They wanted to decide what Snap should do and which products to create whether or not anyone else agreed, the people said. Messrs. Spiegel and Murphy also don't want to be pushed to accept a takeover offer, which would eliminate the chance to build Snap for the long term.

No one says 'no'

In mid-October, Snap officials held a meeting to initiate the IPO process, the people said. Snap's investment bankers, from securities firms that included Morgan Stanley and Goldman Sachs Group Inc., were told to arrive at one of Snap's warehouses in Venice, Calif., in any vehicle but a black car and without suits to ensure that word of the meeting wouldn't leak.

Snap told the dozens of investment bankers at the meeting that it wanted the IPO to include only nonvoting shares, people familiar with the meeting said. No one raised objections or questions about the plan, a sign that the bankers believed few prospective investors would balk.

At a lunch meeting with potential IPO investors in New York in late February, Mr. Spiegel and Snap's chief financial officer and chief strategy officer were asked mostly about the company's growth prospects and ability to ward off competition, according to people who went to the meeting.

Snap's near-absolute control by Messrs. Spiegel and Murphy and their decision to sell shares with no voting power came up only in a small number of private meetings with potential investors, the people said.

A person familiar with the initial public offering said he knows of only one investment fund that could have bought Snap shares but decided not to because of the 90.5% voting stake held by the two co-founders, who hold 38.4% of the company's shares.

Snap got orders for more than 10 times as many shares as the number that were for sale in the IPO.

GREATER NEW YORK

Emergency Legislation Passes in Albany

Extender measure keeps government running until May 31 amid budget impasse

BY MIKE VILENSKY

ALBANY—With a New York state budget deal still elusive, the Legislature on Monday passed emergency legislation to keep state government running as finger-pointing and tensions ramped up at the Capitol.

The measure came as Gov. Andrew Cuomo faces the latest budget of his tenure and one of the messiest legislative stalemates since he took office

in 2011.

The temporary budget extender, issued by the governor, keeps government operations running until May 31, two months after the fiscal year ended. It buys lawmakers time to reach agreements on the state's roughly \$160 billion spending plan and a number of social policies with it.

Without an extender or a new budget, state government could have effectively shut down, with funding for state agencies and employees thrown into flux.

Legislators didn't appear any closer to consensus and spent the day decrying the process as chaotic, rushed and secretive.

"This is an extender of budgetary dysfunction in Albany," said Sen. Brad Hoylman, a Manhattan Democrat, on the floor of the Senate Monday morning. "We were given 2,000 pages of budget bills at 3 a.m. this morning. The Old Testament only has 1,900 pages. I think everyone here agrees that's no way to legislate."

The Legislature has a previously scheduled two-week vacation from Albany beginning Thursday, and it wasn't clear if lawmakers planned to leave the capital under the circumstances. Under the extender, legislators don't get paid until a new budget is passed.

For years, lawmakers have

tied their pet policy priorities to the state budget because it gives them a deadline and more leverage. But with a stalemate this year focused largely on policies rather than spending, the practice was coming under new scrutiny.

"A budget should not be packed with highly controversial issues, and used as political leverage at the expense of New York residents," said Assemblyman Chad Lupinacci, a Long Island Republican in his chamber's minority.

The scene at the Statehouse Monday was reminiscent of a time in Albany that Mr. Cuomo, a Democrat, has said was behind him, when budgets were sometimes

months past schedule and stalemates were the norm.

"Year after year the budgets were late and the entire process had become a symbol for the dysfunction and chaos of Albany," Mr. Cuomo said in a 2013 statement announcing an on-time budget.

In a statement Monday night, Mr. Cuomo said the budget extender, in addition to temporarily funding the operation of state government, fully funds the state's construction and economic development plans for the next complete fiscal year. "But make no mistake: we are far from done," he said.

Democrats run the state Assembly and have this year

vowed to both act more as a check on Mr. Cuomo and to pass their priority policies without compromising.

Republicans control the Senate but only maintain a majority because of nine Democrats who govern with them instead of with the Democratic conference. Among the GOP, a harder-line faction has pushed the centrist Republican leader, John Flanagan, to compromise less.

Meanwhile, Assembly Speaker Carl Heastie, a Democrat, held out hope for a deal this week. "Passing this extender isn't a punt of our duties, we're just trying to make sure government doesn't shut down," he told reporters.

Life in Prison For Killing An Officer

A man convicted of killing a New York Police Department officer in East Harlem was sentenced to life in prison on Monday.

Tyrone Howard, 32 years old, was convicted by a New York State Supreme Court jury of aggravated murder and other charges in the 2015 shooting death of NYPD Officer Randolph Holder.

"Life in prison is the most severe sentence a defendant can receive in New York state—it is fully warranted in this case," Manhattan District Attorney Cyrus Vance Jr. said in a statement. An attorney for Mr. Howard declined to comment.

Mr. Holder's father, Randolph Holder Sr., said Mr. Howard "should be sent away and never see the light of day."

Officer Holder was posthumously promoted to detective.

—Corinne Ramey



Tyrone Howard, left, convicted of killing NYPD Officer Randolph Holder, in court on Monday. The slain officer's father, right, was applauded as he arrived for the sentencing.

'Slow-Speed Derailment' Causes Commuter Havoc

BY MELANIE GRAYCE WEST
AND ZOLAN KANNO-YOUNGS

For the second time in less than two weeks, a minor train derailment inside New York Penn Station snarled commuter travel from the morning rush into the evening hours, causing delays for thousands and forcing riders to find alternative ways home.

The trouble started around 9 a.m. Monday when Northeast Corridor train 3926 from Trenton experienced a "slow-speed derailment," said an NJ Transit spokeswoman.

The train was carrying about 1,200 passengers; the Fire Department of New York reported four injuries. The derailment is still under investigation, according to NJ Transit and a spokesperson for the Federal Railroad Administration.

Customers aboard the derailed NJ Transit train described seeing chunks of the train on the track and lots of confusion as they tried to exit from the train.

"It felt like an earthquake," said Prudence Runyan, a 65-year-old Philadelphia resident who boarded the Penn Station-bound NJ Transit train in Trenton.



SUZANNE BARLYN/REUTERS

The spot where an NJ Transit train derailed at Penn Station.

similar derailment involving Amtrak and NJ Transit trains. In that incident, an Amtrak train departing Penn Station sideswiped an incoming NJ Transit train.

Neither incident is being investigated by the National Transportation Safety Board, according to a spokesman for the agency. It will be several months until a report is available from the Federal Railroad Administration.

Throughout Monday, train traffic in and out of Penn Station was interrupted or delayed, affecting travelers riding Amtrak, NJ Transit and Long Island Rail Road.

NJ Transit travel in and out of Penn Station was seriously affected, with Midtown direct trains operating in and out of Hoboken Terminal. Northeast Corridor and New Jersey Coast Line trains resumed limited services in and out of Penn Station with delays, according to NJ Transit.

As of Monday evening, a spokesman for NJ Transit didn't have details on Tuesday's morning service.

—Leslie Brody and Neal Templin contributed to this article.

Opening Day Brings Fresh Hope to Mets Fans



GOOD START: Ticket holders converged Monday in the Jackie Robinson Rotunda at the entrance to Citi Field. The Mets blanked the Braves 6-0 with pitching ace Noah Syndergaard on the mound.

If steak were a religion, this would be its cathedral.

—Corinne Ramey

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GREATER NEW YORK

Lieutenant's Instincts Help Advance Case

By ZOLAN KANNO-YOUNGS

Russo recalled.

In January, Lt. Russo was looking for gaps in the investigation and thought of the young man he had followed three months before the murder of 30-year-old Karina Vetrano.

"I wonder if they ever swabbed him," Lt. Russo thought, referring to a DNA test. He told the detective squad to follow up. They went to Mr. Lewis' house where, police say, he willingly gave his DNA.

Four days later, Lt. Russo received a call from the chief of detectives, Robert Boyce. Mr. Lewis' DNA matched the DNA recovered from Ms. Vetrano's nails.

"It was like hitting the lottery," Lt. Russo told The Wall Street Journal. "I called my wife, I was shaking because just two nights before I was telling her, 'Can you imagine if that's the guy?'"

Tina Luongo, an attorney with the Legal Aid Society who is representing Mr. Lewis, said her office is "concerned with how the NYPD collected the DNA" and how voluntary her client's confession was, among other things.

Cracking the case has propelled Lt. Russo—a shy 41-year-old Williamsburg-native who prefers standing in the back of a room rather than behind a podium—to local fame.

Recently, the father of two was honored at Brooklyn Borough Hall for his actions in cracking the case. "John is a cop through and through, 24 hours a day, seven days a week," said Police Commissioner James O'Neill at the event.

Lt. Russo is still getting used to the attention. "I'm not the face of the police department. I like to be behind the scenes," he

said. "It is very, very odd for me. I'm not comfortable with it."

In June of 1998, Lt. Russo started his NYPD career on patrol in Midtown Manhattan. Within a year he was assigned to the plain-clothes anti-crime unit.

These days, Lt. Russo sports a clean fade haircut and dons Tommy Hilfiger or



Lt. John Russo, above center, stands in the back of the room during a news conference at New York Police Department headquarters in lower Manhattan last month. Police escorted Chanel Lewis, below, from the 107 Precinct in Queens after his arrest earlier this year.



Lawyer Challenges The DNA Evidence

Lawyers for the 20-year-old accused of killing a Queens jogger last summer questioned the DNA evidence the New York Police Department has gathered in its investigation.

Chanel Lewis's Legal Aid Society attorneys waived his appearance on Monday in New York state Supreme Court in Queens. The case is currently being presented to a grand jury. The panel hasn't voted on an indictment.

Mr. Lewis is accused of

strangling Karina Vetrano, who was 30 years old, as she was running in Spring Creek Park in Howard Beach.

Police say Mr. Lewis willingly gave a swab of his DNA when detectives visited his home earlier this year and made detailed incriminating statements.

"We remain concerned with how the NYPD collected the DNA...and the voluntariness of our client's statements," Tina Luongo, an attorney representing Mr. Lewis, said in a statement. "There are way more questions than answers here."

—Zolan Kanno-Youngs

said. "It is very, very odd for me. I'm not comfortable with it."

In June of 1998, Lt. Russo started his NYPD career on patrol in Midtown Manhattan. Within a year he was assigned to the plain-clothes anti-crime unit.

These days, Lt. Russo sports a clean fade haircut and dons Tommy Hilfiger or

Brooks Brothers suits. Since 2012, his daily routine involves arriving to 1 Police Plaza in lower Manhattan as early as 3 a.m. and sorting through investigative reports. His colleagues call him "the quiet professional."

"He can pick out facts about a case and about people

and locations, and he retains them for months and years," said Patrick Conry, assistant chief in the detective bureau.

Lt. Russo said he was constantly reminded of the Vetrano case in the six months after her death. His daughters often would point out Ms. Vetrano's picture on the dozens of posters

around Howard Beach. "My memory was spurned to it every time I saw a poster," he said.

Lt. Russo said he enjoyed the opportunity to be so involved in case work again. "To play a little part in a case anyway," he said. "It was a key piece of the puzzle that solved it, but I was happy to contribute."

Video Visits at New Jersey Jails Spark Controversy

By CORINNE RAMEY

At the Camden County Jail last month, families eagerly arrived for scheduled visits with inmates who were housed upstairs at the New Jersey facility.

These visits, however, didn't take place face-to-face, but via computer screen.

Video visits, in which a family member speaks with an inmate either remotely or on a computer screen at a jail, have increased in New Jersey facilities in the past few years. At least five of the state's 21 counties have systems that allow for video calls to an inmate

from a cellphone or computer.

In New Jersey, video visits have prompted a debate about inmate rights and whether counties, some of which earn revenue from the calls, should profit from such arrangements.

Jail officials say the visits promote safety, save staffing costs and allow inmates to receive more visitors. Critics, including some public officials, contend counties and jails are using inmates' families as a revenue source. Typically, jails charge visitors for remote visits but not for video visits inside the jail.

"It's not the same as seeing

them face-to-face," said a Camden woman, who was visiting her boyfriend. "It should be free to see your loved one," she added, of remote visits.

Inmates were more positive, although bristled at the cost. Cirino DeGeorge, 47 years old, who is charged with aggravated assault, said inmates get excited about the video visits just like they do about canteen every week. "In here, there's not a lot to look forward to."

About 475 jails nationwide use video visitation, according to the Prison Policy Initiative, a nonprofit that seeks to regulate the phone and video industry. A 2015 report by the group found three-quarters of jails eliminated in-person visits, known as contact visits, after adding the technology.

Karina Wilkinson, an organizer with inmate-advocacy group New Jersey Phone Justice, said: "There's no substitute for face-to-face contact."

The cost of inmate phone calls, which has been controversial in the past, has been regulated by both the Federal Communications Commission and a New Jersey law. For some jails and inmate advocates, video visits are the next frontier in the same fight.

The cost for remote video visits—\$10 for 20 minutes—is relatively cheap, if you consider gas and tolls or public transportation, Cape May

CORRECTIONS & AMPLIFICATIONS

The Lakewood Student Transportation Authority, which receives state and local funding, provides free busing for private-school students entitled to busing under state law. An article Friday about New Jersey's Lakewood Public School District said incorrectly that the Lakewood school board chose to provide free transportation to private-school students, even in cases where the law doesn't mandate it.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.



Visitors video-chatted with inmates at the Camden County Jail in New Jersey last month.

County Sheriff Gary Schaffer said. Of that \$10, \$4.60 contributes to the county's general fund, for a total of about \$14,000 last year, and the remainder goes to the company that provides the technology.

In Camden, which installed a video system last year, fights used to break out among visitors from rival gangs, said County Director of Corrections David Owens, and lines could get very long. The number of monthly visitors dropped from 10,000 in 2015 to about 740, he noted.

For remote video visits, Camden charges \$8 for 20 minutes, half of which goes to fund inmate items such as bus passes upon release and hygiene packages. Costs in other counties vary. In Salem, remote visits cost \$12 for 20 minutes. Salem County Correctional Facility Capt. Robert Reilly said initially all revenue went to the company to pay off the system. Last year, the county earned \$14,579 from the calls.

A bill that cleared an Assembly committee in January would cap rates at 11 cents a minute,

make in-person visits mandatory and forbid counties from getting a commission for providing the service. Commissions vary, but around 50% is typical.

Assemblyman Gordon Johnson, a Democrat and one of the sponsors of the bill, said his goal is to protect inmates and families from being gouged. "The county is making money now on an inmate," he said. "That's not acceptable."

A Camden spokesman said capping the cost at 11 cents would decrease the jail's ability to fund inmate programming.

GREATER NEW YORK WATCH

NEW YORK

Rikers Staff Overuse Force, Report Says

Staff at Rikers Island continue using force like head strikes and chokeholds against inmates in an "unabated fashion" and aren't disciplined for such incidents, according to a report Monday by the jail complex's independent monitor.

The monitor is tasked with overseeing various changes to the jail complex as part of a settlement of a federal civil-rights lawsuit.

"Hard impact force likewise continues at an alarming rate in the form of head strikes, wall slams, and violent takedowns of

ten involving neck/chokeholds," the report said.

Department of Correction Commissioner Joseph Ponte said the department was moving quickly to fix the issues.

—Corinne Ramey

NEW YORK

Nassau County Chief Is Urged to Resign

Long Island Republican legislators called for the resignation of Nassau County Executive Edward Mangano, in their biggest show of no-confidence yet in the county leader, who was indicted in October on public-corruption charges and is up for re-election this year.

Nassau County Presiding Officer Norma Gonsalves, the GOP majority leader, and eight other GOP legislators asked for Mr. Mangano to resign following his 2017 state-of-the-county address. Ms. Gonsalves said Mr. Mangano needed to step aside so the county could get back to business without the distraction of a political corruption trial.

Mr. Mangano, who was elected in 2009, dismissed the call to resign as "nonsense."

Mr. Mangano faces charges of bribery, conspiracy and extortion in connection with a businessman said to be seeking favors from public officials. He has pleaded not guilty. His trial starts in January.

—Joseph De Avila

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LIFE & ARTS

PARENTING

The Perfect Chores For a Child

BY ELLEN BYRON

CAN YOUR 8-YEAR-OLD vacuum yet?

Assigning new jobs for children as they mature will develop their work ethic, says Gregg Murset, CEO of BusyKid, a chore and allowance tracking app based in Scottsdale, Ariz. "The most important thing is to challenge them," he says. "Once they have some proficiency you need to make them stretch to do the next job."

Mr. Murset, a father of six children ages 10 to 20, believes parents should teach children to do housework when they're young, no matter if it yields imperfect results. "Even though it's easier to just clean the toilet by yourself and be done with it, you have to take the long view and realize that these fundamental life skills are so important," he says.

Attaching an allowance to chores teaches children not to expect handouts, says Michael Eisenberg, a financial advisor in Encino, Calif. and member of the American Institute of CPA's National Financial Literacy Commission. "At earlier ages, it instills within children the reality that you do something and you get paid for it," he says. "Later on in life, they learn that the only way we get money is if we produce stuff at our jobs."

Some 68% of U.S. parents say they pay an allowance to their children, at an average rate of \$67.80 per month, according to a 2016 survey of 1,005 adults by the American Institute of CPAs. More than 80% of respondents who pay an allowance say they want to teach their child the value of money and financial responsibility, the survey found.

Below, housework and personal-finance matters that children should be able to master, by age:

5 and Under: Grasp the Basics

Pick up toys // Clean bedroom // Comb hair

Very young children can learn the basics like putting away toys.



Parents should teach their children to pick up their toys and clean their bedroom. Hygiene rituals, including brushing teeth and combing hair, can also be assigned as daily jobs. "You need to get young children started on these basics so they will be able to graduate to more important tasks," says Mr. Murset.

Mr. Eisenberg doesn't suggest an allowance at this age, but recommends parents show children how to put coins into a piggy bank. "It introduces the concept of money and savings," says Mr. Eisenberg.

6 to 9: Find New Challenges

Take care of pets // Operate appliances // Make own bed

Assigning essential tasks like filling the dog bowls with food and water and operating household appliances like the vacuum and dishwasher help build maturity, responsibility and motor skills. "One of my favorites is having them dust the baseboards," says Mr. Murset. "Their hands are perfect for that and they hardly have to bend over."

Families should introduce an allowance at this stage and visit a bank together. "Let them watch a teller take the money, do a deposit and see how much they have in their account," says Mr. Eisenberg. Parents can also offer to match a child's savings to help reach a goal, like buying a toy. The incentive establishes a savings pattern and mirrors adult retirement savings programs. "Then when they get a real job and their company offers to match 401K contributions, they're going to be prepared for that."



Children 6 to 9 learn responsibility by performing routines like making a bed.

BOOKS

New Insights Into a Prince

A new Prince Charles biography reveals unexpected quirks; from a passion for Monty Python to the game-changing role of Camilla

BY BRENDA CRONIN

VISITING THE WHITE HOUSE in 1970, Prince Charles met with President Richard Nixon in the Oval Office. Nixon's advice to wait watchfully in the wings before becoming king didn't sit well with the 21-year-old heir apparent.

"To be just a presence would be fatal," Charles wrote in his diary, railing at the notion of "saying meaningless niceties."

The account, from a biography out April 4, reveals a young man "who didn't want to spend his life cutting ribbons," says the author, Sally Bedell Smith. Although the Prince of Wales has devoted considerable time to fox hunting, gardening and painting watercolors, he "is absolutely driven by this sense that he has to accomplish all sorts of things," Mrs. Smith says.

In "Prince Charles: The Passions and Paradoxes of an Improbable Life," Mrs. Smith decodes a very private public figure whose decades of philanthropy have received less



Prince Charles with Prince Harry and Princess Diana with Prince William in a 1986 photo

tabloid coverage than his romances and occasional gaffes. Overshadowed by his dazzling first wife, Lady Diana Spencer, Charles ultimately was redeemed by his second, Camilla Parker Bowles, whom he wed in 2005. "The game-changer in his life was marrying Camilla," Mrs. Smith says.

Paradoxes dot the life of a man who moves in rarified circles but is most at ease in the countryside, where he spends hours weeding and tending to hedges. If he hadn't been born into the royal family, "he would have been a farmer," Mrs. Smith says.

In the early 1990s, Charles advocated to "radically modernize" the monarchy, in part by slimming down the royal payroll. But the fervent modernizer also is an unapologetic

Please see PRINCE page A14

GETTY IMAGES

YOUR HEALTH | By Sumathi Reddy

DECIDING WHO NEEDS A SCAN FOR SKIN CANCER

BEVERLY MCCORMICK gets a full-body exam for skin cancer every six months. With blond hair, freckles and light skin, she's not taking any chances.

Ms. McCormick, a 64-year-old manager in the financial-services department at the Christ Hospital in Cincinnati, says that over the years her dermatologist has removed a squamous cell carcinoma—a type of skin cancer—as well as numerous precancerous lesions.

"This isn't one of those preventive services like mammograms or pap smears that are always covered by insurance," she said. Most of the cost goes toward her high-deductible insurance plan.

Melanoma accounts for the majority of skin cancer-related deaths and is the fifth most common invasive cancer in men and the seventh in women. There is no national consensus on who should be screened for melanoma or how often, so insurance coverage varies.

Currently, most patients who get regular exams, like Ms. McCormick, consult a dermatologist on their own initiative. But

some experts say screening for melanoma should be more widespread and accessible. In a perspective piece published last week in the journal Melanoma Management, more than 50 dermatologists and skin-cancer experts called for uniform guidelines to help individuals determine whether they should get regular total-body skin exams.

Such tests usually entail a 10-to-20-minute head-to-toe examination in which a health professional studies the size, shape, color and borders of moles, including in hard-to-spot places such as the scalp, under fingernails, behind the ears and even in the iris of the eyes. Any suspicious-looking moles often will be tested for skin cancer.

The Melanoma Management article was written in response to a 2016 recommendation from an influential national task force concluding that there was insufficient evidence to recommend that primary care physicians perform visual skin cancer screenings in adults without any symptoms for melanoma.

The U.S. Preventive Services Task Force

Please see CANCER page A14



During a head-to-toe scan, a health professional examines the size, shape, color and borders of moles.

written in response to a 2016 recommendation from an influential national task force concluding that there was insufficient evidence to recommend that primary care physicians perform visual skin cancer screenings in adults without any symptoms for melanoma.

The U.S. Preventive Services Task Force

Please see CANCER page A14

10 to 12: Offer Choices

Take out trash // Make lunch // Clean bathroom



Making lunch helps 10- to 12-year-olds build independence.

Chores that let children make their own decisions are effective confidence boosters, Mr. Murset says. Taking out the trash and walking the garbage and recycling cans to and from the curb require manipulating awkward items and offer a taste of independence, he says. So does making their school lunches. "They can decide what's in their lunch, and figure out when and how to get it done," he says.

As chores increase in sophistication and are completed successfully, allowances should rise, too, Mr. Eisenberg says. Parents should help children designate their earnings between spending, savings and even investing. Kids can buy a few shares of companies that make products they're interested in, such as toy, candy or entertainment companies. "By this age children can grasp an understanding about the different components of money," says Mr. Eisenberg.

13 to 15: Build Ambition

Mow the lawn // Wash windows // Clean the garage

"Teens now need to do the big stuff, like mow the lawn and wash the windows and cars, making sure there are no spots on them," says Mr. Murset. "The ability to get a job done all the way is a really good skill to have."



More complicated tasks keep teens motivated.

New and more challenging tasks help keep teenagers motivated, he says. "A work ethic has to be developed over time, and as you get harder tasks, you're becoming better adept taking on those challenges and accomplishing them—that's the character development piece."

Given the rise of electronic banking, few children will grow up watching their parents tackle bills each month with a stack of paper statements and a checkbook. Sitting with your teenager as you pay bills online introduces how households now manage finances, and how much everything costs, says Mr. Eisenberg.

16 to 18: Time to Grow Up

Wash clothes // Grocery shop // Handle car maintenance

Laundry and other chores prepare teens for adulthood.



"This is when you start piling on the stuff that they're actually going to need in the next few years of their life, when they're adults," says Mr. Murset. "Have them do their own laundry and cook their own dinner once a week."

Other adult errands, like grocery shopping and taking the car for an oil change or emissions testing, help them better articulate their needs to strangers, he says. "And if you have a teen with an attitude problem, send them to the DMV, that's even better," says Mr. Murset.

At this stage, Mr. Eisenberg wants teenagers to get a summer job outside the home. "That's how you teach them about income taxes," he says.

F. MARTIN RAMIN/THE WALL STREET JOURNAL

LIFE & ARTS



Sally Bedell Smith wrote biographies of Queen Elizabeth II and Princess Diana, which helped her gain access to Charles's circle.

PRINCE

Continued from page A13
luddite, who bought property in Romania's Transylvania in part to experience life in conditions before the Industrial Revolution. Charles doesn't like computers and replies to emails with fountain-penned energetic scrawls known in England as his "black spider" memos.

The 68-year-old prince does know how to use a smart phone and to text, Mrs. Smith says, a concession largely to communicate with his staff. There has been churn among employees because the energetic royal "wears people out," she says, citing one person who served Charles's mother, Queen Elizabeth II, for almost 20 years before going to work for the Prince of Wales. The employee found the shift "a total shock to the system," according to Mrs. Smith. "He said, 'In the whole time I worked for the Queen, she never called me on the weekend. And the first weekend I

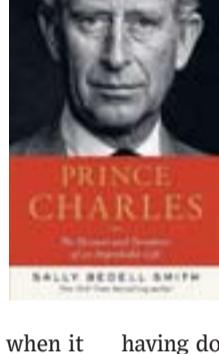
worked for Prince Charles, he called me five times.'

The exacting prince can seem paralyzed by indecision—and impervious to advice. "Probably one flaw is his unwillingness to listen to other points of view," Mrs. Smith says.

"He's very stubborn when it comes to pushing his point of view."

Mrs. Smith first crossed paths with Prince Charles in 1991 at a polo match in England. Among the seven biographies she has written are lives of Queen Elizabeth II, as well as Diana, the Princess of Wales, who died in 1997.

She took on her latest subject, she says, at a turning point in the succession: When the Prince of Wales stood in for his mother at the Commonwealth leaders' summit in 2013. Mrs. Smith realized that the man in line for the throne hadn't spent his life hovering in the wings but rather building up "a



body of work that's really pretty impressive," primarily in charitable entrepreneurship.

Mrs. Smith's earlier biographies helped her gain some access to Charles's circle. "You sort of become accustomed to

having doors gently shut when you make your first overtures," she says. "You keep tapping ... and eventually it's like some Chinese puzzle and one opens up and then you find yourself walking across the forecourt at Buckingham Palace."

Charles's life is improbable, Mrs. Smith says, because it follows a jagged arc compared with his mother's smooth grooming for the throne. Charles "was caught between the modern world and the world of his parents, his mother in particular," she says. With his parents preoccupied by their duties, Charles turned to his grandmother for affection. "The

first part of his life was completely dictated by" Charles's father, Prince Philip, Mrs. Smith says. "He went to schools that he hated and went into the Navy as he was commanded to do."

Prince Philip also urged his son, in a letter that Charles is said to have perceived as a directive to marry Diana, to propose to her or part ways.

Although a stickler for protocol with a sharp temper, Charles has mellowed over time, Mrs. Smith says. A Monty Python fan, he has a self-deprecating sense of humor and sustains a good-natured rivalry with his sister Anne, the Princess Royal, to tally the most appearances every year.

The heir apparent since the age of three, Charles has waited a record stretch of time to become king. Queen Elizabeth, who will be 91 this month, is Britain's longest-reigning sovereign. Mrs. Smith describes how as a boy, Charles watched his 27-year-old mother practice for her coronation, walking around the nursery wearing a bejeweled crown.

In recent years, the Prince of Wales has been taking on some duties delegated by the Queen. Charles is unlikely to step aside in favor of Prince William, the older of his sons, Mrs. Smith says, and his reign would depart in some respects from his mother's. "He speaks differently, he's more comfortable speaking off the cuff and he's more inclined to show his emotions obviously publicly than the Queen is," she says. He also is willing to reveal an informal streak and "wear silly hats that the Queen would never have worn, or virtual-reality glasses."

CANCER

Continued from page A13
recommendations are generally followed by insurers and federal health-care programs such as Medicare when deciding what procedures to cover. A USPSTF spokeswoman said the task force doesn't generally comment on individual studies.

In the Melanoma Management article, the experts recommend an annual total body skin exam for people between the ages of 35 and 75 with one or more risk factors. Such factors include previous cases of melanoma, a mutation in a melanoma gene or a compromised immune system. Other risk factors: a family history of melanoma or a history of indoor tanning and blistering sunburns. Finally, an annual exam is recommended for individuals with a broad array of physical features, such as light skin; blond or red hair; lots of freckles; severely sun-damaged skin; 40 or more moles; or two or more atypical moles.

"It's probably one of the most cost-effective screenings you can think about," said Sancy Leachman, director of the melanoma research program at Oregon Health & Science University's Knight Cancer Institute in Portland.

Dr. Leachman was one of the two first authors on the perspective piece. Because there isn't a high concentration of dermatologists in every part of the country, she said, it makes sense for primary-care physicians also to perform exams. But to do so, insurance coverage is necessary, she said.

Some experts say the criteria set forth in the Melanoma Management article don't go far enough.

"I recommend that every adult have an annual skin examination," said Elizabeth Hale, a clinical associate professor of dermatology at New York University

Langone Medical Center and senior vice president of the Skin Cancer Foundation, which also recommends annual screenings for everyone.

Dr. Hale recommends that individuals with risk factors such as indoor tanning, light skin, freckles or atypical moles get two scans a year. "What makes skin cancer so unique is early detection is possible and so critical," she said. The average five-year survival rate is as high as 98% for melanoma caught at an early stage, but drops to about 18% once it is stage four, or has spread to other organs.

For skin cancer, 'early detection is possible and so critical.'

Darrell Rigel, a clinical professor of dermatology at New York University Medical School, noted that the USPSTF didn't say screenings were bad, but rather that there weren't enough data to make a recommendation one way or the other.

"If you detect the melanoma earlier, of course it's better, but the question is how much better?" he said.

More screenings may mean more biopsies, which could include unnecessary ones, he said. But there are also many biopsies from earlier screenings that find more skin cancers.

For people without signs of symptoms of melanoma and without a family history, Dr. Rigel recommends doing self-exams, or following the ABCDE's. The acronym stands for asymmetry; irregular borders; uneven color; a diameter greater than a half-inch; and moles that evolve or change.

"Learn your own skin, learn your moles," he said. "It takes a while to learn what to look for."



Some experts recommend an annual exam for individuals with particular features such as light skin or lots of freckles.

The WSJ Daily Crossword | Edited by Mike Shenk



LIFE & ARTS

ART REVIEW | By Karen Wilkin

At the Birth of A Movement

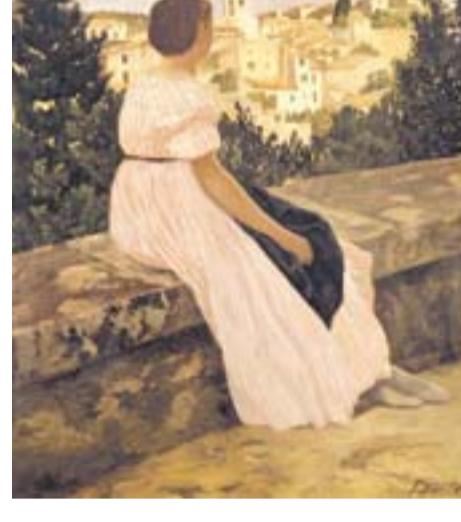
A short-lived painter who worked alongside the likes of Monet and Renoir.

Washington COURSES ON

19th-century modernist art often begin with an image of a room with an enormous window. Paintings and a palette hang on the walls, with more paintings stacked below. Bearded men in black lean over a banister, play an upright piano, and discuss a canvas. The picture is "Bazille's Studio" or "The Studio on the Rue La Condamine" (1869-70) by Frédéric Bazille (1841-1870). He's the very tall man by the easel, looming over Edouard Manet (who painted the figure of Bazille in the painting), among his friends the painters Pierre Renoir and Claude Monet, the critic Zacharie Astruc, and the musician and collector Edmond Maître.

"Bazille's Studio" is both a classic vision of bohemian conviviality and vivid testimony to significant connections in the early years of "The New Painting," as Impressionism was initially termed. Bazille was clearly close to some of the most inventive artists of the movement and important enough to be unmistakably present in another well-known studio tribute of the time, Henri Fantin-Latour's 1870 group portrait of Manet and his circle. But he died tragically young, at 28, in the Franco-Prussian War, so he did not participate in the first Impressionist exhibition, held in 1874, and unlike his adventurous colleagues, whose names are virtually household words, Bazille remains largely unknown.

That may be about to change. "Frédéric Bazille and the Birth of Impressionism," at the National Gallery, Washington, should help restore this fascinating artist to his deserved place among the "new painters." Jointly organized by the Musée Fabre, Montpellier, France; the Musée d'Orsay, Paris; and the National Gallery, the show is the first in the U.S. to concentrate on Bazille in almost 25 years and his



first solo exhibition in Europe since 2003. Accompanied by a handsome, impressively researched catalog that is obviously the definitive work on the artist, to date, the show tracks his evolution by assembling about 75 of his extant works, from student efforts and sketchbooks to his most accomplished canvases, including "Bazille's Studio," which shows some of the exhibition's pictures. Paintings by Bazille's now celebrated contemporaries, who encouraged him in his endeavors, offer compelling evidence of close friendships, generous advice, and fruitful influence.

Born to a prominent Montpellier family, Bazille came to Paris, age 20, as a third-year medical student. Enrolled at the University of Paris, he also began to frequent the studio of Charles Gleyre, where he met Monet, Renoir and Alfred Sisley, and began to copy at the Louvre. Bazille's earliest works, including a Veronese transcription, make clear that he was not a natural. His ability to draw and handle paint was hard won, although he made notable progress within a few years. He seems to have been happier painting men than women (some self-portraits are particularly strong) and good at interiors (ditto the views of the Rue La Condamine studio, of one he shared with Monet and of



'Bazille's Studio' (1869-70), above; 'Young Woman with Peonies' (1870), right; and 'The Pink Dress' (1864), below—all by Frédéric Bazille

another, where he housed the impoverished Monet and Renoir). There's also an assured early painting of his sleeping hunting dog, her sturdy body and shiny fur rendered with ease and conviction. Over time, however, Bazille became a much better figure painter and adept with flowers.

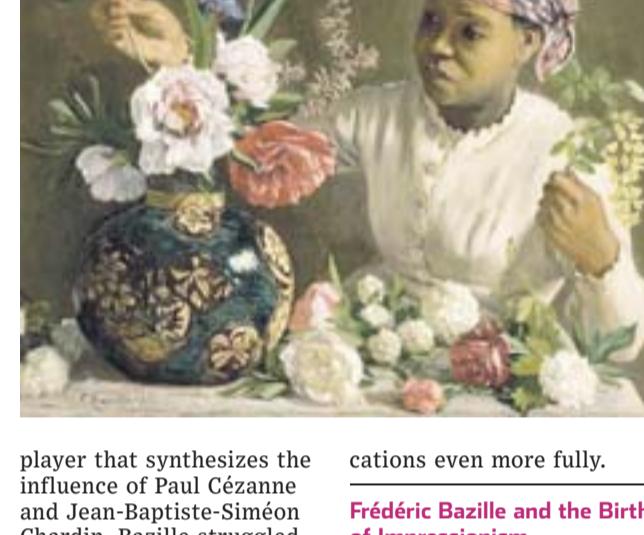
We can judge how much Bazille learned from his painter-companions because of the proximity of works by Monet, Renoir, Sisley and Manet to related canvases by their friend.

We encounter Sisley's still-life with a dead heron and Bazille's equally good canvas of the same setup, from a slightly different viewpoint, on either side of Renoir's portrait of Bazille at work on his heron picture. Sometimes there's a subtext. A Monet study of figures in a sunlit landscape, a subject Bazille repeatedly pursued, is included for comparison and also because Bazille posed for the picture.

Bazille's most ambitious figure paintings—including a large group portrait of his family, on a terrace, painted in 1867, and some ambiguous male bathers, painted between 1868 and 1870—make plain

how much he achieved in a short time. They also attest to how much he benefited from Renoir's sense of weighty form. But it's equally plain that while Bazille aspired to Monet's magical ability to conjure up light and shade, he never quite mastered it. There's dappled light in the family portrait, but it evokes an otherworldly timelessness, not a transient moment in sunlit southern France; the preternatural stillness of the image suggests that Balthus admired the picture.

There are high points throughout the works painted after 1868: a casual portrait of Renoir; two canvases of a sensitively observed black model with lush flowers; a relaxed nude at her toilette, with attendants; a seated female card-



player that synthesizes the influence of Paul Cézanne and Jean-Baptiste-Siméon Chardin. Bazille struggled to realize his ambitions as a painter. His tantalizing last works make us wish more than ever that he had lived to develop their implications even more fully.

Frédéric Bazille and the Birth of Impressionism
National Gallery of Art, through July 9

Ms. Wilkin is an independent curator and critic.



SNOW DAY GUY WIGGINS

Acclaimed artist. Exquisite detail. Masterful execution. Considered by many to be the last great American Impressionist, Guy Wiggins and his wintertime scenes evoke the vitality of the bustling streets of New York City unlike any other. This original oil, entitled *Winter at the Library*, brings together the very best hallmarks of Wiggins' most celebrated compositions—a bustling boulevard, an important New York City landmark, and the American flag, all under a snowy veil. Signed (lower right). Canvas: 12'h x 16'w; Frame: 19½'h x 23½'w. #30-6139

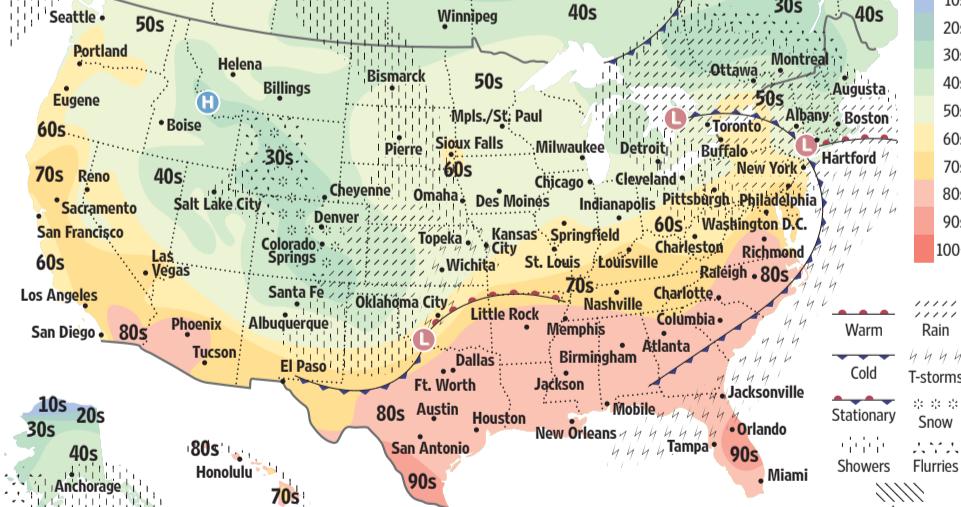


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t...storms; r...rain; sf...snow; sn...snow; Li...ice

Today Tomorrow

City Hi Lo W Hi Lo W

Anchorage 48 43 r 53 38 c

Atlanta 81 60 pc 75 48 t

Austin 89 55 s 75 45 s

Baltimore 76 51 t 68 53 s

Boise 57 41 pc 68 52 pc

Boston 44 38 r 45 38 pc

Burlington 43 37 r 50 37 c

Charlotte 81 54 s 76 54 t

Chicago 58 38 c 44 34 r

Cleveland 59 43 r 54 41 pc

Dallas 85 51 s 71 47 s

Denver 40 23 sn 54 30 s

Detroit 54 41 c 48 37 r

Honolulu 85 73 pc 85 72 pc

Houston 88 61 s 76 50 s

Indianapolis 59 46 sh 60 36 r

Kansas City 55 43 r 54 37 r

Las Vegas 71 52 s 76 57 pc

Little Rock 82 57 s 62 43 pc

Los Angeles 75 55 s 80 55 s

Miami 89 76 pc 88 75 pc

Milwaukee 53 37 c 44 34 r

Minneapolis 59 37 c 53 33 pc

Nashville 79 58 pc 77 41 t

New Orleans 83 68 s 80 56 t

New York City 62 49 r 65 46 s

Oklahoma City 67 43 t 62 38 c

International

Today Tomorrow

City Hi Lo W Hi Lo W

Amsterdam 60 44 pc 53 43 c

Athens 66 54 pc 66 54 t

Baghdad 74 52 s 81 54 s

Bangkok 92 79 c 93 79 t

Beijing 70 52 c 66 47 pc

Berlin 58 42 pc 56 39 c

Brussels 61 43 c 55 39 c

Buenos Aires 78 61 c 79 54 s

Dubai 53 38 pc 53 39 c

Dublin 53 38 pc 53 39 c

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SPORTS

COLLEGE BASKETBALL | Men's National Championship

North Carolina Clinches Title, Redemption

BY JARED DIAMOND

GLENDALE, Ariz.—The specter of heartbreak loomed over North Carolina all season long, hovering over perhaps college basketball's most storied program like a shadow, an inescapable reminder of disappointment.

As much as these players tried to suppress the memory, the image of Kris Jenkins's buzzer-beater dropping through the hoop and

Villanova storming the court in celebration kept replaying in their minds. One revolution of the calendar doesn't eliminate the pain caused by coming so close to experiencing the indescribable euphoria of victory, only for the feeling to vanish with the gentle swish of a net.

But in rare cases, sports provide an opportunity for second chances. And on Monday night, 364 days after seeing their moment of glory snatched away in devastating fashion, the Tar Heels took full advantage.

North Carolina won its sixth national championship, withstanding a relentless Gonzaga attack to escape with a dramatic 71-65 win here at University of Phoenix Stadium. The contest remained close into the final seconds, when a blocked Gonzaga shot turned into a runaway dunk for UNC's Justin Jackson, sealing it for the Tar Heels.

It couldn't completely erase what North Carolina endured in 2016. Nothing could. On this night, however, the Tar Heels avenged the stakes: Since last summer, UNC's players maintained a group text message chain entitled, "Redemption."

"This is exactly what it means," senior guard Stilman White said this weekend. "We had the goals of going back to the Final Four. We knew we had the team."

White could say that with such confidence because of the familiar composition of UNC's roster. Virtually every key contributor on this



North Carolina's Theo Pinson, center, and the rest of the Tar Heels celebrate after winning the school's sixth men's basketball national championship.

DAVID J. PHILLIP/ASSOCIATED PRESS

year's squad returned from last season, making the Tar Heels' quest for redemption personal. Instead of relying on one-and-done freshmen sensations, UNC turned to experience and veteran leadership, leaning on four upperclassmen for about two-thirds of its offensive output this year.

That paid off Monday, as North Carolina held off a Gonzaga team that refused to yield. In a game filled with fouls, missed free throws and overall ugliness on both ends of the court, the Tar Heels prevailed. Joel Berry II led the way with 22 points, while Jackson added 16. Trailing by three at halftime, UNC held Gonzaga to 27.6% shooting in the second half.

The Tar Heels didn't necessarily set out to build a team loaded

with juniors and seniors. They couldn't help it. North Carolina continues to deal with an academic scandal that could ultimately result in NCAA sanctions.

UNC coach Roy Williams spoke at length this week about how the ongoing investigation still hurts the Tar Heels in recruiting, with top high-schoolers afraid of the possibility of facing penalties when they arrive. It also cast a bit of a pall over the evening's festivities, with the NCAA handing a trophy to a team that it could soon punish.

But whatever the future holds for the program, none of that should diminish what this group accomplished, whose players got to UNC after the scandal came to light. Earlier this week, Williams heaped praise on Jackson, Berry

and Theo Pinson for choosing to honor their commitments to North Carolina, in spite of the team's uncertain future.

"They stuck with us," Williams said. "They trusted me. That was one of the most satisfying things I've ever had."

On Monday, those players rewarded Williams by delivering a national championship, the third of his Hall-of-Fame career. North Carolina earned it, knocking off a Gonzaga squad that looked like the best team in the country for effectively the entire season.

The Bulldogs entered the national championship game with a nearly flawless record of 37-1, reaching the Final Four for the first time in program history. In its 19th consecutive NCAA tournament appearance, Gonzaga finally

shed its reputation as a Cinderella once and for all and established itself as a true powerhouse.

North Carolina, however, proved a bit too much, sending Gonzaga into the summer to plan for its much-anticipated encore.

At this point, the Tar Heels know that position all too well, with the wounds from last season still fresh. On Sunday, Williams described walking into the locker room after that loss as "the most difficult time I've ever had as a coach, because I felt so inadequate."

After North Carolina cut down the nets, Williams strutted into the locker room Monday night with an entirely different purpose: to congratulate his team for climbing to the top of the college basketball universe.

WINTER GAMES

THE NHL EXTINGUISHES ITS OLYMPIC TORCH

THE NATIONAL Hockey League will not participate in the Winter Olympics in Pyeongchang, South Korea next year, dealing another major blow to the vitality of the Games.

After months of negotiations with the International Olympic Committee, the league announced Monday that because an "overwhelming majority" of its clubs are opposed to taking a break from the season to participate in the Games, the league will not release its players for the tournament and will proceed with setting up next season's schedules without a three-week break for the Games.

"We now consider the matter officially closed," the statement said.

The move is a blow to the IOC, NBCUniversal, which owns the U.S. media rights to both the Olympics and the NHL, and the NHL Players Association, whose members almost unanimously want to participate in the Olympics.

Since the 1980s, when the Olympics began to welcome profession-

als widely, the Games have tried to feature competition between the "best of the best." That is proving difficult lately. Major League Baseball's refusal to participate helped cost baseball a permanent spot in the Games. The Rio Olympics struggled to attract top golfers as the sport returned to the Olympic program for the first time in a century.

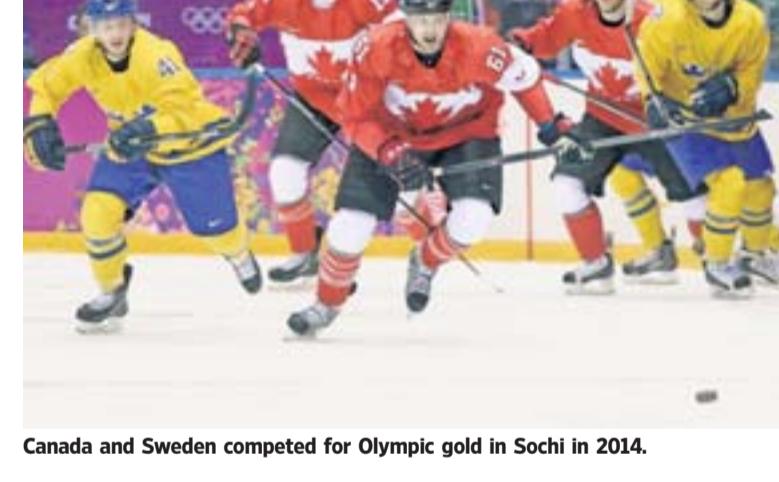
Last year the NHL launched a hockey World Cup, which it hopes to grow into an event that will rival the Olympic tournament in international prestige. NHL players have participated in every Winter Games since 1998, but the franchises have long complained that the exposure did not make up for the loss in income and the risk of losing their top players to injury. In 2014, John Tavares of the Islanders and Aleksander Barkov of the Panthers were among those who suffered injuries during the Games.

To pressure the NHL to allow its players to play in South Korea, where hockey is not popular, the

IOC said if the league skipped next year's Olympics it would not be allowed to participate in 2022 in Beijing, where the NHL is trying to gain a foothold. The league recently announced it would play exhibition games in China this year.

In February IOC President Thomas Bach visited the NHL offices in New York to discuss the matter with Commissioner Gary Bettman, Players Association executive director Donald Fehr, and Rene Fasel, president of the International Hockey Federation, which offered to pay for the players' travel and insurance expenses. Bettman complained that the IOC should cover the costs so the international federation's money could be used for development. Last week, Mark Adams, spokesman for the IOC, said the NHL was making untenable demands.

Peter Wallen, who specializes in representing international players said the timing of the decision—just a week before the playoffs—



Canada and Sweden competed for Olympic gold in Sochi in 2014.

BRUCE BENNETT/GETTY IMAGES

made little sense, given how important the tournament is to so many players. "It's not just playing for your team, it's playing with all the other sports for your country, and that's a huge thing," said Wallen, principal at Alterno Global Management.

The decision sets up a showdown between the league and some of the NHL's top stars. Alex Ovechkin of

the Washington Capitals reiterated last month that he plans to play for Russia regardless of whether the NHL gives him permission.

Fehr, the NHLPA executive director, did not return messages seeking comment. An NBC sports spokesman said the network was "disappointed" but believed fans and Olympic viewers will still tune in for international competition.

THE COUNT

THE TIMBERWOLVES PLAY BASKETBALL—AND KICKBALL

It was early in the first quarter on Saturday night when a referee whistled **Minnesota Timberwolves** guard Ricky Rubio for a kicked-ball violation—an easily overlooked play in an otherwise meaningless game.

But this stoppage was historic in a strange way. It meant the Timberwolves had more kicked balls than any team since at least 2003. It also meant that Minnesota had likely set the NBA record for most kicked balls in a season.

There is nothing accidental about the Timberwolves using their feet to their advantage. They deploy their limbs strategically—and it's because today's NBA incentivizes this behavior more than ever before.

"It's a little thing, but it's important," said Minnesota center Gorgui Dieng.

Dieng was delighted to learn he was the NBA's leader in kicked balls after he added one more Saturday to widen the gulf between Minnesota and every other team. The Timber-

wolves have 76 kicked-ball violations, according to Stats LLC. The New Orleans Pelicans are next on the list at 55. The league average is 32. Which makes it all the more remarkable that Dieng alone has 25. He has more by himself than nine entire teams.

Here's the obvious question: Um, why?

Minnesota coach Tom Thibodeau's history doesn't suggest a special obsession with kicked balls. His old Chicago Bulls teams had the NBA's best defenses, but they were never better than mediocre when it came to kicked-ball violations.

In fact, the Bulls ranked dead last in Thibodeau's final season, according to the statistical website NBA Miner.

But what Thibodeau does emphasize on defense is disruption. And kicked balls are highly disruptive. "Anything to get deflections," Dieng said. "We pay attention to stuff like that."

There is also a broader explanation, though, and it's the reason for

the rise of kicked balls across the league. NBA offenses are running more pick-and-rolls. NBA defenses have responded by turning a violation into a reliable tactic.

The pick-and-roll is purposefully tricky to guard, and it becomes even more problematic once the player rolling to the basket gets a pass. Dieng's job is to make sure that doesn't happen. Timberwolves guard Kris Dunn is among the league's kicked-ball lead-

ers, but the others are more like Dieng: big men who are coordinated enough to move their feet—and then wave their feet.

"Arms, legs, whatever you can use to stop the ball from going through," Dieng said.

He now understands the unexpected value of a well-timed kicked ball. It doesn't simply prevent a good shot. It also gives the defense a chance to regroup. And what makes

it even more practical is the minimal penalty: only a shot-clock reset. In short, Dieng believes that kicked balls favor the defense, which is why he's called for so many of them.

This is one of the weird truths of modern basketball: There are times when it makes sense to play soccer. As it turns out, Dieng said, that's exactly how he likes to spend the first month of every off-season.

—Ben Cohen



Getting the Boot

The NBA teams—and player—with the most and fewest kicked-ball violations

RANK/TEAM	VIOLATIONS
1. Minnesota Timberwolves	76
2. New Orleans Pelicans	55
3. Golden State Warriors	54
4. Memphis Grizzlies	49
5. Oklahoma City Thunder	42
Gorgui Dieng	25
26. Boston Celtics	22
27. Denver Nuggets	21
28. Detroit Pistons	20
29. San Antonio Spurs	20
30. Portland Trail Blazers	18

Note: Through Saturday's games

Source: Stats LLC

WSJ

BRAD REMPEL/REUTERS

OPINION

A World Unsafe for Democracy



This week marks the centenary of America's entry into World War I, when Woodrow Wilson vowed that "the world must be made safe for democracy."

He and his fellow statesmen failed to do so in their day. We are failing in ours.

Snapshots from a week in the news: In Russia, opposition leader Alexei Navalny is in jail for leading last month's anticorruption protests. In Venezuela, the Supreme Court stepped back from seizing the powers of the legislature but handed President Nicolás Maduro broad control over the country's oil revenues. In Ecuador, a candidate with the telling name of Lenín Moreno claimed victory in a runoff vote Sunday with pledges to carry forward the populist-authoritarian policies of outgoing President Rafael Correa.

In Turkey, President Recep Tayyip Erdogan is campaigning for constitutional changes that would extend his lease of office till 2029. In the Philippines, President Rodrigo Duterte has promised to pardon and promote 19 police officers implicated in murdering a politician while jailing the former head of the country's human rights commission.

In Hong Kong, Carrie Lam, Beijing's favored candidate, was "elected" as chief executive with the votes of 0.03% of

the territory's population; nine democracy activists were arrested the next day. In France, presidential front-runner Marine Le Pen sought to boost her appeal among voters by paying a flattering visit to Vladimir Putin in Moscow.

These stories aren't just a string of anecdotes. The year 2016 "marked the 11th consecutive year of decline in global freedom," reports Freedom House in its latest annual survey. "A total of 67 countries suffered net declines in political rights and civil liberties in 2016, compared with 36 that registered gains." Just 39% of the world's people live in free countries today, down from 46% a decade earlier.

How did the world become unsafe for democracy?

The striking finding in the Freedom House report is that the global erosion of political liberty is largely taking place in the democracies. People are losing faith in freedoms that no longer seem to deliver on the promise of a safer, richer, fuller, fairer life.

In some cases, long-term political polarization leads to ineffectual governance, which in turn whets the public appetite for leaders promising fast results irrespective of legal niceties. In others, a stale form of consensus politics leads to ideological polarization as mainstream parties fail to address mainstream concerns.

And sometimes people fall under the sway of charismatic demagogues, discovering only too late the direction in which

they are being steered. That was the tragedy of Venezuela under the late Hugo Chávez and of Russia under Vladimir Putin. In both cases it helped to have an oil boom grease the way.

In 1991 the late political scientist Samuel Huntington proposed the thesis that democracy advanced and retreated in waves—a long "Jacksonian" wave that began

Freedom rests on wings of butterflies—and the moral confidence of America.

in the early 19th century and only collapsed after Mussolini's rise to power in 1922; a brief postwar wave that crashed in the 1960s as post-colonial states fell prey to dictatorship; and then a "Third Wave" that began with the restoration of democracy in Portugal in 1974 and crested with the Soviet collapse 17 years later.

Huntington's thesis suggests that what is happening today is inevitable: that democracy has a way of overextending itself before it later succeeds in sinking deep roots. It also offers the comfort that the current trend can't last forever: that most dictatorships will eventually be undermined by their internal contradictions, while most democracies will bounce back thanks to their

ability to correct mistakes through elections.

Maybe. Or maybe the cause of democracy just got lucky in 1931 when Winston Churchill wasn't killed by a New York City cab, and lucky again in 1942 when American pilots hit their targets at Midway, and lucky a third time in 1985 when the Soviet Union chose a leader foolish enough to think communism could be reformed. The march of freedom rests on wings of butterflies.

It also rests on the moral example and ideological confidence of the strongest democratic powers. The U.S. now has as a president a man who explicitly renounces the concept of American exceptionalism, shows no interest in denouncing authoritarian crackdowns or championing democratic dissidents, draws parallels between the practices of the Putin regime and those of the U.S. government, and has fanned conspiracy theories about a "deep state" that pulls the strings in D.C.

If Americans can't be persuaded of the merits and decency of our system, why should anyone else? If the winner of a U.S. presidential election is a man who embarrasses—or terrifies—much of the free world, how do we make the case to ordinary Russians or Chinese that the road of democracy isn't simply the way of the buffoon?

Americans used to care deeply about the future of freedom in the world. Lose the care, risk the freedom.

Write bstephens@wsj.com.

The Twilight of White Christianity



A specter is haunting America—the specter of white Christian nationalism. If you are looking for signs, it's not hard to find them.

Inside the White House, presidential strategist Steve Bannon invokes a 1973 French novel called "The Camp of the Saints," in which France is overwhelmed by its own compassion when authorities prove unable to resist a flotilla of rusting ships carrying a million destitute Indians. Another novelist, Joyce Carol Oates, tweets her shock that in many parts of our country Christianity has become "virtually synonymous" with white nationalism. Which is pretty much the same take as the American press, at once baffled and frightened by the 80% of the white evangelical vote won by Donald Trump.

One small problem with reading too much into any of this: The overwhelming reality of 21st-century Christianity is that it is nonwhite—and growing more so.

A century ago it would have been easy to conflate whiteness and Christianity. Europe and North America together then accounted for 4 out of 5 of the world's Christians. Today Christians on these two continents are outnumbered by their coreligionists in Africa, Asia and Latin America.

By 2050, reckons the Pew

Research Center, 1 of every 3 Christians will be African. These are easily available facts, but the ignorance is striking. For example, how many journalists who think of "evangelical" as "white" appreciate that the tradition of America's black churches is also largely evangelical?

Philip Jenkins, a Baylor University professor and author of "The Next Christendom: The Coming of Global Christianity," describes what he says is a tectonic shift southward this way: "The church started in Asia and Africa, and now it's coming home."

Recognize this and the divisions look very different. Start with "The Camp of the Saints." Though the title comes from Revelation, the most striking thing about this novel is how little a role Christianity plays in it. The focus is more on race, as indicated by a cover note on an early English translation: "A chilling novel about the end of the white world."

The story features a progressive Latin American pope, a French culture too enfeebled to defend itself, and hordes of impoverished migrants demanding benefits. In the aftermath of the unhappy experiences in Europe kicked off when Angela Merkel opened Germany's door to nearly a million Syrian refugees, it's easy to understand why the book resonates.

But here's the kicker. Manifestly Europe has entered a post-Christian era. But its Christianity was not killed by outsiders coming in. This was death by suicide. If Europe's

Islamic population threatens anything, it is the cramped and arid secularism that long ago replaced Christianity as the Continent's reigning creed and is so plainly ill-equipped to meet today's challenge.

Meanwhile, Christianity continues to grow in the global South, upending many a pet assumption in the process. Within the Anglican communion, for example, it's hard not

Why the most ardent racial nationalists are becoming increasingly secular.

to notice that challenges to the progressive theology favored by the church's white Englishmen and Englishwomen often come from the church's non-white contingents in Africa and Asia. These new Christians are also emigrating and evangelizing, which helps explain all those Nigerian churches in Houston.

More to the point, while whiteness may once have been a fact of European Christian civilization, Christianity is subversive of the idea that a young girl shivering with AIDS in Africa is any way inferior in dignity or worth to a white American. Which may be why those most obsessed with white identity get that Christianity is a problem for them.

Take Richard Spencer, the man credited with coining the term "alt-right." Recently Mr. Spencer tweeted out an article

from his website cautioning followers "not to fall prey to the pro-life temptation." The white-identity movement, the article suggests, ought to recognize that those most likely to avail themselves of abortion are "the least intelligent and responsible members of society: women who are disproportionately Black, Hispanic and poor."

The rightist movements in Europe make similar distinctions. In France Marine Le Pen, the National Front leader running for president, has flipped on her party's earlier rejection of abortion. Like so many others in Europe, her objection to her nation's growing Muslim population isn't leading her back to Christianity. To the contrary, it's leading her to a secular French absolutism that is more welcoming of public Christian symbols—but only so long as they are reduced to the merely cultural.

In an Atlantic piece about what happens when conservatives stop going to church, Peter Beinart makes a similar point. "The alt-right is ultra-conservatism for a more secular age," Mr. Beinart writes. "Its leaders like Christendom, an old-fashioned word for the West. But they're suspicious of Christianity itself, because it crosses boundaries of blood and soil."

Indeed. How ironic that the champions of white nationalism are finding their most formidable obstacle to be global Christianity—and especially its increasingly nonwhite demographic.

Write to mcgurn@wsj.com.

By Alan Clemons

At a recent conference at the United Nations on strategies to defeat the Boycott, Divestment and Sanctions Movement, J Street—a Jewish, progressive advocacy group that claims to reject BDS—sent some of its constituents to stir up controversy. J Street members wore T-shirts reading "anti-BDS & anti-occupation" and when invited to ask questions, referred to Israel as an "illegal occupier."

The former Soviet dissident Natan Sharansky was also in attendance. His "3D" test has become the standard used by the U.S. State Department and other institutions to determine when criticism of Israel crosses the line into anti-Semitism. Mr. Sharansky's three Ds are delegitimization, demonization and double standards. Measured this way, J Street is itself anti-Semitic.

Using the term "occupier" is a polite way of demonizing Israel as a thief. It suggests that Jewish invaders colonized territory rightfully belonging to the Arabs. Talk about a double standard. To suggest that Jews are occupiers in a region known for more than 3,000 years as Judea is as ridiculous as suggesting that Arabs currently living in Arabia are occupiers.

"Occupier" is a legal term that does not apply to Israel. Israel's legal title and rights to its present territory were established in the San Remo resolution, an agreement adopted by victorious Allied Powers after World War I, confirmed by the League of Nations, and incorporated into the U.N. charter. None of the Jewish people's rights to live, emigrate to and settle the land of Israel have ever been revoked, nullified or superseded by a subsequent act of international law.

Calling Israel an "occupier" has become essential to anti-Israel forces, as they persist in efforts to delegitimize the Jewish state. A U.N. resolution passed in December demands that "Israel immediately and completely cease all settlement activities in the occupied Palestinian territory."

Tarring Israel with the "occupier" label also gives its violent enemies grounds upon which to portray terrorism as resistance to occupation. When an Israeli killed a Palestinian soldier in 2015, the Palestinian Authority claimed that the occurrence "exposes the ugly face of the occupation" and "its crimes against the helpless Palestinian people."

The terms "occupier" and "occupation" have infiltrated the media, academia and government bodies around the world. Mostly their use has been confined to non-Jewish

organizations. Now, however, Jewish groups like J Street have taken to slandering Israel as an occupier, thus engaging in anti-Semitic speech and lending material support to Israel's enemies.

Israel passed a law in March prohibiting foreigners who participate in BDS from entering the country. J Street responded by claiming that the bill will "further isolate" the Jewish state and "validate Israel's critics."

J Street doesn't have to

shed its support for a two-state solution or abandon the work it does to ensure the well-being of Palestinian Arabs. But it must reject the lie that Israel is an occupier. Until then, J Street can't claim to have good intentions toward Israel.

Follow their example. Dare greatly. Don't ever give up. And make your bed!

By Alan Clemons

Reset Your Life In an Hour

Make Your Bed

By William H. McRaven
(Grand Central, 130 pages, \$18)

F. Scott Fitzgerald was completely wrong when he suggested "there are no second acts in American lives." If America stands for anything, it is reinvention, renewal and second chances. Take the Navy SEAL who oversaw the most important manhunt in history and rose to command all of U.S. Special Operations Forces. What did he do for an encore? Only give the most successful college graduation speech in history—at his alma mater, the University of Texas, wearing Navy dress whites.

In "Make Your Bed: Little Things That Can Change Your Life . . . and Maybe the World," retired Adm. William H. McRaven admits that he was nervous before the address in May 2014. He was afraid that contemporary college students

wouldn't welcome a military man, even one who had once been, just like them, a slightly hung-over Austin senior eager to graduate and get on with life. They loved his speech, and word spread. It has been viewed more than 10 million times online, and Mr. McRaven has expanded the talk into a little book that should be read by every leader in America.

The motto of the University of Texas is "What starts here changes the world." Mr. McRaven's book provides instruction on doing 10 little things that aren't little at all. His first suggestion is to make your bed every morning, because when you accomplish one thing early in the day, you'll be motivated to achieve more—even if you aren't having the quality of your work tested by a Navy chief petty officer with a quarter.

If you want to change the world, find someone to help you paddle, he goes on, because you can't accomplish much on your own. And always measure a person by the size of his heart, not by his physical size, skin color, creed or anything else. Tommy Norris, the last SEAL to earn the Medal of Honor in Vietnam, was nearly booted out of SEAL training for being "too small, too thin, and not strong enough." He proved a giant among men when he infiltrated deep behind enemy lines on successive nights to rescue downed airmen.

Some of the lessons won't make perfect sense at first. "If you want to change the world, get over being a sugar cookie and keep moving forward." A sugar cookie is a wet SEAL trainee who has rolled himself in sand as punishment for some infraction of the rules—or for no reason at all, purely at the whim of the instructor. Life isn't fair is Mr. McRaven's point, and that's no reason to cry. Keep going, even if there's sand in every crevice of your body.

Embrace your failures, because every life has them, and what you learn will make you stronger. Dare greatly, because life is a struggle, and without challenges you'll never know the limits of the possible. Stand up to the bullies, whether

Never give up. Always maintain optimism. We've all heard these lessons before—but not from the man who led the bin Laden mission.

they are sharks circling you as you swim (sharks literally circle you in SEAL training during the deep-water swims) or Saddam Hussein. The latter was detained under Mr. McRaven's watch for 30 days after his capture, and the SEAL firmly broke the deposed dictator's self-confidence. Dig deep and rise to the occasion when all seems lost, whether working underwater in absolute darkness or responding to the deaths of those you lead in combat.

Mr. McRaven believes that good leaders are optimists even in the darkest times and make their teams believe in a brighter day. This is one of the best lessons of the book, illustrated by a story about Marine Gen. John Kelly, the current secretary of Homeland Security. Mr. Kelly's son Robert was killed in action in Afghanistan in 2010, and when a Special Forces helicopter was shot down killing 38 in Afghanistan in 2011, he was the right man to comfort the families. "More than any other visitor that day," writes Mr. McRaven, "Kelly's words resonated with every parent, every wife, every brother and sister, and every friend." He had lived their pain and could give them hope.

Finally, never, ever quit. One hundred and fifty SEAL candidates began Basic Underwater Demolition School with Mr. McRaven in 1978; 33 graduated. As tough as these survivors were, even stronger was an Army Ranger named Adam Bates, who lost both of his legs to a land mine in Afghanistan but a year later was standing tall in his dress uniform on prosthetic legs and challenging his Ranger buddies to a pull-up contest. If Ranger Bates wouldn't quit, which of us has an excuse?

These are not complicated lessons; we've all heard them before. But we haven't heard them from the man who led the bin Laden mission. And we haven't had them illustrated so memorably with stories from SEAL training, universally regarded as the most difficult course in the U.S. armed forces, or from a 35-year career leading men in combat.

Eight months after giving the talk that spurred this book, Mr. McRaven became the chancellor of the University of Texas System, overseeing 14 institutions with more than 200,000 students. There he has continued to demonstrate the courage, wisdom and spirit of service that he extols in "Make Your Bed." In January, he released a statement decrying President Trump's executive order on immigration, stating "that the talent, energy, and ideas flowing into the United States of America . . . from countries around the world are among our greatest strengths. The men and women who show up at our shores and our doors—ready to study, work, and participate—make us stronger, smarter, more competitive." Reading that statement makes one hope for a third act in Mr. McRaven's life, one that would affect the largest number of Americans.

"Make Your Bed" is a book you can read in an hour. It is a book to inspire your children and grandchildren to become everything that they can. It is a book to discuss with your executive leadership team as a spur to meeting shared goals. Most of all, it is a book that will leave you with tears in your eyes as you ask yourself: How does this nation find men and women like Tommy Norris and Adam Bates and William McRaven, who willingly risk their lives and their limbs to keep us safe and to protect our way of life?

Follow their example. Dare greatly. Don't ever give up. And make your bed!

Mr. Nagl is the headmaster of the Haverford School. A retired Army officer, he is the author of "Knife Fights: A Memoir of Modern War."

OPINION

REVIEW & OUTLOOK

Susan Rice Unmasked

Well, what do you know. On the matter of who "unmasked" the names of Trump transition officials in U.S. intelligence reports, we now have one answer: Susan Rice, Barack Obama's national security adviser.

A U.S. intelligence official confirms to us the bombshell news, first reported Monday by Bloomberg, that Ms. Rice requested the name of at least one Trump transition official listed in an intelligence report in the months between Election Day and Donald Trump's inauguration.

Ms. Rice received summaries of U.S. eavesdropping either when foreign officials were discussing the Trump team, or when foreign officials were conversing with a Trump transition member. The surveillance was legally authorized, but the identities of U.S. citizens are typically masked so they cannot be known outside intelligence circles. Ms. Rice asked for and learned the identity of the Trump official, whose name hasn't been publicly disclosed and our source declined to share.

Our source did confirm that Ms. Rice also examined dozens of other intelligence summaries that technically masked Trump official identities but were written in such a way as to make obvious who those officials were. This means that the masking was essentially meaningless. All this is highly unusual—and troubling. Unmasking does occur, but it is typically done by intelligence or law-enforcement officials engaged in antiterror or espionage investigations. Ms. Rice would have had no obvious need to unmask Trump campaign officials other than political curiosity.

We're told by a source who has seen the unmasked documents that they included political information about the Trump transition team's meetings and policy intentions. We are also told that none of these documents had anything to do with Russia or the FBI investigation into ties between Russia and the Trump campaign. While we don't know if Ms. Rice requested these dozens of reports, we are told that they were only distributed to a select group of recipients—conveniently including Ms. Rice.

All of this helps to explain the actions in the last week of House Intelligence Chairman Devin Nunes, the one official in Washington who seems interested in pursuing the evidence of politicized surveillance. Mr. Nunes was roundly criticized by Democrats and the media last week for publicly revealing at least one instance of Obama White House unmasking, albeit without disclosing any names.

Now we know he is onto something. And we know that Mr. Nunes had to go to the White House to verify his information because the re-

cords containing Ms. Rice's unmasking request are held at the National Security Council.

Where are the civil libertarians when you really need them? These columns support broad surveillance powers for national security, but executive officials need to be accountable if those powers are abused. If congressional oversight of U.S. intelligence operations is going to be worth the name, then it should include the unmasking of a political opponent by a senior official in the White House.

Democrats certainly raised a fuss during the Bush years and after Edward Snowden kicked off the debate about "metadata," which are merely telephone numbers without names. Oregon Senator Ron Wyden went so far as to introduce a bill in 2013 to strengthen the ban on "reverse targeting"—in which intelligence agencies surveil foreigners but with the goal of capturing U.S. citizen communications.

Yet now that there's evidence that the Obama Administration may have unmasked Trump officials, Democrats couldn't care less. Adam Schiff, the ranking Democrat on House Intelligence, has spent the past week denouncing Mr. Nunes for revealing that a name was unmasked and for having sources at the White House. But he hasn't raised a peep about the unmasking itself or who was behind it.

The news about Ms. Rice's unmasking role raises a host of questions for the Senate and House intelligence committees to pursue. What specific surveillance information did Ms. Rice seek and why? Was this information related to President Obama's decision in January to make it possible for raw intelligence to be widely disbursed throughout the government? Was this surveillance of Trump officials "incidental" collection gathered while listening to a foreigner, or were some Trump officials directly targeted, or "reverse targeted"?

We were unable to locate Ms. Rice Monday to ask for comment, and she hasn't addressed the unmasking as far as we know. But asked last month on the "PBS NewsHour" that Trump officials might have been surveilled, she said, "I know nothing about this" and "I was surprised to see reports from Chairman Nunes on that account today." She certainly deserves her turn under oath on Capitol Hill.

None of this should deter investigators from looking into the Trump-Russia connection. By all means follow that evidence where it leads. But the media have been running like wildebeest after that story while ignoring how the Obama Administration might have abused domestic surveillance for its political purposes. Americans deserve to know the truth about both.

Venezuelan Reality Check

A global sigh of relief went up over the weekend when Venezuela's dictatorship backtracked on its latest power grab. At the instruction of strongman Nicolás Maduro, the Supreme Court reversed last week's decision to take over the opposition-controlled National Assembly.

The international community celebrated the retreat as a sign that Mr. Maduro is beginning to understand limits and patted himself on the back for making him stand down. Too bad he didn't.

Mr. Maduro rules by decree. The Supreme Court and judiciary are under his control, as are the National Electoral Council, the armed forces, police and *chavista* militia.

The exception is the National Assembly, which has been controlled by opponents since January 2016. The Supreme Court routinely strikes down any legislation it passes, but it is a meaningful voice of dissent. Mr. Maduro

stopped paying legislative salaries last August, but the deputies persist and technically enjoy immunity from prosecution.

Maduro retreats from the takeover of congress but not the dictatorship.

Another National Assembly annoyance is its role in approving international oil contracts. The regime has so battered the economy that its main lifeline is selling petroleum assets or finding new oil partners. Yet investors thinking about cutting deals with Mr. Maduro have to worry that, without congressional approval, those contracts might be voided. This explains why the court gave Mr. Maduro new power to negotiate oil deals unilaterally even as it retreated from seizing the assembly.

For every problem that Mr. Maduro confronts he can find a "legal" solution, which is how modern dictators operate. Global elites should stop pretending that Mr. Maduro will reform and start calling for restoration of a free Venezuelan government.

Chuck Schumer's Filibuster Lineup

The Judiciary Committee sent Neil Gorsuch's Supreme Court nomination to the full Senate Monday on an 11-9 "party-line vote," as the press likes to say. What a shame. All nine committee Democrats lined up like the Rockettes to oppose the nominee whose qualifications and temperament are universally hailed.

At least 41 Democrats led by Minority Leader Chuck Schumer have also committed to filibuster Judge Gorsuch on the Senate floor, so he will need 60 votes to be confirmed. This will force Republicans to change Senate rules to break what would be the first partisan filibuster of a Supreme Court nominee in history. Democrats and their media friends want to portray Republicans as the radicals in this case, but Democrats are the precedent-busters.

Mr. Schumer is howling that Republicans stole this Court seat because they didn't give a vote to Merrick Garland last year. But Majority Leader Mitch McConnell declared before Barack Obama nominated Judge Garland that there would be no vote on any nominee in the election year. He was merely echoing the standard that Mr. Schumer had set when he declared in 2007 that Democrats would block any nominee that George W. Bush would send up in his final year as President.

Democrats have no good reason to oppose Judge Gorsuch so they are inventing bad reasons. Montana Democrat Jon Tester, who likes

to portray himself as a centrist, announced that he'll oppose the judge for what he didn't say. "I cannot support a nominee who refuses to answer important questions," he said, as if more than 2,000 Gorsuch opinions don't provide enough insight into his jurisprudence. If the Judge wasn't as gabby in the confirmation hearing as Mr. Tester

would like, the reason is that Democrats would have used anything provocative he said to defeat him. But now even saying nothing offensive is disqualifying. What a crew.

So far only three Democrats have said they'll support Judge Gorsuch—Heidi Heitkamp of North Dakota, Joe Manchin of West Virginia, and Joe Donnelly of Indiana. Mr. Schumer has apparently given them a pass to help win reelection next year in states carried easily by Donald Trump.

Mr. Schumer's filibuster carries some risk for Democrats, at least if the GOP follows through and confirms the judge. Once the rules are changed, the 51-vote confirmation standard will prevail for other nominees during this Congress. Democrats will have played their strongest political card in a losing hand against a judge who is likely to have unanimous GOP support.

Republicans should call Mr. Schumer's bluff and confirm Judge Gorsuch to honor their campaign promises, to defeat the implacable left, and above all for the good of the Court and the original meaning of the Constitution.

The Democratic leader sets a new precedent for the Supreme Court.

Republicans should call Mr. Schumer's bluff and confirm Judge Gorsuch to honor their campaign promises, to defeat the implacable left, and above all for the good of the Court and the original meaning of the Constitution.

LETTERS TO THE EDITOR

Are the Postmodernists Even In a Real Fight?

Regarding Crispin Sartwell's "The 'Postmodern' Intellectual Roots of Today's Campus Mobs" (op-ed, March 25): Might I suggest you take another look at the history of higher education in this country? Speech repression and political correctness didn't appear suddenly in the 1960s. This country was founded by Christian trinitarians who had no tolerance on or off campus for other points of view. Quakers weren't welcome at Harvard in the 1660s, and vaccination was a medical and theological no-no at Yale over a century later. Leland Stanford's widow sat on Stanford University's board of trustees early in the 20th century and weeded out objectionable faculty whose publications and opinions offended her and her husband's memory.

The only thing that's changed is the triumph and dominance, since World War II, of American higher education, both in teaching and in research. Despite the anarchy, occasional stupidity of students, faculty, administrators and governing boards, enormous debt and educationally irrelevant football and basketball programs, we have something in our universities and colleges that the rest of the world desperately wants, and all the negative articles won't change that.

SOL GITTLEMAN
Lexington, Mass.

Mr. Gittleman taught at Tufts University for 52 Years.

The postmodern prescription of language has a price. One reason the softer academic areas such as sociology, political science, history, philosophy, English and gender or ethnic studies have been circling the drain is that they are seen as doing more indoctrinating than instructing. Other areas of study provide skills that often lead to jobs, and do so in part by assuming an objective reality waiting to be discovered by disciplined, creative and educated people. After considerable training, calling them as you see them in these other areas isn't only permitted, but lauded.

BERNARD SILVERMAN
Naperville, Ill.

A postmodernist has a car with a flat tire. He can either (1) go to a postmodernist auto service that

would endeavor to "reframe his conscience" or (2) go to an objective reality-based auto service that would either repair or replace the flat tire.

CHRISTOPHER KLISZ
Troy, Mich.

Crispin Sartwell cherry-picks Richard Rorty's work to suggest that it justifies the silencing of the left's opponents on campus. On the contrary: Rorty's "Achieving Our Country" is a powerful critique of leftist group-think in America, on campus and off. Rorty calls for "widening the range of consensus about how things are"; for moving from a political strategy focused on differences to one focused on commonality. He explicitly notes that "in democratic countries you get things done by compromising your principles in order to form alliances with groups about whom you have grave doubts." These don't sound like arguments for academic censoriousness.

PROF. DEAN SAITTA
University of Denver

Mr. Sartwell criticizes the philosophical foundation of our campus mobs. He properly addresses the secondary flaw of postmodernism as lacking any criteria of truth, which leads to the repression of speech in academia. It would aid Mr. Sartwell's position to refute and replace its primary flaw, namely that since there is not scientific characterization of morality, "we can create a better world by renarrating." It is true that morality requires a frame of reference, since we cannot derive an "ought" from an "is." However, once all such frames are rejected, there cannot be any foundation for defining a better world, let alone determining how to obtain it. Consequently, the narrative for social justice can be no more permissible than our heritage of religion and civilization, nor of any other foundation. Simply put, postmodernists' rejection of any frame necessitates the rejection of their own.

ALLEN WEINGARTEN

Monroe Twp., N.J.

At the end of the day, we are all subject to the slings and arrows of reality. After all, even postmodernists wear seat belts for a reason.

THOMAS O'HARE

Boston College School of Social Work

Boston

Building Trades Address the Labor Shortage

The irony contained in your editorial "America's Growing Labor Shortage" (March 30) is nothing short of amazing. For over 40 years, American politicians and businesses have engineered an unfettered supply of low-wage workers via the abuse of the H-2B and other federal visa programs which, coupled with the dramatic increase in the exploitation of undocumented workers, has created untenable situations defined by systematic patterns of abuse and maltreatment, including wage theft, safety violations and the misclassification of workers. As a result, overall compensation for construction workers in America, adjusted for inflation, has remained flat since the late 1970s.

The lone bright spot is the union construction sector, where our local unions routinely have people camping out overnight for the opportunity to apply for a union craft apprenticeship program because they know that such an opportunity is a ticket to the middle class.

The irony here is that entities which have long advocated for increases in foreign guest workers as a way for businesses to keep labor

SEAN McGARVEY

President

North America's Building Trades Unions

Washington

You say that carpentry and bricklaying salaries "are going through the roof." Are the editors going to shop class to better their futures? If the Mexicans came across the border with law degrees, we would already have a wall.

ALAN CULTON

Chapel Hill, N.C.

Where Were the Republicans At the Garland Hearings?

It takes gumption or myopia for Sen. Orrin Hatch to lambaste Senate Democrats' "astonishing treatment" of Judge Neil Gorsuch while remaining silent about Senate Republicans' refusal to even hold confirmation hearings for President Obama's Supreme Court nominee Judge Merrick Garland ("Gorsuch's Foes Embarrass the Senate," op-ed, March 27). Sen. Hatch may have a point about diminishing comity and embarrassing behavior in the Senate, particularly regarding Supreme Court nominations. The senator's omission of his own role and that of his party in contributing to the toxic environment makes it difficult to trust the motivations behind his appeal that the "madness needs to stop."

MARK DUBOIS

Durham, N.C.

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Pepper ... And Salt

THE WALL STREET JOURNAL



OPINION

How Trump Became a Russia Skeptic

By Adrian Karatnycky

A Kremlin spokesman told ABC News on Friday that despite the new administration in Washington, Russian-American relations remain "at the lowest possible point." Yet the spokesman also suggested that if Donald Trump and Vladimir Putin were to meet in person "there will be chance for our volatile relations to get better."

These are telling remarks, given that only a few months ago Mr. Putin was salivating at the thought of a Trump presidency. Mr. Trump had extolled the Russian leader, declared

The conventional wisdom about a Kremlin-friendly White House is dated. Reality forced a change.

the North Atlantic Treaty Organization "obsolete," and hinted that the U.S. might accept Russia's annexation of Crimea. A few years ago Steve Bannon, an influential Trump adviser, promoted the idea of a grand alliance between the West and a traditionalist Russia against secularism and Islam. Mike Flynn, a Putin-friendly recipient of Moscow's largess, was appointed national security adviser.

Yet as the investigations continue into Trumpworld's Russia connections, the White House has replaced these friendly soundings with a sober, decidedly hawkish stance.

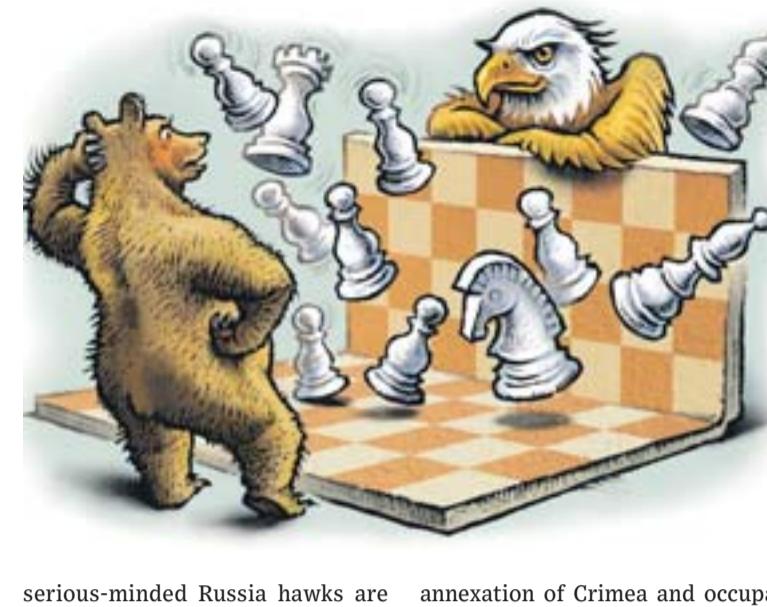
As the atmosphere shifts, Russia's state-controlled and state-directed media have begun to turn against Mr. Trump, suggesting that Moscow

no longer expects a cooperative relationship. Gazeta.ru, a Kremlin mouthpiece, called Mr. Trump a narcissist not long after he took office. Another, Lenta.ru, announced in February the "end of illusions" about a warming in relations, reporting that some of President Trump's "most ardent boosters" in the Russian media were turning on him. Prime Minister Dmitry Medvedev told Russian television viewers to expect the international sanctions on their country to remain in place "indefinitely."

The shift has moved beyond rhetoric: Mr. Putin has escalated violence in eastern Ukraine. Since early February, his proxies and fighters have dropped significant amounts of missiles and ordnance on towns and cities in the Donbas region. Moscow has deployed a new cruise missile in violation of treaty obligations. And Russian pilots have resumed the practice of buzzing U.S. ships deployed in the Black Sea.

Mr. Trump's friendly comments toward Mr. Putin have also brought resistance from a unique coalition: Republican hawks, Democrats angry over Russia's election meddling, the national-security establishment and intelligence community, and key European leaders. Together they have applied enough pressure to profoundly shift administration policy. For one thing, the president was compelled by the weight of evidence to acknowledge in January that Russian hacking had indeed influenced the American political process, even as he insisted this interference did not affect the election's outcome.

The expert consensus about Mr. Putin is so negative that Mr. Trump couldn't have put together a Kremlin-friendly national-security team even if he had tried. As a result,



PHIL FOSTER

serious-minded Russia hawks are emerging in key posts. When Mr. Flynn was forced to resign as national security adviser, H.R. McMaster took his place. The appointment of Putin critic Fiona Hill to be the National Security Council's Russia expert is pending.

Mr. Trump's most senior appointees, including the vice president and defense secretary, began criticizing Russian actions almost immediately after taking office. Secretary of State Rex Tillerson and U.N. Ambassador Nikki Haley made clear that America will continue to back Ukraine. Last week Mr. Tillerson declared that the U.S. and its allies would remain "steadfast" in their "support of Ukraine's sovereignty and territorial integrity." A senior government official in Kiev told me that Ukrainian President Petro Poroshenko has been reassured by his direct discussions with Mr. Trump.

Sanctions against Russia over its

annexation of Crimea and occupation of eastern Ukraine have also been reaffirmed. Mr. Trump has proposed a \$54 billion increase in Washington's defense budget. He has made clear that he wants NATO allies to significantly boost their own military spending. These moves cannot be welcome in Moscow.

The idea that Mr. Trump could strike some sort of grand bargain with Mr. Putin isn't dead. Questions remain about whether Mr. Trump or some of his advisers may be vulnerable to Russian blackmail. But so far the White House has proved more susceptible to the pressures that come from press scrutiny, congressional oversight and the elite consensus.

Mr. Trump's early view of Moscow as potentially a close ally has been routed. The president is now beginning to articulate a policy toward Russia rooted in American strength, albeit with predictable digs at his White House predecessor.

He tweeted last month: "For eight years Russia 'ran over' President Obama, got stronger and stronger, picked-off Crimea and added mis-siles. Weak!"

The bad news for Mr. Putin doesn't stop there. Despite Brexit, the U.K. seems to be taking a hard line, with Prime Minister Theresa May and Foreign Minister Boris Johnson championing Ukraine's interests. In Germany's election this September, voters will choose between Angela Merkel, the tough-minded chancellor, and Martin Schulz, a Social Democrat with a record of criticizing Mr. Putin. In France, the likely winner in May's presidential runoff appears to be the pro-European centrist Emmanuel Macron, who is comfortably ahead of two pro-Russian candidates from the right.

The American investigations remain critical. All leads concerning Russian cyberattacks on U.S. political targets should be investigated. Any contacts between Trump campaign advisers and Russia should be followed up. Potential vulnerabilities of administration personnel should be fully explored. But it's also important to understand that Russia's effort to gain an advantage from meddling in the election appears to have abjectly failed.

American institutions are working well. The security policies that were shaped in the aftermath of World War II and the Cold War remain firmly in place. Although it's unlikely that Mr. Putin helped swing the vote in Pennsylvania, Wisconsin or Michigan, his hapless meddling appears only to have awakened American and European hawkishness.

Mr. Karatnycky is co-director of the Ukraine in Europe Initiative at the Atlantic Council.

A Modified 'Pence Rule' Would Be Good for Working Women

By Asha Rangappa

The words "feminism" and "Mike Pence" don't often end up in the same sentence—unless the vice president is being bashed. Mr. Pence's views on reproductive rights alone make him the Voldemort of women's rights. So it's no surprise that Mr. Pence's revelation that (as of 2002) he "never eats alone with a woman other than his wife" has come under a lot of scrutiny because of how his principle discriminates against women.

But normalizing date-like socializing as a means to succeed in the workplace isn't particularly feminist and can actually create even more barriers to women's professional advancement.

The primary objection to "The Rule," as I'll call it, is that by refusing to be alone with women in social settings, senior men deprive women of networking opportunities they need for professional mentoring and advancement. The deeper issue this critique overlooks is that this imbalance is caused by the dearth of women in senior positions to begin with. Women make up only 5% of CEOs in the Standard & Poor's 500, 20% of Congress,

and 26% of leadership positions at colleges and universities.

Mr. Pence's critics also assume that in the absence of The Rule women otherwise have equal access to these social events, which is not true. Traditional "old boys" social activities, like talking shop over golf, intersect with race, class and sex in ways that systematically exclude underrepresented groups from taking advantage of them. Even seemingly neutral social events, like impromptu evening drinks or dinner, can disproportionately exclude women, who often bear a greater brunt of child-care responsibilities that limit their flexibility after work.

Informal one-on-one networking also reinforces stereotypes that can inhibit women's professional success. The well-known "Heidi and Howard" study conducted by Harvard Business School, which examined reactions to the same résumé when it contained a male name versus a female name, found that, unlike men, women make trade-offs between success and likability.

When women employ the same strategies that make men seem successful—think: assertiveness and authoritativeness—they are seen as less

pleasant to work with. Conversely, emphasizing intimate settings as a means to success reinforces women's social roles of being charming, warm and friendly. Those are all qualities you'd want in a social interaction, but precisely those that can undercut women striving to be perceived as effective professional leaders.

If bosses and workers socialize after hours, why not do it in groups of at least three?

Most troubling are the ways in which one-on-one interactions have the potential to be used as weapons against women by men who abuse their power. Most men can be trusted to behave professionally when they are alone with women. But the prevalence of sexual harassment claims, more than 80% of which are filed by women, demonstrates that many cannot. Sexual harassment is rarely an isolated quid pro quo. Rather, the blurring of boundaries between the professional and personal occurs

slowly over time, which is why he-said/she-said scenarios are much more common.

A woman shouldn't have to forgo professional mentoring and advancement if she begins to sense that something doesn't feel right in her interactions with a superior. But her continued willingness to be alone in casual social situations with a male colleague can later provide him with both cover and a defense if he behaves inappropriately, by suggesting that the woman's claim is fabricated—and perhaps even that she pursued the advances.

The answer isn't to shut down informal socializing, which would make most workplaces unbearably monotonous. Sarah Skwire illustrates this well by imagining what would happen if men applied The Rule equally to male and female colleagues. But more than just an interesting thought experiment, this points toward a new Rule 2.0: What if workplace norms simply encouraged informal networking to take place in groups of three or more, regardless of sex?

In an age when sexually related pitfalls could occur as easily among members of the same sex, it would

help avoid these situations entirely. The inconvenience of having to include at least one extra person in a social invitation would be offset by promoting inclusiveness and connection across more diverse colleagues. For senior women, who are often expected to fulfill the same mentoring responsibilities as their male counterparts despite having potentially less time to do so, larger gatherings have the added benefit of allowing them to meet this expectation more efficiently.

Structural changes—like increasing parity between men and women in senior positions, or having more equal distribution of child-care responsibilities in marriages—would go a long way to correcting some of the shortcomings I've described. Even so, a woman's success shouldn't rest on her gazing into her boss's eyes in the corner of a candlelit bistro. At the very least, Mike Pence has offered us an opportunity to examine, and even challenge, the social dynamics that lead to women's professional success. He might have unwittingly become a feminist pioneer.

Ms. Rangappa is an associate dean at Yale Law School.

The Minimum Wage Should Be Called the Robot Employment Act

By Andy Puzder

Entry-level jobs matter—and you don't have to take my word for it. In a speech last week on workforce development in low-income communities, Federal Reserve Chair Janet Yellen said that "it is crucial for younger workers to establish a solid connection to employment early in their work lives."

Unfortunately, government policies are destroying entry-level jobs by giving businesses an incentive to automate at an accelerated pace. In a survey released last month, the publication *Nation's Restaurant News* asked 319 restaurant operators to name their biggest challenge for 2017.

Nearly a quarter of them, 24%, said rising minimum wages.

It's no surprise that restaurants are rolling out the robots. McDonald's said last November that it would install self-order kiosks in all 14,000 of its U.S. restaurants. Wendy's announced in February it would add kiosks at about 1,000 locations to "appeal to younger customers and reduce labor costs."

The trend toward automation is particularly pronounced in areas where the local minimum wage is high. Eatsa, a 21st-century version of the automat, now lists seven locations in four cities, each of which will be subject to a \$15 minimum wage within the next 36 months.

Taking automation to the next

step, Miso Robotics and the owner of CaliBurger announced in March they have developed a robotic arm, called Flippy, that can turn burgers and place them on buns. CaliBurger plans to install them over the next two years in 50 restaurants world-wide.

By encouraging automation, cities that significantly raise the minimum wage destroy opportunities for the least-skilled workers. In 2015 a scholar at the Federal Reserve Bank of San Francisco released a paper summarizing the available research on this effect. "The most credible conclusion," he wrote, "is a higher minimum wage results in some job loss for the least-skilled workers—with possibly larger adverse effects than earlier research suggested."

Notable & Quotable

From the North Korean state news agency KCNA, April 3:

Days ago, the U.S. newspaper Wall Street Journal of the right conservative forces hurled mud at the DPRK again.

The March 27th issue of the paper let out such flurry of nonsense that the U.S. should set a regime change in the DPRK as a clear-cut policy target. . . . For the DPRK this sounds as nothing but a scream made by those frightened by the invincible might of the DPRK. . . .

The Wall Street Journal would be well advised to halt its foolish propaganda to hurt the dignity of the supreme leadership of the DPRK and think about when or how the U.S. may disappear from the surface of the earth.

The loss of entry-level jobs also worsens racial disparities. In a 2011 report from the nonpartisan Employment Policies Institute, two university economists examined nearly

Mandating \$15 an hour doesn't help poor youth. It helps Flippy, the new burger-grilling machine.

20 years of data containing 600,000 observations. They compared how each 10% increase in the minimum wage affected the employment of young males without a high-school diploma. For whites, the drop was 2.5%. For blacks, it was 6.5%.

These are jobs America cannot afford to lose. In 2014 nearly 40% of black men age 20 to 24 in Chicago and almost 30% in New York and Los Angeles were neither working nor in school, according to a report last year from the Great Cities Institute. For white men, it was about 10%. Nationally, February's unemployment rate among white males age 16 to 19 was 14.1%; for young black males it was 24.1%.

Bernie Sanders articulated the solution to this problem in 2013 when he spoke on the Senate floor about the negative effect that entry-level foreign workers have on youth employment. "The best anti-poverty program is a paycheck. Well, let us give the young people of this country a paycheck. Let's put them to work," Mr. Sanders said. "But even more importantly, let us allow them to gain the

job skills they need so that they know what an honest day's work is about, and can move up the economic ladder and get better jobs in the future." I couldn't have said it better.

The importance of entry-level jobs is hard to overstate. I can still recall when the franchise owner of the Baskin-Robbins where I worked as a teen called me into her office and handed me a key, telling me to open up the place in the morning. It was perhaps the proudest day of my professional career. I felt the kind of pride and self-confidence that can keep a person working (or in school) and off the streets. But to get that experience you need the first job.

In her speech, Ms. Yellen praised the potential of a pilot program appropriately called Pocket Change. It was designed to reduce youth unemployment in Somerville, Mass., "through internships, training in job skills, and reinforcement of important soft skills such as punctuality and effective communication." If high minimum wages didn't price young people out of the job market, they could learn these skills in entry-level jobs, without yet another government program.

Avoiding significant increases in the minimum wage won't solve all the problems that face today's job-seeking youth. But one thing is certain: If government policies substantially increase the cost of entry-level labor, there will be more automation, fewer jobs and less opportunity for young people trying to get ahead.

Mr. Puzder is a former CEO of CKE Restaurants.

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Thank you.

To all who have stood by us as we have worked to make things right at Wells Fargo, we thank you. We know you have many choices when it comes to banking, which is why we feel it's our privilege to serve you.

I became CEO of Wells Fargo six months ago, following our September 2016 retail sales practices settlement. My first act was to apologize to our team, our customers, and the public for our company's mistakes. At that time, I made a commitment to build a better bank, and to earn back your trust.

While there is still work to do, there has been progress that I want to share with you:

- **We've taken many steps to make things right for our customers.** So far, we've refunded approximately \$3.2 million to approximately 130,000 retail and small business accounts. We've also agreed to a preliminary \$110 million class action settlement that will go toward further customer refunds. And to any customer whose credit might have been affected by unauthorized account openings, we commit to you that we will make things right.
- **We've made changes to ensure we always put our customers' needs first.** We eliminated product sales goals and changed how we pay our retail bankers. We've also invested in our people, increasing the pay for our entry-level team members across the country.
- **We've strengthened our ethics and risk management.** This includes creating a new Office of Ethics, Oversight, and Integrity; adding protections so anyone can feel safe reporting their concerns to our Ethics Line; and expanding training for our managers and bankers, so they can better respond.
- **And we've demanded greater accountability from ourselves.** We've changed leadership at our Community Bank and terminated executives linked to inappropriate sales practices. Our Board cancelled all 2016 cash bonuses for eight senior leaders—including myself—who were on the company's Operating Committee prior to November 1, 2016. And we changed our Board structure to separate the roles of Chairman and CEO.

Building a better bank is about fixing what went wrong and committing to find new and better ways to serve our customers. Even as I write this, we continue to introduce new ways to deliver services, develop our people, and manage risks.

All that said, I want to assure you that regaining your trust remains our top priority. In the near term, our Board of Directors will issue the results of their independent investigation. As we process those findings we will continue to update you on our efforts.

Again, thank you for standing by Wells Fargo as we build a better bank.

Sincerely,

A handwritten signature in black ink, appearing to read "TJS".

Timothy J. Sloan
Chief Executive Officer and President
Wells Fargo & Company

For updates on our rebuilding efforts, I invite you to visit www.wellsfargo.com/commitment

BUSINESS & FINANCE

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Ultra Petroleum is unusually lucrative example of impact of oil-and-gas rebound

BY RYAN DEZEMBER

When Ultra Petroleum Corp. emerges from bankruptcy protection in coming weeks, as expected, the natural-gas producer's chief executive is on track to be rewarded with roughly \$35 million of its stock, more than 10 times his annual compensation in recent years.

STREETWISE

James Mackintosh

Dollar Gets Back Into The Flow Once Again

A global shortage of dollars that distorted money markets for the past two years is easing, even as the Federal Reserve is trying to tighten monetary policy.

The money markets are the plumbing of the financial system, and they sprang a leak in 2015 when banks began to limit balance sheet-intensive activities to satisfy new regulatory requirements. The shortage of dollars was made worse by restrictions introduced last fall on money-market funds, as these "shadow banks" are used by Japanese and European banks to finance themselves overnight in dollars.

Dollar shortages are now going away, helped by expectations that U.S. regulation will be relaxed, the success of overseas banks in finding alternative sources of financing, and greater appetite from investors to pick up what looks like free money left lying around by the global financial system.

The lack of stress in the dollar money markets was evident Friday when the quarter ended: More or less nothing happened.

Contrast that with December, when there was a rush for dollars as foreign banks tried to dress up their balance sheets to meet regulatory demands, and the cost of the standard hedging instrument, the cross-currency basis swap, soared. The extra payment—on top of already stressed levels—meant those willing to supply dollars could earn much more by holding Japanese T-bills and hedging the yen risk than by buying U.S. T-bills, even though Japanese interest rates are negative.

The easing of money-market stress this year has almost halved the cost of cross-currency basis for Japanese borrowers of dollars, and the change at quarter-end on Friday was minuscule.

The Bank of Japan's decision to soak up some excess yen liquidity helped, reducing the pressure on Japanese banks to find yield in the U.S.

But the flow of dollars around the system is working better elsewhere, too. The cross-currency basis against euros has also almost halved, taking it back to where it was a year ago. The extra cost over Treasury yields of swapping fixed for floating interest rates—used for hundreds of billions of dollars of corporate deals a year and known as the swap spread—is almost back to normal after two years of being deeply negative. Even the willingness of banks to lend to each other has improved. The spread between

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Bankruptcies Enrich Energy CEOs

Michael Watford, the CEO, and other employees at the Houston company are sharing 7.5% of Ultra's new shares, a fairly typical cut awarded to managers of companies emerging from bankruptcy protection to incentivize them to stick around. Companies usually issue new stock when they emerge from bankruptcy, replacing the old shares.

What's unusual in Ultra's case is the size of the pie from which that slice is coming: The company's postbankruptcy equity value has been set at about \$4 billion, meaning that its employees are due some

\$300 million of stock, 40% of it to be doled out the day its new shares are launched, according to court filings and people familiar with the matter. The rest would be distributed at the discretion of its board.

"In a surprising number of cases, the most lucrative job in the oil-and-gas industry in the last year is a senior executive at a bankrupt company," said Brian Williams, managing director at investment banking and restructuring advisory Carl Marks Advisors.

It is rare for an equity pot that size to exist after bank-

ruptcy. It resulted largely from gas prices roughly doubling from a year ago. Ultra filed for bankruptcy protection in April last year after historically low gas prices pushed its earnings relative to debt below thresholds spelled out in agreements with creditors.

Mr. Watford declined to comment through a spokeswoman. Ultra has said it expects to emerge from bankruptcy by mid-April. In 2015, the latest figures that are available and before the company filed for bankruptcy, Mr. Watford received compensation valued at \$3.06 million.

Similar scenarios are playing out among producers of oil, which also is fetching about twice what it did early last year, and at companies that provide drilling and other services to energy producers. Natural-gas prices closed at \$3.128 per million British thermal units on Monday, much higher than the price that pushed Ultra into bankruptcy but down about 20% from their 52-week highs.

Jerry Winchester, CEO of Seventy Seven Energy Inc., was awarded 440,000 shares in August, valued at about \$6.6 million.

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J. Crew's Creative Director To Leave

BY KHADEEJA SAFDAR

J. Crew Group Inc.'s long-time creative director, Jenna Lyons, is leaving the embattled apparel retailer, which has been struggling with weak sales and a heavy debt load.

Once seen as a potential successor to Chief Executive Mickey Drexler, Ms. Lyons has been credited as the creative force behind J. Crew's signature looks. The company highlighted must-have "Jenna's Picks" on its website and featured her in its marketing, including a video clip Friday that was published on Facebook, Instagram and Twitter. Ms. Lyons, a 26-year employee, even became a pop-culture figure in her own right, playing an advertorial executive in the third season of HBO's "Girls."



Ms. Lyons will serve as a consultant until her contract expires in December, the company said Monday. She won't be replaced, and her duties will be given to other members of Mr. Drexler's team. Somsack Sikhounmuong, who has been with the company since 2001 and is head of women's design, will be promoted to chief design officer and report to Mr. Drexler.

Ms. Lyons didn't respond to a request for comment. In a news release she said, "I am excited about the next chapter for J. Crew as well as the opportunity for other creative leaders within the organization to step up and take on new responsibilities."

South Carolina's Port of Charleston, the eighth-busiest U.S. port, is spending \$2 billion to break into the top five by 2020.

The move toward partnerships underscores the stark choices facing ports on both coasts: beef up to handle big ships or get left behind. At stake are thousands of jobs and the livelihoods of importers, exporters and freight and logistics businesses that cluster around major ports.

Port terminals in Portland, Ore., Oakland, Calif., and elsewhere were idled last year, but shipping lines called other ports on the West Coast and overall container volume to the region's ports rose in 2016.

In Europe, ports in Belgium and Spain saw cargo volumes

are investing heavily to stay competitive. The Port of Miami recently spent more than \$1 billion on a deeper channel and other improvements, and expects volume would more than double by 2035.

Still, many secondary ports

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Port of Savannah, Ga., in a 2016 photo. The ports of Savannah and Norfolk, Va., plan to discuss coordination of some operations.

STEPHEN B. MORTON/ASSOCIATED PRESS

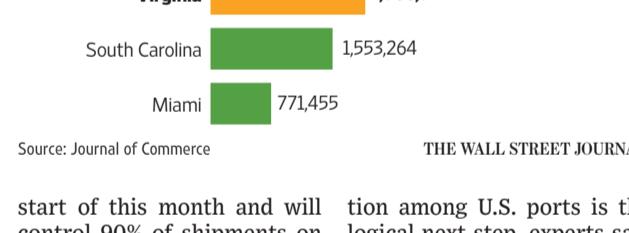
U.S. Ports Seek Edge With Alliances

BY ERICA E. PHILLIPS

Joining Forces

The East Coast's No. 2 and No. 3 ports want to share some operations

Imports/exports, in loaded twenty-foot containers



Source: Journal of Commerce

THE WALL STREET JOURNAL.

start of this month and will control 90% of shipments on major global trade routes. They plan to save money by packing more cargo on larger ships that make fewer stops.

Many ports, fearful that they would be left out of shipping routes, are investing billions of dollars to dredge deeper harbors and install bigger cranes to handle the new class of megaships. Consolida-

tion among U.S. ports is the logical next step, experts say.

"The shipping alliances have all the power," said Geraldine Knatz, who was executive director of the Port of Los Angeles until January 2014 and is now a professor at the University of Southern California. "We've got to stop fighting against each other, and try instead to build some leverage."

Still, many secondary ports

are investing heavily to stay competitive. The Port of Miami recently spent more than \$1 billion on a deeper channel and other improvements, and expects volume would more than double by 2035.

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INSIDE



RONCO'S IPO COMES WITH A ROTISSERIE

STOCKS, B2



RECKITT PUTS ITS FOOD UNIT UP FOR SALE

DEALS, B3

ROBERTO MACHADO NOA/LIGHTROCKET/GETTY IMAGES

Google Shifts Up Driverless-Car Suit

BY JACK NICAS AND TIM HIGGINS

Google Inc. accused its former driverless-car executive, Anthony Levandowski, of quietly developing a competing company for more than three years before he left the internet giant and eventually sold the business to Uber Technologies Inc., according to legal documents released Monday.

Mr. Levandowski earned more than \$120 million at Alphabet's Google "for his supposed contributions" to develop the company's self-driving car program, now called Waymo, according to a Google suit against Mr. Levandowski included in the documents.

The court filings offer new details about an alleged scheme by Mr. Levandowski and other former Google employees to steal technology that is at the center of a seven-week-old battle between Uber and Waymo in U.S. District Court in San Francisco.

Neither Mr. Levandowski

nor his lawyers responded to requests for comment.

Waymo sued Uber in February for allegedly stealing trade secrets to jump-start its own self-driving-car program last year. Uber is fighting the lawsuit and has argued in legal documents that many of the claims should be instead brought against Mr. Levandowski in employment-arbitration proceedings.

Two years after Mr. Levandowski joined Google in April

New details of Mr. Levandowski's alleged moves to start competing companies were revealed in two separate arbitration suits Google filed against him in October. Uber attorneys disclosed the suits Monday as part of their petition to move some of the claims to arbitration.

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2007, the company began developing a self-driving car and he became an early member of the team.

Around August 2012, the Google suit alleges, he incorporated a business named Odin Wave LLC at an address he owned in Berkeley, Calif. The following summer, a Google vendor told the company that Odin Wave ordered a similar custom part for proprietary laser-sensor technology that Google built for its driverless cars, according to the court documents.

By February 2014, Odin Wave merged with another firm named Tyto Lidar LLC, which was managed by a friend of Mr. Levandowski, according to the documents. In early 2015, the documents say, Google noticed Tyto's laser technology appeared to overlap with its own, so Google says it considered whether to use Tyto's technology or pur-

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◆ Pittsburgh's mayor presses Uber to do more B5



Anthony Levandowski is at the center of a suit filed by Google.

ANDREW SORGOL/DR/DM/ZUMA PRESS

nor his lawyers responded to requests for comment.

Waymo sued Uber in February for allegedly stealing trade secrets to jump-start its own self-driving-car program last year.

Uber is fighting the lawsuit and has argued in legal documents that many of the claims should be instead brought against Mr. Levandowski in employment-arbitration proceedings.

Two years after Mr. Levandowski joined Google in April

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Founder Ron Popeil with some Ronco Brands products in 1982

TV Gizmo Seller Ronco Starts IPO

By RUTH SIMON

Ronco Brands Inc., a gadget maker best known for its late-night commercials peddling the Veg-O-Matic and the Pocket Fisherman, has a new product to sell: its own stock.

The Austin, Texas, company, which has passed through several owners since its founder Ron Popeil turned the infomercial into a kitschy art form, last week began selling an initial public offering that seeks to raise \$30 million and values the business at more than \$110 million.

Act now, by buying more than \$1,000 in shares, and you'll get a one-time discount of 20% on Ronco.com purchases, the company says on its website.

Pony up more than \$5,000, and Ronco will kick in one of the countertop rotisserie ovens that account for more than half its revenue.

"We have millions of satisfied customers out there," said William Moore, Ronco's president since 2011. "We are asking them to join us with another vote of confidence in the future of Ronco Brands."

It could turn out to be an expensive way to roast a chicken: While Ronco says it has sold more than \$2 billion of housewares and gadgets since the early 1960s, it is now a small and unprofitable business.

Ronco generated revenue of \$9 million in 2015, according to securities filings, and just \$3.6 million in the first half of 2016, when Ronco had a net loss of \$2.7 million.

Ronco has an accumulated deficit of \$32.2 million, according to the filings, and roughly \$17 million in debt, with interest rates as high as 20%. Auditors have "raised substantial doubt" about whether Ronco can keep operating, according to the filings, which also highlighted concerns about the 22-person company's financial reporting.

PROFILE

Ronco Brands Inc.

Headquarters: Austin, Texas

Business: Housewares and gadgets

Revenue: (2015): \$9 million

President: William Moore

Founder: Ron Popeil

Selected products: Showtime Rotisserie Oven, Pizza & More, Veg-O-Matic, Pocket Fisherman, Ronco Ready Grill, Beef Jerky Machine

Mr. Moore, who would control 97% of the voting rights after the sale, said the company's investment bankers have deemed its valuation appropriate given expectations for 2017 and 2018. The auditor warnings are "pretty standard stuff," he said, "in an environment where you are losing money."

Mr. Popeil, who founded Ronco more than 50 years ago, became famous for pitching products like the Beef Jerky Machine—a dehydrator billed as "a one-way ticket to meat-lover's heaven"—and the \$19.99, slicing, dicing Veg-O-Matic. Mr. Popeil took the company public in 1969 and bought it back out of bankruptcy protection in the mid-1980s.

By the time he sold the business in 2005 for nearly \$60 million, Ronco was generating \$150 million in sales just from infomercials, Mr. Moore said.

With a lack of successful new products and other financial troubles, Ronco filed for chapter 11 bankruptcy protection again in 2007. The company changed hands twice more before being purchased in 2011 by its current owners in exchange for assuming roughly \$13 million in debt.

BUSINESS & FINANCE

Safe Cars Cost More to Insure

BY CHRISTINA ROGERS
AND LESLIE SCISM

New cars loaded with high-tech crash-prevention gear are having a perverse effect on car-insurance costs: They are soaring.

Safety features such as autonomous braking and systems to prevent drivers from drifting out of their lanes are increasingly available on vehicles rolling off assembly lines. Auto companies and third-party researchers say these features help prevent crashes and are building blocks to self-driving cars. But progress comes with a price.

Enabling the safety tech are cameras, sensors, microprocessors and other hardware whose repair costs can be more than five times that of conventional parts. And the equipment is often located in bumpers, fenders and external mirrors—the very spots that tend to get hit in a crash. Insurance companies, unwilling to shoulder all the pain, are passing some of the cost to buyers.

Jeff Woods, a professor in Illinois, recently bought a 2017 Volkswagen Passat to replace a two-year-old model. It was loaded with so-called active safety equipment. So he wasn't expecting his **State Farm** insurance-policy premiums to jump 20% to \$1,200 a year.

"I was told by the car dealership all the technology would improve the cost of insurance," Mr. Woods said. "Instead, it went up." **Volkswagen AG** declined to comment on Mr. Woods's experience but said it was "proud to offer advanced-safety technology systems on our vehicles."

Mr. Woods said he ended up negotiating a price reduction with State Farm.

Insurance sticker shock is a blow to auto makers looking to increase adoption of high-tech safety packages, which can add thousands of dollars to the price of a new car and deliver significantly higher margins than other options.

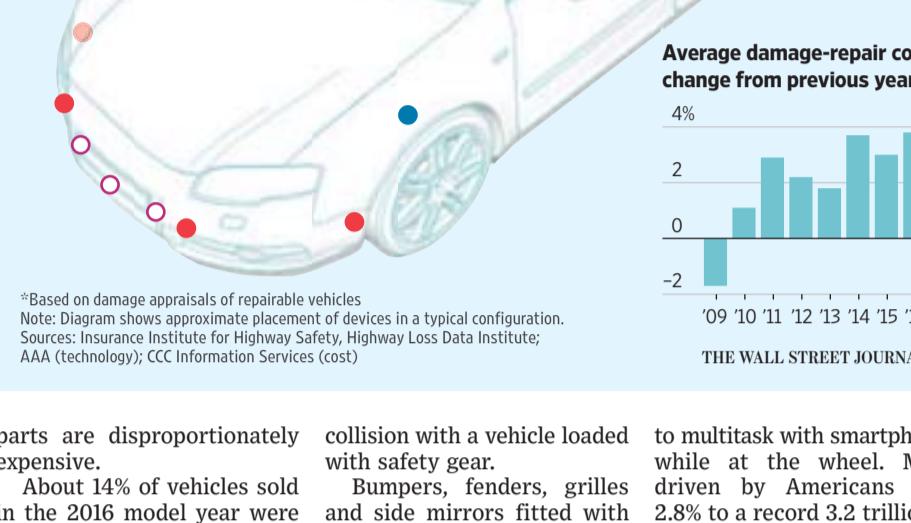
At present, though, only a fraction of buyers opt for the technology, often known as "advanced driver assistance systems," or ADAS.

As a result, replacement

High-Priced Avoidance

Advances in crash-prevention technology have made cars safer by using sensors, cameras and radars to detect potential hazards but the high-tech gear can make repairs costlier when a collision can't be averted.

- Near-range cameras
- Ultrasonic sensors
- Radar devices



*Based on damage appraisals of repairable vehicles
Note: Diagram shows approximate placement of devices in a typical configuration.
Sources: Insurance Institute for Highway Safety, Highway Loss Data Institute; AAA (technology); CCC Information Services (cost)

parts are disproportionately expensive.

About 14% of vehicles sold in the 2016 model year were equipped with collision-mitigation technology, according to WardsAuto.com. Some insurers estimate 25% to 50% of all vehicles on the road will need to have forward-collision-prevention systems before accident rates decline enough to offset higher repair costs.

It now costs \$166 to fix a conventional left mirror on a 2015 Mercedes-Benz ML350, according to **Allstate** Corp., but the repair bill balloons to \$925 for that mirror with collision-avoidance technology. A tech-equipped mirror on a Lexus RX 350 costs \$840 to repair, more than double the \$390 for a mirror without the tech.

An industry alliance representing a dozen auto manufacturers declined to comment on repair costs. Several auto makers said safety is a priority, and while new parts are expensive at first, the price tends to fall over time.

Owners of ADAS-equipped cars aren't the only ones paying. Liability insurance is rising, too: A driver of a basic car may be liable for damages in a

collision with a vehicle loaded with safety gear.

Bumpers, fenders, grilles and side mirrors fitted with safety sensors often cost more to fix because of the need to recalibrate software and the limited availability of replacement parts, said Susan Gotsch, lead analyst for CCC Information Services, which provides software to collision-repair shops, insurers and the

multitask with smartphones while at the wheel. Miles driven by Americans rose 2.8% to a record 3.2 trillion in 2016, according to the Federal Highway Administration. That increase was far outpaced by a 6% surge in motor-vehicle deaths in the period.

Industrywide, the average annual car-insurance premium increased 14% since 2014 to \$990, according to an estimate by the Insurance Information Institute.

"Safer vehicles are more expensive to repair," Liberty Mutual Chief Executive David Long told investors in March, explaining why the severity of claims is increasing. The Boston-based company, among the 10 largest car insurers, has been raising rates since late last year.

"We are nowhere near an inflection point," Justin Hernon, spokesman for insurer Allstate Corp., said. Even after an average 7% increase in 2016 "there is really no other place for premiums to go but up," he said.

The National Highway Traffic Safety Administration estimated more than 90% of all crashes are caused by human error.

ULTRA

Continued from the prior page million, when the drilling contractor emerged from bankruptcy protection, according to securities filings.

The shares immediately climbed from their initial price of \$15 and on Dec. 13 made a huge leap above \$40 when rival Patterson-UTI Energy Inc. announced a deal to buy Sev-

enty Seven for \$1.76 billion. The deal values Seventy Seven's stock higher than it had ever been before its June bankruptcy filing, and it has given Mr. Winchester's shares a value of more than \$15 million.

Seventy Seven representatives didn't respond to requests for comment.

As for Ultra, some of the shares due to be distributed to executives are subject to vesting schedules, and the numbers may change subject to

pending litigation. The values also might swing significantly higher or lower depending on how the company's stock trades.

The situation shows how timing and the ability to hang on can be everything in the oil industry. Investors in companies that sought bankruptcy protection last year when energy prices were at their lowest levels caught the rebound and have generally fared better, compared with those in-

vested in companies that succumbed to the oil bust early on and grappled with prices that kept plunging even after they had filed.

More than 250 U.S. and Canadian oil-and-gas companies have filed for bankruptcy protection since 2014, when a global glut of crude caused energy prices to collapse. Those companies collectively reported about \$118 billion of debt, according to law firm Haynes & Boone LLP.

PORTS

Continued from the prior page drop after ports in the U.K., Netherlands and Germany added capacity.

Seattle and Tacoma, now operating as the Northwest Seaport Alliance, pool money and make infrastructure investments together. Last year, the ports handled 9% more loaded containers, compared with a 4% increase at Southern California's two ports and a 0.1% drop at the Port of Vancouver, British Columbia, the closest large port to Seattle.

The ports of Savannah, Ga., and Norfolk, Va., the second- and third-largest East Coast container ports by volume, respectively, would continue to operate separately under their agreement, but would share some information such as what equipment they plan to buy and which types of cargo they would go after. This could

allow the ports to complement each other by specializing in different kinds of cargo, rather than compete.

Port officials in Georgia and Virginia declined to comment. The Federal Maritime Commission, which regulates ocean trade, has until mid-April to raise objections or request further details before the agreement goes into effect.

"We're seeing more port discussion and cooperation agreements in the U.S.," said Federal Maritime Commissioner William Doyle. The East Coast Gateway agreement, as the Georgia-Virginia pact is known, is a "first step" toward broader coordination "that could lead to an alliance agreement if the synergies make sense," he said.

For retailers and manufacturing companies, port alliances could narrow shipping options. But the use of bigger ships could keep freight rates close to their recent all-time lows for shippers.



Tim Rue/Bloomberg News

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Slow and steady wins the race.

BUSINESS NEWS

Cyberattack on Bangladesh Tied To North Korea

By ROBERT McMILLAN

A newly discovered digital clue links the hacking group blamed for a multimillion-dollar cyberattack on Bangladesh's central bank to a computer in North Korea, according to the Russian cybersecurity company Kaspersky Lab ZAO.

Kaspersky announced Monday at its security conference on the Caribbean island of St. Maarten that its researchers had obtained digital records showing a European server used by the group to launch its attacks exchanged data in January with a computer that had an internet address belonging to North Korea's state-owned internet service provider.

Security experts have long suspected the hacking group, known as Lazarus, was backed by North Korea, but that assessment hinged on a 2014 Federal Bureau of Investigation claim that one Lazarus hack—the compromise of Sony Pictures Entertainment in 2014—was conducted by North Korea.

The newly discovered evidence came from a rare technical error by the Lazarus hackers.

Although The Wall Street Journal reported last month that the FBI is pursuing a criminal case linking North Korea to Lazarus's activity, the agency hasn't provided any public evidence to substantiate the alleged North Korean link.

Multiple calls to the North Korean mission to the United

Nations went unanswered. The newly discovered evidence came from a rare technical error by the Lazarus hackers, according to Kaspersky.

The hackers failed to remove computer-log files on a server used by the group, and these digital records show the server briefly connecting to another computer in North Korea, said Vitaly Kamluk, a researcher with Kaspersky.

North Korea has "very little presence on the internet, and the chances that this is just a random connection are extremely small," Mr. Kamluk said. "It does place North Korea into this equation."

As with most developments in the shadowy world of computer intrusions, this latest piece of evidence isn't conclusive. It is technically possible, for example, for someone to hack the North Korean computer and connect it to the Lazarus server to throw off investigators, Mr. Kamluk said.

Although the attacks against Sony and Bangladesh Bank occurred in 2014 and 2016, respectively, the Lazarus group has been active since at least 2009 and recently has targeted banks in Europe and the U.S., Mr. Kamluk said. Lazarus is a name given to a group of the hackers by security researchers. No member of the group has been publicly identified.

Often, as with the Bangladesh central-bank hack, the Lazarus hackers quietly break into computer networks and lurk undetected for months before attacking, the security experts said. The Lazarus group is suspected of stealing \$81 million from Bangladesh Bank's account at the Federal Reserve Bank of New York last year.



Reckitt's food business could be valued at up to \$4 billion.

Reckitt Is Exploring Sale Of Food Unit Amid Tie-Up

U.K. company begins strategic review as it aims at products with higher margins

By DENISE ROLAND

French's mustard is up for sale.

Reckitt Benckiser Group PLC, the British owner of America's best-selling mustard as well as Durex condoms and Lysol disinfectants, said it had started a strategic review of its food business. The company is considering all options for the unit as it seeks to close its \$16.6 billion takeover of baby-food maker **Mead Johnson Nutrition Co.**

The French's unit, which also includes Frank's RedHot pepper sauces and Cattlemen's barbecue sauces, generated £411 million (\$516 million) of the company's overall revenue of £9.89 billion in 2016. Reckitt didn't provide further detail except to say the unit

was no longer considered core.

Bankers and analysts estimated that the food unit could be valued at \$2.5 billion to \$4 billion.

Unilever PLC is in the middle of its own strategic review of its portfolio after snubbing a \$143 billion bid by Kraft Heinz Co.

Both reviews come as consumer-goods giants re-evaluate their slower-growing packaged-food businesses and increasingly move toward higher-margin health and household goods. Investors for years have been encouraging Unilever to sell underperforming businesses such as its spreads unit, which includes margarines like Flora.

Reckitt's acquisition of Mead Johnson would nearly double the size of its consumer-health business and push the Slough, England, company deeper into emerging markets. Reckitt Chief Executive Rakesh Kapoor lost out to Bayer AG in a bidding war for Merck & Co.'s consumer busi-

ness in 2014 and since had been seeking a big acquisition.

Reckitt already has financing lined up for the Mead Johnson purchase and doesn't see it as a primary motivation for selling the food business, a person familiar with the situation said.

"Its main value would be as a sale to another food company," the person said, adding that its value to a private-equity buyer would be limited because of Reckitt's lean management of the business.

The food unit is already managed separately from the rest of Reckitt Benckiser's business, which largely focuses on cleaning products, over-the-counter remedies and brands such as K-Y lubricants and Veet hair-removal cream.

On Friday, Reckitt disclosed in its annual report that the board cut Mr. Kapoor's pay last year after a scandal at its South Korean business.

—Ben Dummett and Ian Walker contributed to this article.

Suit Claims Overcharge By Mylan On EpiPen

By JONATHAN D. ROCKOFF

Mylan NV was hit Monday with a lawsuit alleging the drug company overcharged EpiPen patients as part of an illegal scheme to secure sales.

The lawsuit, which is seeking class-action status, is the latest fallout from patient anger over the cost of EpiPens, the lifesaving allergy treatments whose price Mylan has raised nearly 550% to \$609 for a two-pack since it acquired EpiPen rights in 2007.

A Mylan spokeswoman declined to comment.

The complaint was filed in federal court in Seattle on behalf of the **Hagens Berman Sobol Shapiro LLP** law firm on behalf of three EpiPen patients. It follows a similar such pricing lawsuit that the firm filed in January against drug companies that make insulin.

The latest lawsuit alleged Mylan violated a federal racketeering statute and various states' consumer-protection laws by raising the EpiPen's list price to give a share of the proceeds to pharmacy-benefit managers, or PBMs, and ensure the device was available for sale to patients. PBMs manage pharmacy benefits for employers, and insurers and can influence which drugs are covered by placing them on preferred lists.

"The list prices for EpiPen have skyrocketed because keeping those prices high pays PBMs a spread, guaranteeing EpiPen its dominance in the auto-injector marketplace," the lawsuit said.

The prospects for such a lawsuit are unclear, since the theory of illegality underlying the claim hasn't been litigated before.

BUSINESS WATCH

GENERAL MOTORS

Auto Maker Returns To Air After Bailout

General Motors Co. is back in the business of owning corporate aircraft.

The Detroit auto giant on Monday outlined in a proxy filing costs related to Chief Executive Mary Barra's personal travel, including use of "Company-owned aircraft." It hasn't been widely known that GM owned planes for executive use since it sold jets in connection to being bailed out by the government in 2008 and 2009.

GM executives, and managers leading other Detroit auto makers, were criticized during the financial crisis for flying on corporate jets to Washington to ask Congress for taxpayer funding. Domestic auto makers, including GM, sold aircraft after facing a backlash, and chief executives later drove to Washington when asking for additional help.

GM has been chartering other aircraft for several years and disclosed that practice in past proxy statements.

It is unclear when GM purchased corporate aircraft for executive use, although the perquisite is listed in the proxy statement filed in 2016. The auto maker, compensating Ms. Barra with \$96,618 in personal travel, prohibits the CEO from commercial air travel due to security reasons.

—John D. Stoll

SCHNEIDER ELECTRIC

TBG to Acquire Data-Software Unit

French power-equipment supplier **Schneider Electric SE** agreed Monday to sell its U.S.-based data-software business DTN to **TBG AG**, a Switzerland-based private holding company, in a deal valued at \$900 million.

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 business and decided against trying to build a sub-

scription-based business. TBG doesn't have a website, and a spokesman for the company couldn't immediately be reached for comment.

—Ben Dummett and Noemie Bisserbe

CABLE

Viewers Rose 44% For News Channels

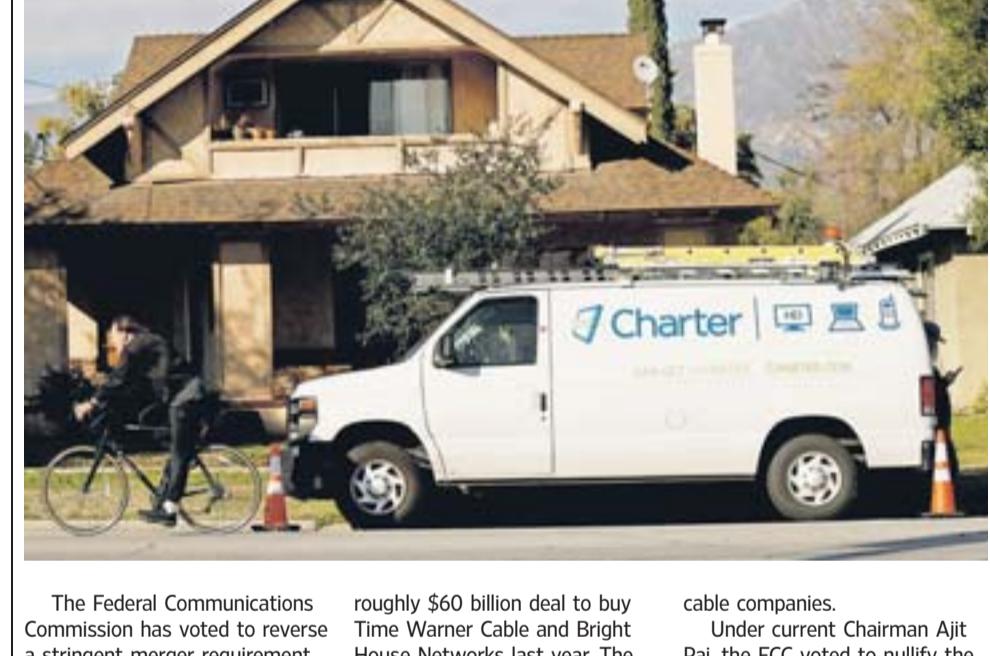
Each of the major cable news channels—CNN, Fox News and MSNBC—bragged about their audience gains during the 2016 presidential election cycle. Across the board, just how much more cable news did Americans watch?

According to a new Nielsen report, adults over 18 watched 27.1 billion minutes of cable news in 2016, a 44% spike over the 18.8 billion minutes in 2015.

That jump was largely responsible for an 18% overall increase in news consumption across all media, including broadcast news, radio and smartphone news.

—Alexandra Bruell

FCC Reverses Strict Merger Ruling for Charter



The Federal Communications Commission has voted to reverse a stringent merger requirement on **Charter Communications Inc.**

The vote overturns one of the toughest conditions that the FCC, under the Obama administration, had imposed on Charter's

roughly \$60 billion deal to buy Time Warner Cable and Bright House Networks last year. The condition had called for Charter to build out high-speed internet access to two million homes, with half already being served by a broadband provider like other

cable companies.

Under current Chairman Ajit Pai, the FCC voted to nullify the "overbuild" requirement and simply compel Charter to build out to two million homes that don't currently have broadband access.

—Shalini Ramachandran

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Apple Supplier Talks Fight Over Patent

By STU WOO

LONDON—A small but critical Apple Inc. supplier is raising the prospect of a patent fight with the smartphone giant after Apple said it would stop using its technology to process graphics in its iPhones and other devices.

Shares of **Imagination Technologies Group PLC** fell 62% in London trading after it disclosed that Apple—its biggest customer—would stop using Imagination technology in the graphics processing units in its devices within 15 months to two years.

Graphics processing units, or GPUs, are computer chips that power videos and other animations on smartphones, computers and other gadgets. Based in the English village of Kings Langley, outside London, Imagination runs its business based on intellectual property, designing and selling basic blueprints for GPUs, but not manufacturing the chips itself.

Imagination said Monday that Apple told the company it was working on a “separate, independent” design. Imagination said it believed it would be “extremely challenging” to design a brand-new GPU architecture “without infringing its intellectual property rights.”

Imagination licenses its technology to Apple, which pays it royalties. Imagination said it was in talks with Apple about an alternative licensing and royalty arrangement.

An Apple spokeswoman declined to comment. An Imagination spokesman said the company was at the beginning of a process with Apple.

Apple last year said it held discussions with Imagination about acquiring the chip supplier but didn’t plan on making an offer.

Google Rolls Out New Ad Tools

Measures will help marketers track where ads appear across YouTube

By JACK MARSHALL AND JACK NICAS

Google unveiled measures meant to help marketers track where advertisements appear across YouTube, in the wake of the controversy over the company’s placement of ads alongside videos with objectionable content.

The tech giant, a unit of **Alphabet Inc.**, told marketers and advertisers on Monday that it plans to allow third-party measurement companies to monitor where ads appear on YouTube and to report back to marketers on the “brand safety” of its videos.

Google already offers similar functionality allowing marketers to track whether their ads were “viewable” or not, meaning whether they actually appeared on users’ screens.

According to executives at ad agencies, Google also has promised to offer video-level reporting across YouTube by the third quarter of this year.

That feature would give advertisers a full list of specific videos against which their ads appeared and how many times their ads were displayed on each. A Google spokeswoman said the company hasn’t announced the timing for video-level reporting.

Marketers and ad agencies had been pushing Google for more transparency even before the recent uproar over controversial ad placements.

Other changes Google sent to advertisers relate to policies it announced last month, including faster reviews of problematic ad placements and the use of artificial intelligence technology to help detect objectionable content.

The company said it would have new default settings that set a higher bar for the videos that qualify for running ads, and said it would expand its guidelines to block ads from more videos.

For instance, previously Google prohibited ads on YouTube videos advocating violence against people based on race, religion, gender or similar categories. But now it plans to ban ads on any videos that are demeaning or incendiary toward such groups.

The Google spokeswoman said the company is now using smart software to automatically detect inappropriate content and is capturing five times more objectionable videos than it did previously.

Observers said reliance on such software is ripe with challenges, in part because computers often struggle to understand the context and nuance required to determine whether a video violates policies.

Google and U.S. Fight Over Data

By JACOB GERSHMAN

Google and the Justice Department are clashing in courtrooms across the country over the government’s power to compel the company to turn over emails and other personal data sought in criminal probes.

The tensions deepened after a landmark court ruling last year declaring private online communications stored overseas off-limits to prosecutors—even if there is probable cause to suspect the data contains evidence of a crime.

Law-enforcement authorities send Google requests for user data in probes ranging from investigations of human trafficking to terrorism and white-collar cases. Google’s “legal investigations support” team is responsible for disclosing matching records, according to the company.

Until a few months ago, Google turned over data demanded in warrants regardless of where content was stored to comply with a 1986 federal statute that created safeguards over electronic communications and established disclosure procedures.

Google, a unit of **Alphabet Inc.**, changed its policy last year when a New York federal appeals court became the highest judicial body to rule that data on foreign servers is beyond the reach of warrants.

That case was brought by Microsoft Corp., which sought to quash a search warrant in a drug-trafficking probe seeking data in Ireland.

Within hours after the ruling by the Second U.S. Circuit Court of Appeals, Google halted the processing of all search warrants. Coordinating with hundreds of employees, the company quickly developed tools to identify and filter out data stored overseas, Google said in court documents.

Weeks later in August, Google lifted the moratorium. But it no longer discloses emails, videos, photos and other data that it believes are stored overseas. The company has the support of other technology companies, including Microsoft, Yahoo Inc., Apple Inc. and Amazon.com Inc.

Google’s tighter lid on data has angered federal prosecutors, who say the tech company is impeding investigations.

Google gets requests for data in probes ranging from investigations of human trafficking to terrorism.

“When any provider refuses to follow court orders, investigations are jeopardized, and sometimes end unsuccessfully,” said Justice Department spokesman Peter Carr. “The Justice Department is holding Google to its legal obligation.”

In at least one case, involving a warrant in a wire-fraud probe, the government has asked a court to hold Google in contempt. In January, prosecutors told a U.S. magistrate judge in San Francisco that the company had wrongfully withheld “volumes of data” and has

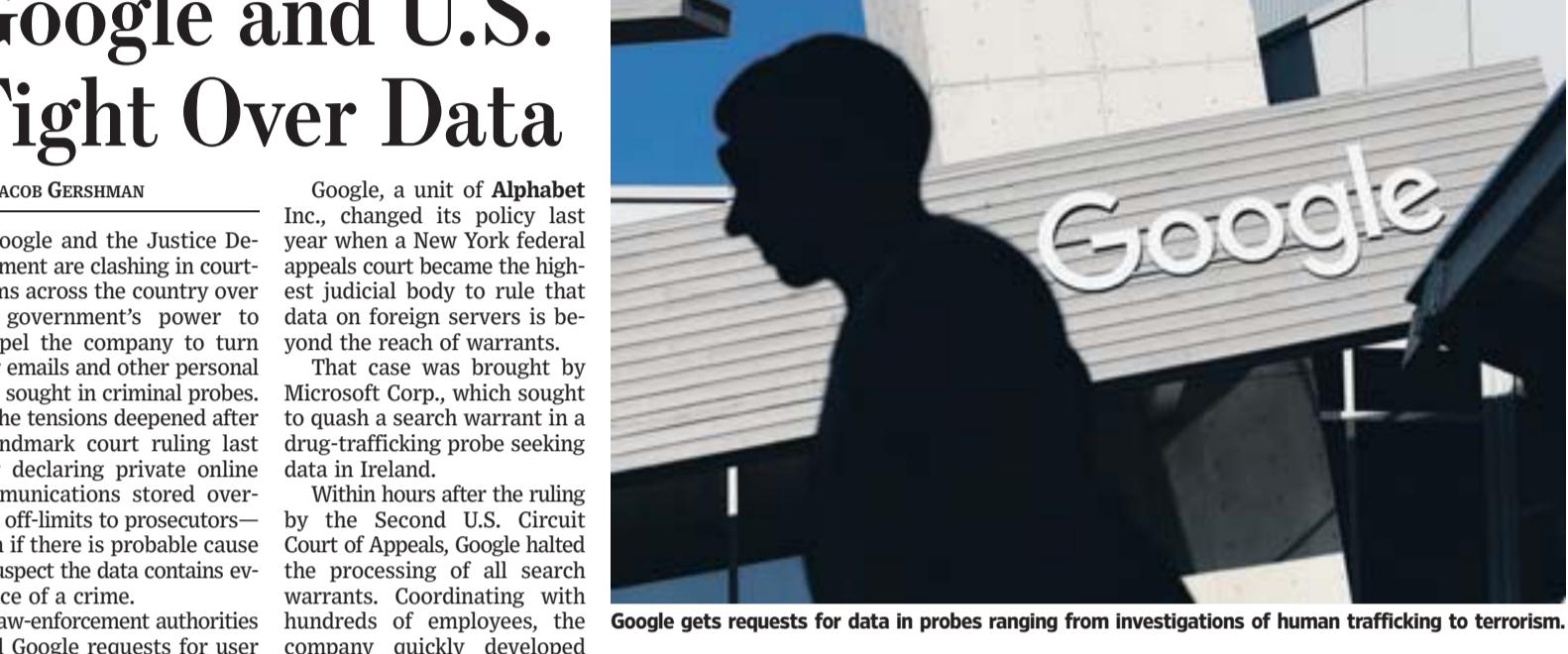
“frustrated ongoing efforts to locate the perpetrators.”

Google, in turn, asked the judge to quash the warrant and possibly “investigate the government’s conduct” in the dispute, saying it has sought “diligently and in good faith” to comply with its obligations.

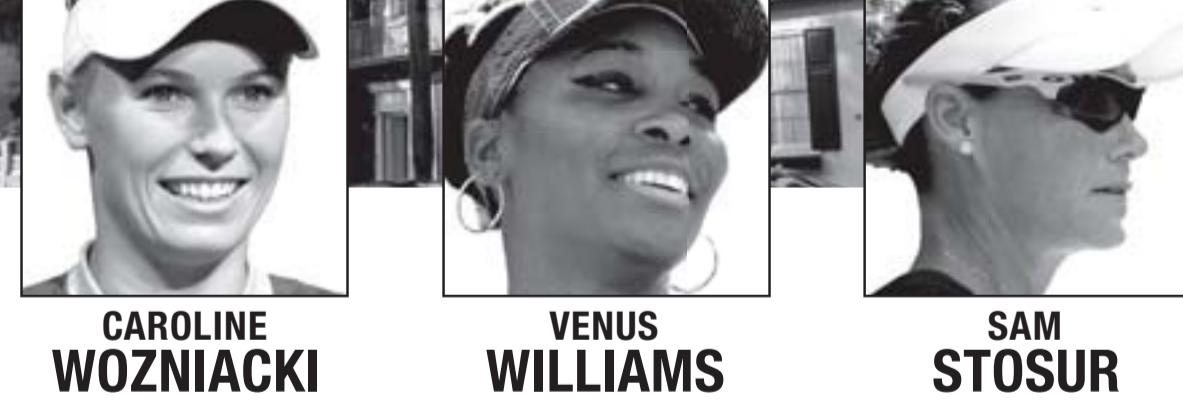
The law in question is the Stored Communications Act, a pre-internet age statute authorizing the government to compel the disclosure of electronic records with a judge-approved warrant based on probable cause.

It is a fight Google says it tried to avoid. Court papers describe failed attempts at “constructive dialogue” with the Justice Department.

In the wire-fraud case in San Francisco, Google said in court papers that its data-location tools enabled it to disclose more emails it could now confirm were domestically stored. Prosecutors say Google is still holding back email attachments, calendar data and photos that could be important evidence. There hasn’t been any ruling in this case yet.



JEFF CHIU/ASSOCIATED PRESS



CAROLINE WOZNIAKCI

VENUS WILLIAMS

SAM STOSUR

SWING INTO CHARLESTON

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BUSINESS NEWS

Uber Hits Another Pothole

Self-driving program encounters snag as Pittsburgh presses firm to give back more

BY IAN THE JEANNE DUGAN AND GREG BENSINGER

PITTSBURGH—A pilot program that allowed **Uber Technologies** Inc. to launch its first self-driving cars in this former steel town has hit a road bump.

It isn't about regulation, which steered Uber's driverless program out of San Francisco. Nor is it about safety, which last month led the ride-hailing company to temporarily suspend its self-driving testing after an accident in Arizona.

Here, some top officials say Uber isn't giving back enough to the community.

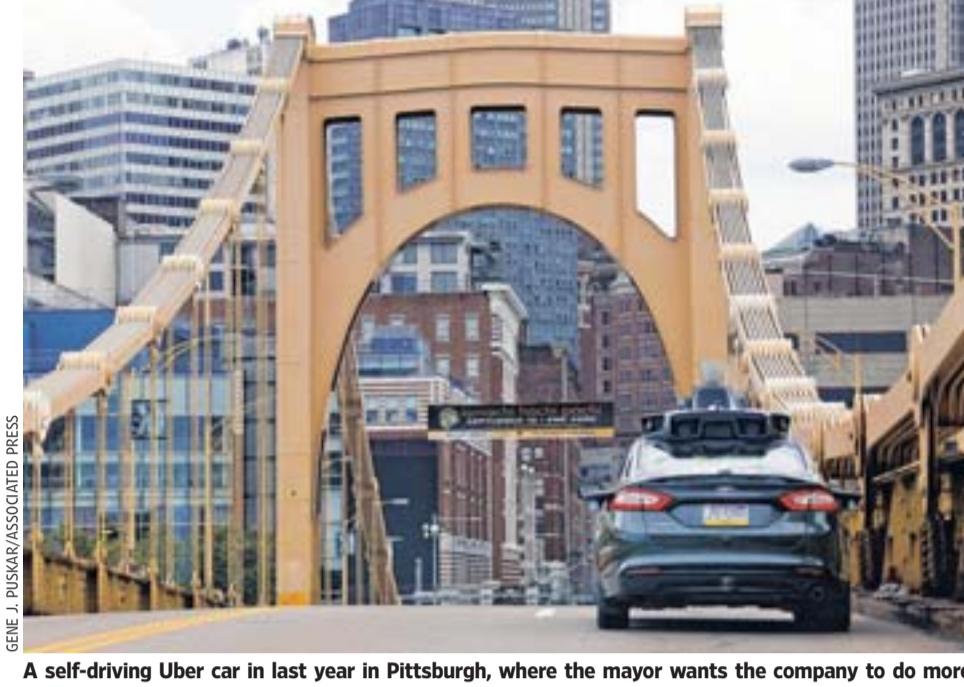
"If they are going to be involved in economic disruption, they have a moral obligation to society," said Mayor Bill Peduto. "In a partnership, it's not just what we can do for them."

Mr. Peduto, a Democrat, said he plans to seek Uber's signature on a memorandum of understanding demanding better work conditions for Uber drivers, services to some elderly residents, and improvements in fuel efficiency.

A spokesman for Uber said the company hadn't seen the memorandum. "Uber is proud to have put Pittsburgh on the self-driving map, an effort that included creating hundreds of tech jobs and investing hundreds of millions of dollars," he said. "We hope to continue to have a positive presence in Pittsburgh by supporting the local economy and community."

The Pittsburgh mayor's intervention highlights a broader clash as transportation companies test new technology on public roads in a race to roll out driverless cars.

It marks the latest challenge for Uber, which has been buffeted by charges of sexism and sexual harassment (the com-



A self-driving Uber car in last year in Pittsburgh, where the mayor wants the company to do more.

pany is investigating them), an embarrassing video of Chief Executive Travis Kalanick berating a driver (Mr. Kalanick apologized), and a lawsuit from rival Alphabet Inc. alleging that Uber stole corporate secrets for its self-driving car development (Uber says it will be vindicated.)

Last week, Uber published data about its workforce, saying women comprised just 15% of its technical team, but 36% of all employees. Uber released the report in the wake of criticism from civil-rights groups that had called for Uber to be more transparent about its workforce.

In Pittsburgh, Uber has set up what it calls its Advanced Technologies Center. Its mission: To make self-driving Ubers a reality," according to a release last September, when Uber began offering customers rides in self-driving Volvos, with a human in the driver's seat ready to intervene when needed.

The company has hired about 700 people, including more than 40 engineers from Carnegie Mellon University's National Robotics Engineering Center.

"The mayor is rightly concerned about what the relationship is between companies that are coming to leverage our assets—universities, roads and so forth—and those communities they are benefiting from," said Grant Oliphant, president of the \$1.52 billion Heinz Endowments, a philanthropic arm of the ketchup conglomerate. "It is in some ways a modern expression of the old-fashioned expectation of corporate citizenship."

Uber has been well received by many residents and business leaders. Brian Kennedy, senior vice president for the Pittsburgh Technology Council, a trade group, said Uber's project has made it easier to draw other high-tech companies. He added that drunken-driving incidents dropped 18% in Uber's first year.

Mr. Peduto, an early fan of Uber, said he has become disillusioned in the past year. He said Uber fought to ensure Pittsburgh wouldn't impose a tax on ride-sharing, did a U-turn on offering free service during the pilot program, and didn't participate in some civic causes.

Robotics Attracted Uber to Pittsburgh

Uber Technologies Inc., a private company valued at nearly \$70 billion, expects self-driving vehicles to curb costs and limit accidents caused by human error. The technology might be necessary to help Uber one day be profitable by eliminating the cost of paying drivers and seek an initial public offering of stock.

Part of Pittsburgh's allure for Uber was the robotics program at Carnegie Mellon University. On display in its lobby is the first autonomous vehicle, the Terregator, which more than 30 years ago rolled along, albeit at a fairly slow speed. In 2007, the school won a prestigious U.S. Defense Department competition for developing a robotic sport-utility vehicle.

Some team members became leaders in autonomous-car development in Silicon Valley, Detroit and elsewhere.

ment.

In late 2015, while still working at Google, the pair founded a firm called 280 Systems and repeatedly attempted to lure Google colleagues to join their new venture, according to the suit. Mr. Levandowski pitched direct reports in meetings at Google offices, and the two men also tried to persuade colleagues at two meetings at Mr. Levandowski's home, according to the documents.

The pair quit Google about two weeks apart in January 2016 and renamed the company 280 Systems as Otto and merged it with Tyto, the suit alleges. In August 2016, Uber acquired Otto for \$680 million in stock.

Waymo alleges Mr. Levandowski downloaded thousands of confidential documents before leaving Google and bringing them to Uber after the Otto acquisition.

But he may find himself fighting some of the claims of

Waymo's federal suit on his own. Uber's attorneys are petitioning to have many of the federal suit's claims moved to the arbitration proceedings where Google initially sued Mr. Levandowski.

Uber's lead attorney, Arturo Gonzalez, said in an interview Friday that Google's employment agreement with Mr. Levandowski mandates that such disputes are handled via arbitration. "If the claim stems from the conduct of the employee, it has to be resolved in arbitration," he said. Google "did file two arbitration lawsuits, and then they turn around and run to federal court to sue Uber. That is an end-around to that" employment agreement.

Mr. Levandowski has hired his own personal attorneys who recently told the federal judge that Mr. Levandowski was invoking the Fifth Amendment to avoid self-incrimination because he could face criminal action, according to a transcript of a recent hearing.

CAR

Continued from page B1
chase the company.

Mr. Levandowski aided that inquiry, even visiting Tyto's headquarters on behalf of Google, the company alleges, yet "throughout this process, Levandowski never disclosed a relationship with Tyto and its employees."

In 2015, the suit alleges, a Google driverless-car colleague began helping Mr. Levandowski create a competitor. One of the Google arbitration suits names this colleague as a defendant. The name is redacted in much of the document released Monday, but on the last page the name is mistakenly revealed: Lior Ron, a Google driverless-car engineer who along with Mr. Levandowski founded Otto, the self-driving truck company they sold it to Uber.

Mr. Ron didn't immediately respond to requests for com-

ment.

The pair quit Google about two weeks apart in January 2016 and renamed the company 280 Systems as Otto and merged it with Tyto, the suit alleges. In August 2016, Uber acquired Otto for \$680 million in stock.

Waymo alleges Mr. Levandowski downloaded thousands of confidential documents before leaving Google and bringing them to Uber after the Otto acquisition.

But he may find himself fighting some of the claims of

Canada Sets Its Best Minds on AI

BY DANIELA HERNANDEZ
AND DAVID GEORGE-COSH

Canada wants to be an artificial-intelligence hotbed.

Don Walker, chief executive of Canadian auto-parts giant **Magna International** Inc. hosted a number of the country's leading executives, scientists and politicians, including Prime Minister Justin Trudeau, at his summer home last July to mull ways Canada could move past its reliance on natural-resource exports. Artificial intelligence was at the top of the list, according to several attendees.

Last month, in part thanks to those discussions, the Canadian government said it would dedicate \$125 million Canadian dollars (\$94 million) in funding toward developing AI in Montreal, Toronto and Edmonton—cities with top universities.

The initiative, known as the Pan-Canadian AI Strategy, is one pillar—along with research-and-development-friendly tax policies and entrepreneurship-mentorship programs—for an effort by academics, business leaders and govern-



Prime Minister Justin Trudeau at a Ford plant in Windsor, Ont., last week. Canada wants to boost research into artificial intelligence.

ment officials to boost Canada's capabilities in AI.

At an event on Thursday with Mr. Trudeau, **Ford Motor** Co. unveiled plans to invest C\$500 million to hire 400 engineers from **BlackBerry** Ltd.'s mobility-solutions unit to help develop internet-connected vehicles and create a new research-and-development center in Ottawa.

The irony, according to Canadian academics, is that basic research that has enabled technologies such as speech recognition on smartphones

and computer-vision systems in self-driving cars traces its roots, in part, to Canadian universities. But U.S. companies like Alphabet Inc.'s Google,

Microsoft Corp., Facebook Inc. and Amazon.com Inc. have reaped the financial benefits, they say.

Among the reasons academics and entrepreneurs cite: the loss of top AI researchers to U.S. companies, a dearth of investors, plus a long history of Canadian startups moving to the U.S. to gain traction.

Fox News Contributor Files Suit Over Ailes

By JOE FLINT

Fox News contributor Julie Roginsky filed a lawsuit alleging she was sexually harassed by the cable-television network's former chairman, Roger Ailes, and that he and other executives retaliated when she rejected his unwanted sexual advances.

The gender-discrimination suit, filed Monday in New York state court, claims Mr. Ailes repeatedly harassed her and that because she refused to engage in a sexual relationship with him, she didn't receive a promised promotion to host the afternoon show "The Five."

Ms. Roginsky alleges the network retaliated against her further when she refused to join other on-air Fox News talent in defending Mr. Ailes after a sexual-harassment suit was filed against him by former anchor Gretchen Carlson.

Ms. Roginsky's suit names as defendants Mr. Ailes, Fox News and Bill Shine, the network's current co-president.

In a statement, a lawyer for Mr. Ailes, Susan Estrich, denied the allegations, describing Ms. Roginsky's characterizations of her meetings with Mr. Ailes as "total hogwash" and an attempt at "character assassination."

"The idea that Mr. Ailes would pressure Ms. Roginsky or any other women to have sexual relations with him is total nonsense," Ms. Estrich said.

Mr. Ailes resigned from Fox News last July in the midst of a probe by parent company 21st Century Fox into claims he harassed multiple women.

He has denied all such allegations. Representatives of Fox News and 21st Century Fox declined to comment. 21st Century Fox and Wall Street Journal parent News Corp share common ownership.

Ms. Roginsky, who last appeared on Fox News this past Saturday, has the same attorney as Ms. Carlson, who set-

tled her case for \$20 million.

In her suit, Ms. Roginsky says she was never advised that Fox News had a policy prohibiting sexual harassment and wasn't made aware "of any reporting mechanism or policy prohibiting retaliation against those who complained about sexual harassment."

She said she also feared coming forward, because, "those who crossed [Mr. Ailes] would be retaliated against by those who reported to him."

Still, she alleges, she complained to Mr. Shine and human-resources executive Suzanne Scott about her situation last November. She claims they didn't investigate the matter or advise her to cooperate with the company probe into Mr. Ailes's conduct.

Contributor accuses Roger Ailes, the former chairman, of sexual harassment.

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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average



S&P 500 Index



Nasdaq Composite Index



Major U.S. Stock-Market Indexes

	Dow Jones		Latest		52-Week		YTD		% chg	
	High	Low	Close	Net chg	% chg	High	Low	% chg	3-yr. ann.	
Industrial Average	20692.34	20517.82	20650.21	-13.01	-0.06	21115.55	17140.24	16.4	4.5	7.6
Transportation Avg	9167.07	9048.23	9086.24	-30.27	-0.33	9593.95	7093.40	16.2	0.5	5.8
Utility Average	697.62	691.11	697.51	0.23	0.03	720.45	625.44	4.4	5.7	9.6
Total Stock Market	24544.44	24304.69	24438.45	-69.87	-0.29	24868.78	20583.16	15.2	5.0	7.1
Barron's 400	629.28	619.38	621.89	-6.26	-1.00	635.07	491.89	20.6	3.4	5.8

* P/E data based on as-reported earnings from Birinyi Associates Inc.

	Nasdaq Stock Market		Latest		52-Week		YTD		% chg	
	High	Low	Close	Net chg	% chg	High	Low	% chg	3-yr. ann.	
Nasdaq Composite	5928.93	5867.73	5894.68	-17.06	-0.29	5914.34	4594.44	20.5	9.5	11.6
Nasdaq 100	5453.44	5403.31	5432.20	-4.03	-0.07	5439.74	4201.05	20.4	11.7	14.3

Standard & Poor's										
500 Index	2365.87	2344.73	2358.84	-3.88	-0.16	2395.96	2000.54	14.2	5.4	7.7
MidCap 400	1723.82	1702.21	1709.55	-10.10	-0.59	1758.27	1416.66	18.9	2.9	7.2
SmallCap 600	845.10	827.83	828.37	-15.80	-1.87	862.21	668.72	21.7	-1.1	6.9

Other Indexes										
Russell 2000	1388.74	1366.53	1369.67	-16.25	-1.17	1413.64	1089.65	23.6	0.9	5.1
NYSE Composite	11502.25	11394.34	11463.91	-28.94	-0.25	11661.22	9973.54	12.6	3.7	2.7
Value Line	521.18	514.17	515.97	-4.33	-0.83	529.13	435.06	14.9	1.9	1.1
NYSE Arca Biotech	3595.59	3516.06	3518.87	-47.14	-1.32	3642.30	2818.70	14.9	14.4	10.9
NYSE Arca Pharma	510.72	506.85	508.70	-0.15	-0.03	554.66	463.78	0.9	5.6	0.6
KBW Bank	92.41	90.52	91.83	-0.22	-0.24	99.33	60.27	42.3	0.04	8.1
PHLX® Gold/Silver	85.31	83.74	85.30	1.53	1.83	112.86	67.63	26.1	8.2	-2.7
PHLX® Oil Service	170.78	166.87	167.94	-1.82	-1.07	192.66	148.37	10.7	-8.6	-16.8
PHLX® Semiconductor	1014.74	998.89	1005.80	-5.60	-0.55	1012.29	630.77	48.9	11.0	19.1
CBOE Volatility	13.59	12.27	12.38	0.01	0.08	25.76	10.58	-12.3	-11.8	-2.5

\$Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE MKT and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours	High	Low
Southwestern Energy	SWN	44,770.0	7.89	...	unch.	7.94	7.89	
DXC Technology	DXC	13,257.3	67.95	...	unch.	68.28	67.72	
SPDR S&P 500	SPY	10,580.6	235.33	...	unch.	235.74	234.97	
iShares Core S&P Small-Cap	IJR	7,603.3	67.92	0.03	0.05	67.96	67.87	
iShares Russell 2000 ETF	IWM	5,565.4	136.03	...	unch.	137.70	135.95	
SPDR DJ Global Real Estate	RWO	2,934.8	47.26	...	unch.	47.26	47.20	
Tech Data	TECD	2,792.5	93.66	...	unch.	94.03	93.66	
General Motors	GM	2,744.4	34.19	0.02	0.06	34.20	33.94	

Percentage gainers...

New Concept Energy	GBR	68.0	2.43	0.66	37.29	2.75	1.68
Paratek Pharmaceuticals	PRTK	601.7	24.40	5.80	31.18	25.50	18.60
DH Technologies	DHT	15.7	4.70	0.18	3.98	4.70	4.52
SPDR S&P 500	SPY	10,580.6	235.33	...	unch.	235.74	234.97
iShares Core S&P Small-Cap	I						

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
	Open	High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.	2,5975	2,5985	2,5975	2,5975	-0,0490	1,789	
April 2,6415 2,6530	2,5985	2,5985	2,5975	2,5975	-0,0490	1,789	
May 2,6535 2,6605	2,6202	2,6202	2,6035	2,6035	-0,0490	120,284	
Gold (CMX) -100 troy oz.; \$ per troy oz.	1247.50	1252.40	1243.60	1250.80	3.50	2,791	
June 1251.90 1255.90	1246.40	1254.00	1240.80	1240.80	2.80	298,781	
Aug 1254.30 1259.30	1249.90	1257.40	1249.90	1249.90	2.90	40,316	
Oct 1257.50 1262.00	1253.80	1260.60	1250.60	1250.60	2.90	6,004	
Dec 1262.20 1265.30	1256.90	1263.90	1256.90	1256.90	2.90	43,637	
Feb'18 1262.80 1268.60	1261.80	1267.10	1261.80	1261.80	2.80	7,112	
Palladium (NYM) -50 troy oz.; \$ per troy oz.	878.00	803.45	878.00	802.55	4.40	5	
May 800.95 810.95	800.95	802.55	800.95	800.95	4.40	3	
June 797.75 805.70	795.00	802.55	4.40	32,456			
Sept 798.20 805.00	796.70	802.85	4.35	555			
Platinum (NYM) -50 troy oz.; \$ per troy oz.	953.10	959.50	950.30	954.70	6.50	437	
Oct 962.20 962.40	954.80	961.70	5.50	3,245			
Silver (CMX) -5,000 troy oz.; \$ per troy oz.	18.220	18.220	18.200	18.191	-0.044	474	
May 18.265 18.290	18.090	18.212	-0.044	156,810			
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	50.69	50.83	50.12	50.24	-0.36	582,782	
June 51.15 51.29	50.61	50.71	-0.36	328,618			
July 51.50 51.63	51.00	51.08	-0.34	140,355			
Sept 51.88 52.03	51.47	51.56	-0.28	173,456			
Dec 52.10 52.29	51.78	51.94	-0.14	257,287			
Dec'18 51.62 51.89	51.54	51.74	0.12	121,622			
NY Harbor UlSD (NYM) -42,000 gal.; \$ per gal.	1,5729 1,5872	1,5605	1,5634	-0.112	127,326		
May 1,5729 1,5926	1,5676	1,5705	-0.104	77,540			
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.	1,7007 1,7150	1,6893	1,6937	-0.093	135,101		
June 1,6889 1,7077	1,6850	1,6895	-0.071	65,144			
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.	3,217 3,239	3,125	3,128	-0.062	306,520		
June 3,277 3,300	3,202	3,204	-0.050	126,358			
July 3,344 3,360	3,270	3,273	-0.043	145,853			
Sept 3,345 3,360	3,281	3,287	-0.031	105,907			

Cash Prices | WSJ.com/commodities

Monday, April 03, 2017

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Monday	Monday	Monday			
Energy					
Propane,tet,Mont Belvieu-g 0.6119					
Butane,normal,Mont Belvieu-g	0.7408				
Natural Gas,HenryHub-i	3.050				
Natural Gas,TranscoZone3-i	2.960				
Natural Gas,TranscoZone6NY-i	2.850				
Natural Gas,PanhandleEast-i	2.700				
Natural Gas,Opal-i	2.720				
Natural Gas,MarcellusNE PA-i	2.740				
Natural Gas,HaynesvilleLA-i	2.920				
Coal,Caplc,1,250,000Btu,1,2502-r,w	51.750				
Coal,PwdrRvrBsn,880,000Btu,0.8502-r,w	11,500				
Metals					
Gold, per troy oz.					
Engelhard industrial	1248.77				
Engelhard fabricated	1342.43				
Handy & Harman base	1247.25				
Handy & Harman fabricated	1384.44				
LBMA Gold Price AM	*1241.70				
LBMA Gold Price PM	*1244.85				
Kruegerand,wholesale-e	1302.29				
Maple Leaf-e	1314.81				
American Eagle-e	1517.78				
Mexican peso-e	1230.41				
Austria crown-e	1314.81				
Austria phil-e					
Silver, troy oz.					
Engelhard industrial	18,0900				
Engelhard fabricated	21,7080				
Handy & Harman base	18,2500				
Handy & Harman fabricated	22,8130				
LBMA spot price	£14,5245				
(U.S.\$ equivalent)	18,1600				
Metals					
Coins,wholesale \$1,000 face-a					
14019					
Other metals					
LBMA Platinum Price PM	*940.0				
Platinum,Engelhard industrial	950.0				
Platinum,Engelhard fabricated	1050.0				
Palladium,Engelhard industrial	801.0				
Palladium,Engelhard fabricated	901.0				
Aluminum,LME,\$ per metric ton	*1946.5				
Copper,Comex spot	2,5975				
Hogs-Lean (CME)	40,000 lbs.; cents per lb.				
Natural Gas (NYM)	10,000 MMBtu.; \$ per MMBtu.				
May 3,217 3,239	3,125	3,128	-0.062	306,520	
June 3,277 3,300	3,202	3,204	-0.050	126,358	
July 3,344 3,360	3,270	3,273	-0.043	145,853	
Sept 3,345 3,360	3,281	3,287	-0.031	105,907	
Food					
Beef,carcass equiv.index					
choice 1-3,600-900 lbs.-u	195.82				
select 1-3,600-900 lbs.-u	185.38				
Broilers,dressed 'A'-u	n.a.				
Broilers,National comp wghtd,u-w	0.9845				
Butter,AA Chicago	2,1275				
Cheddar cheese,bbl,Chicago	149.50				
Cheddar cheese,blk,Chicago	153.00				
Milk,Nonfat dry,Chicago,bbl	80.00				
Cocoa,Ivory Coast-w	2351				
Coffee,Brazilian,Comp	n.a.				
Coffee,Colombian, NY	0.8050				
Eggs,large white,Chicago-u	12.50				
Flour,hard winter KC	15.30				
Hams,17-20 lbs,Mid-US fob-u	n.a.				
Hogs,Iowa-No.2 Minnesota-u	64.76				
Pork bellies,12-14 lb MidUS-u	n.a.				
Pork loins,13-19 lb MidUS-u	0.9258				
Steers,Tex-Oka,Choice-u	127.44				
Cottonseed meal,u-w	203				
Hominy feed,Cent IL-u	92				
Meat-bonemeal,50% pro Mnpls-u	270				
Oats,No.2 milled,Mnpls-u	2,9050				
Rice,5% Broken White,Thailand-lw	350.00				
Rice, Long Grain Milled, No. 2 AR-u	20.25				
Sorghum,(Milo) No.2 Galf-u	6,8800				
Soybean Meal,Cent IL,rail,ton48%-u	301.10				
Soybeans,No.1 llyw IL-bp	9,0150				
Fibers and Textiles					
Burlap,10-oz,40-inch NY yd,n,w	0.6200				
Cotton,11/16 std lw-mdMphs-u	0.7297				
Cotlook 'A' Index-t	*86.35				
Hides,hvy native steers piece fob-u	n.a.				
Wool,64s,staple,Terr del-u,w	4.45				
Grains and Feeds					
Barley,top-quality Mnpls-u	n.a.				
Bran,wheat middlings,KC-u	78				
Corn,No.2 yellow,Cent IL-bp	3,4450				
Corn gluten feed,Midwest-u,w	87.8				
Corn gluten meal,Midwest-u,w	505.9				
Cottonseed meal,Midwest-u,w	203				
Hominy feed,Cent IL-u	92				
Meat-bonemeal,50% pro Mnpls-u	270				
Oats,No.2 milled,Mnpls-u	2,9050				
Rice,5% Broken White,Thailand-lw	350.00				
Rice, Long Grain Milled, No. 2 AR-u	20.25				
Sorghum,(Milo) No.2 Galf-u	6,8800				
Soybean Meal,Cent IL,rail,ton48%-u	301.10				
Soybeans,No.1 llyw IL-bp	9,0150				
Fats and Oils					
Corn oil,crude wet/dry mill-u,w	38,2500				
Grease,choice white,Chicago-u	0.2750				
Lard,Chicago-u	n.a.				
Rice,5% Broken White,Thailand-lw	350.00				
Rice, Long Grain Milled, No. 2 AR-u	20.25				
Soybean oil,crude,Cent IL-u	0.2917				
Tallow,bleach,Chicago-u	0.3000				
Tallow,edible,Chicago-u	0.3350				
Secondary market					
Fannie Mae					

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISYE and BATS. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:
 i-New 52-week high.
 l-New 52-week low.
 dd-Indicates loss in the most recent four quarters.
 FD-FIRST day of trading.
 H-Does not meet continued listing standards.
 If-Late filing
 q-Temporary exemption from Nasdaq requirements.
 t-NYSE bankruptcy.
 v-Trading halted on primary market.
 w-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

April 3, 2017

NYSE

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BANKING & FINANCE

Housing Bubbles Prove Difficult to Pop

Regulatory moves in Canada and Australia show limitations of efforts to rein in prices

BY ROB TAYLOR
AND RACHEL PANNETT

SYDNEY—From Australia to Canada, authorities are learning a hard lesson in efforts to curb the foreign money flooding property markets: Deters quickly lose their punch.

In recent years, regulators in several countries have raised taxes on residential real-estate purchases, required banks to demand bigger down payments and taxed empty homes—to little long-term avail.

Now, they are trying again.

Australian regulators on Friday ordered banks to limit the flow of interest-only loans—a villain in the U.S. subprime mortgage crisis—to 30% of new loans from about 40% now and to restrict loans to people making small down payments. The country's corporate regulator said on Monday that it was investigating

whether lenders and mortgage brokers were inappropriately promoting interest-only loans. New South Wales state, home to Sydney, is considering a further property-tax rise for foreigners.

The moves are an attempt to blunt a price rise that has resumed after the last crackdown that started in late 2014.

House prices in Sydney and Melbourne, the nation's two biggest cities, rose about 19% and 16%, respectively, in the year through Friday, much of it in the past six months, according to an analysis by data company CoreLogic released on Monday.

The median house price in Sydney hit \$821,000 last year, according to Demographia, a U.S. think tank. It said the figure, equivalent to 12.2 times the average annual wage, made Sydney the world's second-most-expensive city after Hong Kong on a house-price-to-income ratio.

Demand in Melbourne is driving up the valuations of plots of land for housing by \$7,500 a week, said Giles Bray, a mortgage broker. Developers are now building 300-square-

Raising the Roof

Home prices are soaring again in Australia's capital cities...

Residential property price index, change from a year earlier

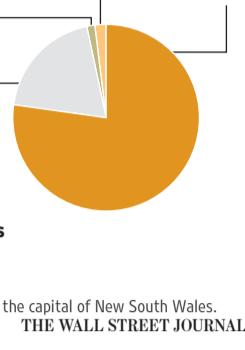


*As of 3Q 2016 **October 2016-January 2017. Figures don't add up to 100 because of rounding. Sydney is the capital of New South Wales.

Sources: Australian Bureau of Statistics (index); Demographia (ratio); Credit Suisse (foreign buyers)

...as China dominates foreign buying in at least one major market.

Foreign property buyers in New South Wales, share of value**



THE WALL STREET JOURNAL.

gling to adjust at the end of a long mining boom.

The central bank meets again on Tuesday and is widely expected to keep rates unchanged.

Before the 2007-2008 financial crisis, many policy makers thought asset bubbles couldn't be detected in advance and that it was therefore better to clean up afterward rather than try to influence their growth. Now, regulators generally believe they need to act as risks rise.

Canada has tightened housing-financing rules numerous times since mid-2008 to curb excesses. In Canada's hottest market, Vancouver, British Columbia, the government last year introduced a new residential-property tax on outsiders and imposed a separate vacancy tax on properties left unoccupied.

But policy makers worry about whether cooling measures might just shift demand from one jurisdiction to another. Chinese buyer interest has been rising in the Seattle region since Vancouver's tax-policy changes were introduced in August, brokers said.

STREET

Continued from page B1

London interbank offered rate borrowing costs and risk-free overnight indexed swaps has halved from its August peak.

All this fits with anecdotal evidence of investment banks becoming more willing to lend to clients. "I have banks calling up and saying they're going to allocate me more balance sheet," said one big fixed-income investor.

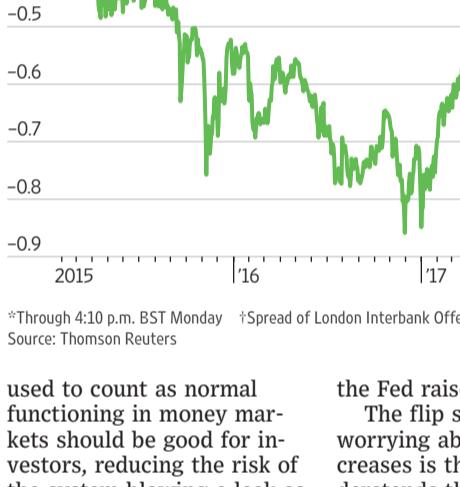
Steve Kang, U.S. rates strategist at Citigroup, says there is a lot of uncertainty about regulatory changes promised by the new White House, but adds: "Arguably, we've reached the peak regulation point in terms of the U.S." If restrictions on bank balance sheets are relaxed, banks will be more willing to pick up the free money by taking the other side of swap spreads and cross-currency basis swaps, helping reduce the distortions.

Moving back toward what

Money Markets Less Stressed

The international shortage of dollars has eased, the extra cost above Treasurys of swapping fixed for floating rates has dropped, and banks are more willing to lend to each other. But money markets are not yet back to normal.

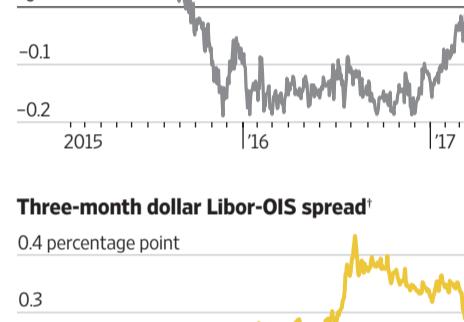
Yen cross-currency basis swaps*



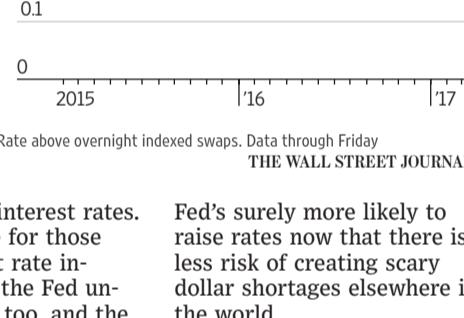
*Through 4:10 p.m. BST Monday ↑Spread of London Interbank Offered Rate above overnight indexed swaps. Data through Friday

SOURCE: Thomson Reuters THE WALL STREET JOURNAL.

10-year U.S. swap spreads*



Three-month dollar Libor-OIS spread†



*Through 4:10 p.m. BST Monday ↑Spread of London Interbank Offered Rate above overnight indexed swaps. Data through Friday

SOURCE: Thomson Reuters THE WALL STREET JOURNAL.

used to count as normal functioning in money markets should be good for investors, reducing the risk of the system blowing a leak as

the Fed raises interest rates.

The flip side for those worrying about rate increases is that the Fed understands this, too, and the

Fed's surely more likely to raise rates now that there is less risk of creating scary dollar shortages elsewhere in the world.

Deutsche Bank

Shuffles Executives

By JENNY STRASBURG

Deutsche Bank AG is shuffling more executives while it searches for a new chief financial officer and reshapes global businesses for the second time in 18 months.

The lender's group treasurer since 2009, Alexander von zur Mühlen, will leave that post and return to the investment bank, where he previously worked, according to people familiar with the matter.

The move, to be announced as soon as this week, means Mr. von zur Mühlen will continue working for current CFO Marcus Schenck, who will co-head a newly recombined investment bank once a new CFO is named.

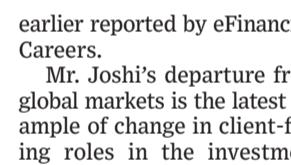
The investment bank, Deutsche Bank's largest division, is being restructured to encompass the trading unit that was split from the deal-advisory and transaction-banking businesses in late 2015.

Plans are being drawn up for new, adjacent offices to be constructed for the investment-bank co-heads, Mr. Schenck and current markets chief Garth Ritchie, on the fourth floor of Deutsche Bank's London headquarters, people with knowledge of the plans say. That floor is home to a reduced European stock-trading business.

Mr. von zur Mühlen previously was a senior European debt capital-markets and derivatives banker at Deutsche Bank. His fate as the longtime treasurer has been a subject of speculation inside and outside Deutsche Bank because some

co-workers and investors saw him as a potential successor to Mr. Schenck as CFO, according to people close to the bank. A Deutsche Bank spokeswoman declined to comment on his behalf.

Deutsche Bank's new treasurer will come from the markets division: Dixit Joshi is moving into the job after overseeing fixed-income sales globally since late 2015, according to people familiar with the pending move. Discussions about the plans were



earlier reported by eFinancialCareers.

Mr. Joshi's departure from global markets is the latest example of change in client-facing roles in the investment bank. Deutsche Bank is still narrowing its client roster while trying to win back market share it has lost in key areas.

A number of employees, including some in the investment bank and trading division, have been discussed as potential CFO candidates, but people close to the bank say Deutsche Bank executives have signaled that an external hire is more likely.

The CFO search is focusing on fluent German speakers with experience in a finance role at a bank or other financial entity, the people said.

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Monday, April 4, 2017		Closing	Chg	YTD
ETF	Symbol	Price	(%)	(%)
iShares P500 Value ETF	IVE	103.79	-0.24	2.4
iShares P500 Value ETF	IJJ	147.30	-0.68	4.2
iShares P500 Value ETF	PFF	38.76	-0.62	4.1
iShares P500 Value ETF	SLV	17.24	-0.06	1.4
iShares P500 Value ETF	TIP	114.77	-0.24	1.4
iShares P500 Value ETF	SHY	84.54	0.09	0.1
iShares P500 Value ETF	IEF	105.19	-0.49	1.1
iShares P500 Value ETF	IWP	103.19	-0.55	6.0
iShares P500 Value ETF	QQQ	132.30	-0.06	1.7
iShares P500 Value ETF	SPLV	43.38	-0.21	4.3
iShares P500 Value ETF	PWRS	23.28	0.09	-0.3
iShares P500 Value ETF	JNQ	36.75	-0.08	0.8
iShares P500 Value ETF	SCHF	29.86	-0.03	7.9
iShares P500 Value ETF	SCHB	56.91	-0.26	5.0
iShares P500 Value ETF	SCHX	56.18	-0.16	5.5
iShares P500 Value ETF	DIA	206.25	-0.04	4.4
iShares P500 Value ETF	GLD	119.35	0.53	8.9
iShares P500 Value ETF	MDY	310.73	-0.54	3.0
iShares P500 Value ETF	SPY	235.33	-0.17	5.3
iShares P500 Value ETF	SDY	87.84	-0.34	2.7
iShares P500 Value ETF	XLK	53.26	-0.09	10.1
iShares P500 Value ETF	VIG	121.56	-0.22	1.1
iShares P500 Value ETF	VEA	39.26	-0.10	7.4
iShares P500 Value ETF	VWO	40.03	-0.78	11.9
iShares P500 Value ETF	VGR	51.36	-0.41	7.1
iShares P500 Value ETF	VUG	121.53	-0.11	9.0
iShares P500 Value ETF	VHT	137.67	-0.11	8.6
iShares P500 Value ETF	VYM	77.46	-0.24	2.2
iShares P500 Value ETF	BIV	83.75	0.40	0.8
iShares P500 Value ETF	VCIT	86.50	0.41	0.9
iShares P500 Value ETF	VVV	107.92	-0.16	5.4
iShares P500 Value ETF	VO	128.66	-0.42	5.3
iShares P500 Value ETF	VOE	101.45	-0.46	4.4
iShares P500 Value ETF	VNQ	82.83	0.29	0.4
iShares P500 Value ETF	VOO	216.08	-0.12	5.2
iShares P500 Value ETF	BSV	79.74	0.16	0.4
iShares P500 Value ETF	VCSH	79.69	0.13	0.4
iShares P500 Value ETF	VB	132.19	-0.82	2.5
iShares P500 Value ETF	BND	81.20	0.37	0.5
iShares P500 Value ETF	BNDX	54.25	0.31	-0.1
iShares P500 Value ETF	VXUS	49.67	-0.02	8.3
iShares P500 Value ETF	VTD	121.02	-0.25	4.9
iShares P500 Value ETF	VTI	65.16	-0.09	6.8
iShares P500 Value ETF	VTY	95.17	-0.21	2.3
iShares P500 Value ETF	HEDJ	62.65	-0.19	9.1
iShares P500 Value ETF	DXJ	50.52	-0.20	2.0

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EQUITIES



Bharatiya Janata Party's recent victory in state elections means Indian Prime Minister Narendra Modi will be tough to beat in 2019.

Investors Bet on India's Modi

BY CORINNE ABRAMS
AND DEBIPRASAD NAYAK

MUMBAI—Indian stocks rose to a record, powered by foreign funds optimistic that the country's prime minister, Narendra Modi, will use his growing popularity to accelerate the pace of change.

The hope is that Mr. Modi will keep Asia's third-largest economy expanding as much of the world struggles with slowdowns and uncertainty about how U.S. President Donald Trump's policies will affect trade.

India's bellwether S&P BSE Sensex broke a two-year-old closing record Monday as it rose to end the trading day 1% higher at 29910.22.

India has outperformed most developed and emerging markets this year. The index is up more than 12%, while key indexes in China, Brazil and the U.S. are up between 4% and 8%, and Russian stocks are down. Meanwhile, the rupee has risen 4.5% against the U.S. dollar since January.

Overseas investors bought a net \$8.57 billion worth of Indian shares and bonds during March in the hope that Mr.

Modi will be able to step up his plans to revamp the often inefficient and overregulated Indian economy.

State elections last month proved the prime minister's popularity was bolstered by his decision to nullify close to 90% of the country's cash late last year. The move, which was aimed at punishing tax evaders and other criminals who hoard cash, slowed growth and forced millions of Indians to stand in line at banks for hours to exchange old notes. Still, voters rewarded Mr. Modi's Bharatiya Janata Party in state elections, indicating they were willing to go through the pain if they thought it was for the good of the country.

"It signals to investors that this administration will be able to push through a lot of the reforms and restructuring that it wants to do in the future," said Zhihai Chen, head of Asia ex-Japan equities at Lombard Odier, which has money invested in India. "We are seeing a pretty resilient economy on the back of this surprise demonetization exercise."

The BJP notched a landslide victory in the state of Uttar Pradesh, indicating it will be

tough to beat in national elections in 2019. That allows Mr. Modi to expect a second term in office and less resistance to his changes, infrastructure spending and other programs.

In the latest example of the Modi administration's growing confidence, last week it passed

12%

Gain in India's benchmark stock-market index so far this year

a landmark revamp of the country's messy tax system that had been stuck for years.

India could end up as a haven of sorts in times of trade uncertainty, some India optimists say, as it depends less on exports for growth than other Asian economies such as China and South Korea.

"There's not a huge technology supply chain, a manufacturing base that you see in some of the north Asian economies," so India is less exposed to any slump in exports to the U.S., said Andrew Gillan,

a fund manager at Henderson Global Investors (Singapore) Ltd., which manages roughly \$200 million of investments in India.

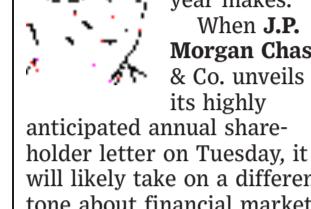
Mr. Trump is expected to demand more investment and fewer imports from countries with big trade surpluses with the U.S. India's software and outsourcing as well as its pharmaceutical businesses could be hurt by new barriers to trade, but the South Asian nation has much less to lose than the big exporters.

"India is being seen as a relatively resilient place to invest because quite a bit of the economy is driven by domestic consumption," said Adrian Lim, a Singapore-based senior investment manager, Asia (ex Japan) at Aberdeen Asset Management, which manages \$11.5 billion of assets in India. "More than two-thirds of the stocks listed [on the Sensex] are driven primarily by domestic demand, something you can't see on the Chinese benchmark."

"India remains a compelling investment market for us because the earnings growth remains high relative to the rest of the region," said Mr. Gillan.

AHEAD OF THE TAPE | Steven Russolillo

Volatility Warning Has a Different Ring This Time Around



What a difference a year makes.
When J.P. Morgan Chase & Co. unveils its highly anticipated annual shareholder letter on Tuesday, it will likely take on a different tone about financial markets than from a year ago.

That was when Chief Executive James Dimon warned that "extreme volatility" in stocks and bonds would likely persist. The opposite played out, with stocks recently capping one of the quietest quarters on record.

Whether it was the ramifications of Brexit and the U.S. election or even flare-ups of geopolitical turmoil such as this week's subway blast in Russia that killed several people, very little seems to faze markets these days.

That resilience, seen by some as positive, is rightly unnerving to students of market history.

Measures of volatility are historically low. The CBOE's Volatility Index, the VIX, averaged 11.7 in the first quarter.

That was the lowest start to a year in its history and the second lowest overall since the index's inception in 1990, according to Krag Gregory of Goldman Sachs.

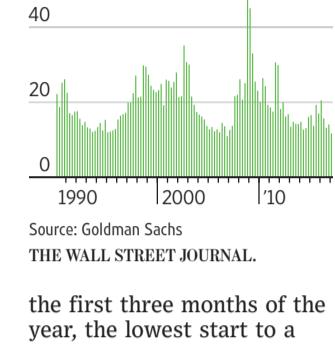
The VIX is based on S&P 500 options prices and reflects a sort of cost of insurance.

Extremely low readings have, on average, coincided with subpar returns while very high ones have been good times to buy stocks. Yet there are many examples of a low VIX being followed by perfectly decent conditions for weeks, months and even years. Today's level is low but nowhere near a record.

What stands out now, though, is so-called realized volatility—how sharply the market moved in the recent past. S&P 500 quarterly realized volatility was 6.7 in

No Fear

Average daily VIX each quarter



Source: Goldman Sachs

THE WALL STREET JOURNAL.

the first three months of the year, the lowest start to a year since 1965 and the fourth-lowest since the Great Depression, according to Goldman.

The S&P 500 only had one drop of more than 1% during the first three months of the year.

Realized volatility is usually lower than the VIX and the gap between two today isn't out of the ordinary.

But previous instances in which realized volatility was at comparably low levels don't bring to mind pleasant memories. Five of the 10 lowest first-quarter readings of realized volatility came in 1962 through 1966, the "go-go years" that preceded a 16-year secular bear market.

As Mr. Dimon surely knows, markets love to climb a wall of worry. The S&P 500 has returned over 15% since his cautious letter a year ago.

There is precious little anxiety to fuel a repeat.

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

	13-Week	26-Week
Applications	\$122,512,460,100	\$108,730,159,500
Accepted bids	\$39,000,362,100	\$33,000,152,000
"noncomp"	\$460,923,100	\$454,467,500
"foreign noncomp"	\$0	\$500,000,000
Auction price (rate)	99.800306	99.39944
(0.790%)	(0.910%)	
Coupon equivalent	0.803%	0.927%
Bids at clearing yield accepted	66.94%	24.39%
Cusip number	912796L62	912796LW7

Both issues are dated April 6, 2017. The 13-week bills mature on July 6, 2017; the 26-week bills mature on Oct. 5, 2017.

Stocks Edge Lower as the New Quarter Kicks Off

BY GUNJAN BANERJI
AND RIVA GOLD

4.3%, to 56.67. General Motors lost 1.19, or 3.4%, to 34.17.

Tesla gained 20.22, or 7.3%, to 298.52 as the electric-car maker surpassed Ford to be the second-largest U.S. auto maker by stock-market value.

The slip in auto sales came as a gauge of U.S. factory-sector health fell in March from February, even as it showed manufacturing activity expanding for a seventh-consecutive month, according to the Institute for Supply Management.

There is "still some skepticism about the overall health of the U.S. economy and the health of the global economy. When you get data that confirms that skepticism, you see markets react negatively," said Willie Delwiche, investment strategist at Baird.

As investors continue to analyze economic data, several said they would also maintain their focus on the outlook for U.S. policy, including a potential tax overhaul and a summit later this week between U.S. President Donald Trump and

Chinese counterpart Xi Jinping that could shed light on prospects for trade.

This week is set to include monthly U.S. jobs figures and

minutes from the Federal Reserve's March meeting, where officials voted to raise interest rates for the third time since the end of the financial crisis.

Early Tuesday, Japan's Nikkei was down 0.4% and Australia's S&P ASX 200 was down 0.2%. Chinese markets were closed for a holiday.



CarMax shares sank 4.3%. Consumer-discretionary stocks fell after a report of lower March car sales.

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Yields on Treasurys, German Bunds Drop

A deadly explosion in a Russian subway stoked demand for haven assets, sending yields on the 10-year U.S. Treasury note and the 10-year German bund to their lowest levels in over a month.

Also, traders said a disappointing manufacturing release in the U.S. raised some question over the rate of economic growth, providing a fresh impetus to dial back trades made in the belief the president could push through his pro-growth initiatives.

The yield on the 10-year Treasury note was 2.351%, versus 2.396% Friday, for the lowest close since Feb. 24. Yields fall as bond prices rise. The 10-year German bund's yield fell to 0.280%, the lowest close since the end of February.

—Min Zeng

Mutual Funds | WSJ.com/fundresearch

Explanatory Notes

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes with net assets of at least \$500 million each. NAV is net asset value. Percentage performance figures are total returns, assuming reinvestment of all distributions and after subtracting annual expenses. Figures don't reflect sales charges ("loads") or redemption fees.

NET CHG is change in NAV from previous trading day. T3-YR%RET is year-to-date return. 3-YR%RET is trailing three-year return annualized.

e-Ex-distribution. f-Previous day's quotation. g-Footnotes x and s apply. j-Footnotes x and s apply. k-Redeemed by Lipper, using updated data. p-Distribution cost apply. 12b-1 r-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and r apply. v-Footnotes x and e apply. x-Ex-dividend. z-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper, data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Correlation coefficient is calculated by comparing NAVs of two funds over a 30-day period.

Net NAV is the average of the daily NAVs of a fund.

Net Chg % is the percentage change in NAV from the previous day.

Net Chg %Ret is the percentage change in NAV from the previous day, adjusted for dividends and splits.

Net YTD Chg % is the percentage change in NAV from the beginning of the year to the date of the report.

Net YTD Chg %Ret is the percentage change in NAV from the beginning of the year to the date of the report, adjusted for dividends and splits.

Net YTD Fund is the average of the daily NAVs of a fund for the current year.

Net YTD Fund is the average of the daily NAVs of a fund for the current year, adjusted for dividends and splits.

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Net YTD Fund is the average of the daily NAV

MARKETS

Trades Change With Political Tide

Biotech loses favor but retail stocks find new fans as investors assess policy currents

By GUNJAN BANERJI

As the White House works to enact policy changes, investors have shifted positions, dropping more bullish stances on financial and midcap stocks and adopting more bearish views on investment-grade bonds and biotechnology companies.

Derivatives and short positions on exchange-traded products that track stock sectors and asset classes compiled by Société Générale SA depict fluctuating views on future growth and potential changes to tax, trade and health-care policies. The data compare positioning two weeks after the election, as the so-called Trump trade was getting into full swing, with positioning on March 28, about four months later.

"We've seen a rotation of market sentiment," said Ramon Verastegui, the New York-based head of flow strategy and solutions at Société Générale. "We've moved from the optimism of the campaign message into the reality of governing." Investors have realized the difficulty of passing new laws, he said.

Options give investors the right to buy or sell securities at an agreed-upon price at a later date. They can be used to place outright bets that an asset will go up or down, but also as a protective hedge on existing holdings.

Options traders displayed bullish views on some corners of the market, such as the euro currency and Canadian equities.

Mr. Verastegui examined the ratio of bearish put options versus bullish call contracts, the relative cost of op-

Shifting Sentiment

Options traders and short sellers have repositioned themselves across asset classes since the election's wake. They are more bullish on exchange-traded products that track retail and agriculture stocks and more bearish on biotechnology shares and investment-grade bonds.

Nov. 22, 2016

The 10 most bullish

Assets	Options put-call ratio	Cost of puts vs. calls	Bearish short bets against ETF
1. REITs	Blue	Blue	Blue
2. Financials	Blue	Blue	Blue
3. Retailers	Blue	Blue	Blue
4. Industrials	Light Blue	Blue	Blue
5. Regional banks	Light Blue	Light Blue	Blue
6. Health care	Light Blue	Light Blue	Blue
7. Midcap stocks	Light Blue	Red	Blue
8. DJIA	Light Blue	Blue	Blue
9. Discretionary	Light Blue	Blue	Blue
10. Gold miners	Light Blue	Red	Red

The 10 most bearish

45. Japanese stocks	Red	Red	Red
46. Euro Stoxx 50	Red	Red	Red
47. Small-cap miners	Red	Red	Light Red
48. Materials	Red	Red	Light Red
49. Emerging markets	Red	Red	Light Red
50. Technology	Red	White	Red
51. Japanese yen	Light Red	Red	Red
52. Home builders	Red	Red	Red
53. High yield	Red	Red	Red
54. Oil and gas stocks	Red	Red	Red

Note: Options can be used to make bets that an asset will go up or down or to hedge an existing holding.

*All options and short positions are on exchange-traded products tracking the stock group, except in the case of the CBOE Volatility Index, or VIX.

Source: Société Générale

As retail shares have fallen, investors sought bullish positions.

Financials, a postelection favorite, have fallen from the most-bullish list.

Materials stocks had a reversal in sentiment.

Biotech stocks have rallied in 2017, pushing investors to hedges.

March 28, 2017

The 10 most bullish

Assets	Options put-call ratio	Cost of puts vs. calls	Bearish short bets against ETF
1. Retailers	Blue	Blue	Blue
2. Euro currency	Blue	Blue	Blue
3. Agriculture stocks	Blue	Light Blue	Blue
4. Transportation	Blue	Light Blue	Blue
5. Materials	Blue	Light Blue	Blue
6. Consumer staples	Blue	Red	Blue
7. Gold miners	Blue	Light Blue	Blue
8. Hong Kong stocks	Blue	Light Blue	Blue
9. Canadian stocks	Blue	Light Blue	Blue
10. Health care	Blue	Red	Blue

The 10 most bearish

45. Oil and gas stocks	Red	Red	Red
46. VIX index	Red	Red	Red
47. Energy stocks	Red	Red	Red
48. Developed markets	Red	Light Red	Red
49. Natural gas	Red	Red	Red
50. Emerging markets	Red	Red	Red
51. Japanese stocks	Red	Red	Light Red
52. Investment grade	Red	Red	Red
53. High yield	Light Red	Red	Red
54. Biotech	Red	Red	Red

Positioning scale
Percentile groupings
Most bullish
Most bearish

Chinese Shun Debt In Europe's Currencies

By NINA TRENTMANN

Chinese corporate bonds issued in European currencies lag far behind their dollar counterparts, a trend expected to continue as the U.K.'s exit from the European Union threatens to shake financial markets on the continent.

During the first quarter, Chinese companies issued five internationally marketed eurobonds worth \$3.8 billion, giving the common European currency a 7% market share, according to Dealogic.

Around 90% of all Chinese overseas bonds during the first quarter were issued in dollars, the data show.

Issuance in U.K. pounds was even more limited, with a single bond launch worth \$322 million. The pound only represents 1% of Chinese internationally marketed bonds. There was no issuance in Swiss francs or other European currencies during the first quarter.

Raising capital overseas is one of the solutions that Chinese companies have come up with amid increased regulatory scrutiny on capital transfers out of China. The Chinese government at the end of 2016 introduced tighter rules on capital outflows, targeting both transactions by subsidiaries of foreign companies as well as those by Chinese firms attempting to acquire overseas M&A targets.

There are more advantages to greenback debt. "Issuing a U.S. dollar-denominated bond lets the issuer tap a larger investor base, making these bonds more attractive than euro-denominated bonds," said Chunsek Chan, head of M&A research at Dealogic.

A historically calm first quarter also drove them to bet against future market turbulence. They placed bearish wagers on the CBOE Volatility Index, known as the VIX.

THE WALL STREET JOURNAL.

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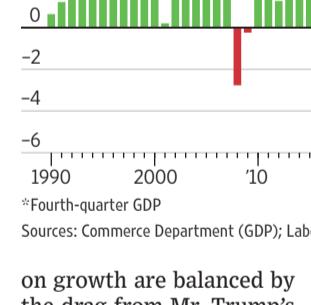
FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

New President, Same Economy

Two-Speed Economy

Gross domestic product, change from a year earlier*

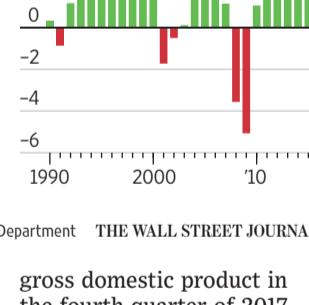


*Fourth-quarter GDP

Sources: Commerce Department (GDP); Labor Department

Nonfarm payrolls, change from a year earlier

6 million jobs



omy won't even be able to sustain its recent pace for very long. Consider that, despite mediocre growth, the economy has added an average of 225,000 jobs a month over the past three years. If that were to continue, it wouldn't take long for the job market to get very tight, prompting the Federal Reserve to pick up the pace on rate increases.

True, there might still be a little wiggle room on jobs. Even though the unemployment rate is at a low 4.7%, there are probably still some people who have been out of the labor force (and therefore aren't counted in the unemployment rate) who might still be enticed into the job hunt. And with some efficiency gains, the economy might not need quite as much job growth to meet growing demand.

But at this point those are things that count more as wishes than things upon which to base a forecast—sort of like tax-cuts and spending pledges.

—Justin Lahart

OVERHEARD

Talk about laughing all the way to the bank.

Tesla shareholders were all smiles Monday after better-than-expected first-quarter deliveries pushed the stock up by 5% to a record. Tesla's market value now exceeds that of Ford Motor, which has more than 20 times its revenue.

CEO Elon Musk certainly noticed his stock's performance. "Stormy weather in Shortville..." he said in a Monday afternoon tweet. The post was retweeted more than 300 times within minutes.

That should ring a bell for Tesla watchers. Mr. Musk posted a message with almost the identical wording to his account in April 2013. Shareholders will certainly forgive Mr. Musk for recycling an old joke; the stock is up nearly sixfold since the original post. A sizable portion of Wall Street likely wasn't laughing as 27% of Tesla shares available were sold short as of last count, according to FactSet.

Beneath the surface, all is not so well. Even though the balance of nonperforming loans remained stable last year at China's big and mid-size banks, their return on assets and equity continued to fall as credit costs—a measure of banks' impairment charges—rose to their highest in six years.

There is likely more of this to come. For now, major pain from souring corporate debt seems at bay as Chinese companies' cash flows grew—up a whopping 9% last year. But corporate debt balances are growing even faster at 13%, according to Deutsche Bank analysts.

The moment there is a pullback in the broader economy, debts will get tougher to service and pay off. There are already signs that debt is spinning further out of control.

Investors seem overjoyed with apparent improvements in Chinese companies' financial health. Chinese bank stocks are up on average 10% this year, and are at last trading, on average, close to their book value. If China's economy runs into any trouble, this resurgence could prove to have flimsy foundations.

—Anjani Trivedi

Don't Write Off Pharmaceuticals' Nightmare Scenario

Growth Story

Annual increase in pharmaceuticals producer price index



Source: Federal Reserve Bank of St. Louis

new drugs. An almost guaranteed outcome is that pharmaceutical manufacturer stocks would be slammed.

Investors, however, have lately brushed off drug-pricing risks. Pharma and biotech indexes are solidly higher on the year, after policy uncertainty weighed on the sector before the 2016 election.

It is easy to ignore the risk outright given the political calculus. For starters, the bill doesn't have a Republican co-sponsor and that party maintains a strong majority in the House of Representatives. Furthermore, health-care laws are notoriously difficult to pass even

for the majority party.

And while the Trump administration has repeatedly vowed to crack down on high drug prices, the administration's ability to build a coalition across party lines is, at best, unproven. These factors point to a minimal chance that this bill will become law in its current form.

But that doesn't mean policy risk has vanished. Democrats could try to attach drug-pricing measures to bills that would require Democratic support, such as a re-authorization of funding for the State Children's Health Insurance Program, according to analysts at Cowen & Co. That program's funding

is set to expire at the end of September.

Investors also should keep in mind that President Donald Trump has an independent, unpredictable streak. It is conceivable he could issue new executive orders to chip away at high prices or even shock the world and support the Democratic plan.

The extended run in health-care stocks, meanwhile, means investors haven't priced in an adverse policy outcome. The low probability of a tougher regulatory environment should be weighed against the severe consequences for investors of further surprises in Washington. —Charley Grant