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THE WALL STREET JOURNAL.

DOW JONES | News Corp * * * * * MONDAY, APRIL 24, 2017 ~ VOL. CCLXIX NO. 94 WSJ.com ★★★★ $3.00

Last week: **DJIA** 20547.76 ▲ 94.51 0.5% **NASDAQ** 5910.52 ▲ 1.8% **STOXX 600** 378.12 ▼ 0.65% **10-YR. TREASURY** ▲ 1/32, yield 2.234% **OIL** $49.62 ▼ $3.98 **EURO** $1.0727 **YEN** 109.07

What's News

Business & Finance

Many tech startups are struggling to survive since investment plunged 30% in 2016, ending a two-year funding frenzy. **A1**

◆ **Becton Dickinson** said it would acquire C.R. Bard for $24 billion, the latest merger of medical-supplies manufacturers. **B1**

◆ **Malaysia's 1MDB** and Abu Dhabi's IPIC reached a deal over billions of dollars allegedly misappropriated from both state funds. **B1**

◆ **A surge of money** into gold-mining ETFs has led to share-price gyrations, illustrating how index investing can roil trading. **B7**

◆ **Mortgage rates** dropped below 4% for the first time since November, providing more fuel to an already hot U.S. housing market. **A3**

◆ **Several directors** at Wells Fargo are at risk of losing re-election at Tuesday's shareholder meeting. **B3**

◆ **Google's Waymo** accused Uber of concealing a project that copies design plans for a laser sensor. **B6**

◆ **The SEC should** replace Obama's fiduciary rule with the agency's own measure, its acting head said. **B10**

◆ **American Air suspended** a flight attendant after a video showed him arguing with a passenger. **A3**

◆ **A concert promoter** sued Prince's estate and former advisers for alleged fraud over a tribute show. **B7**

◆ **"The Fate of the Furious"** again led the weekend box office, with the Universal film earning $38.7 million. **B7**

World-Wide

◆ **Trump wants** to include funding for a border wall in any deal to keep the government operating, White House officials said. **A1**

◆ **French centrist Macron** and far-right politician Le Pen led the first round of voting in the country's presidential election. **A1**

◆ **The results offered** encouragement for the EU but warning for Europe's establishment parties. **A6**

◆ **Over half of Americans** disapprove of the job Trump is doing as president as he nears his 100th day in office, a new poll found. **A4**

◆ **Obama is set** to emerge from a public absence Monday with an event at the University of Chicago. **A4**

◆ **Marches drew** tens of thousands of demonstrators to counter what organizers called attacks on science. **A2**

◆ **Airport police authorities** told officers to avoid involvement in carriers' disputes in the wake of the United passenger-removal incident. **A3**

◆ **States are moving** to bolster their own insurance markets amid uncertainty over the ACA's future. **A5**

◆ **North Korea arrested** a U.S. citizen in Pyongyang, adding another potential flashpoint with the U.S. **A9**

◆ **Saudi Arabia's king** reinstated allowances and bonuses for state employees as its finances improve. **A9**

◆ **Afghanistan observed** a day of mourning after a Taliban attack on an army base left at least 170 dead. **A9**

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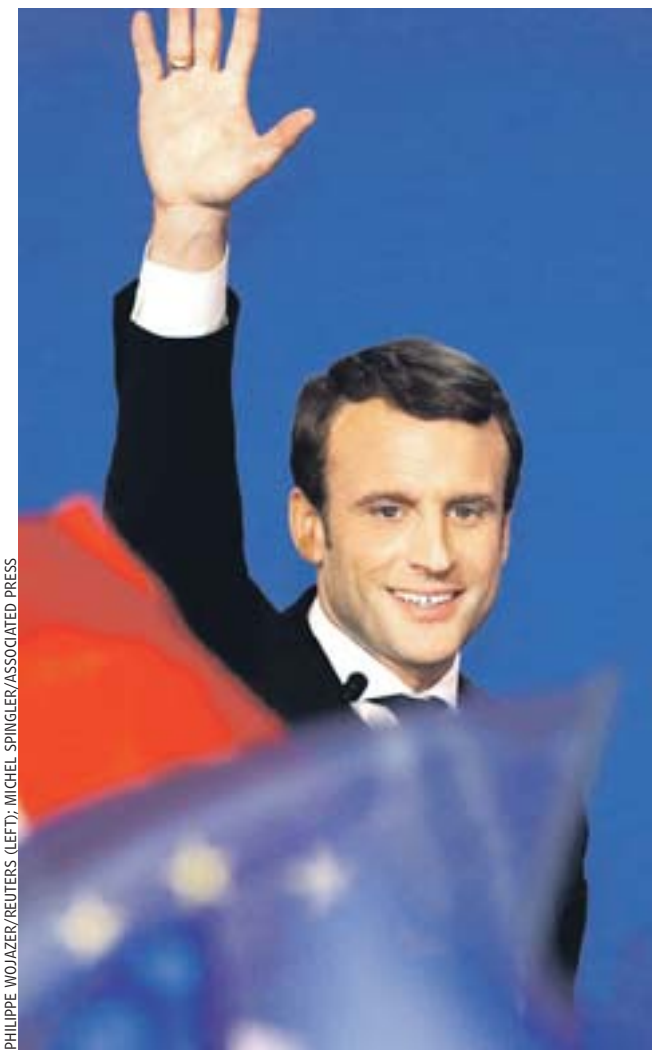

PHILIPPE WOJAZER/REUTERS (LEFT); MICHEL SPINGLER/ASSOCIATED PRESS

Centrist Emmanuel Macron, left, and far-right politician Marine Le Pen are headed to a runoff May 7, following the first round of the election.

French Vote Calms EU Fears

Centrist Macron holds polling edge over euroskeptic Le Pen as both advance to runoff

By William Horobin And Stacy Meichtry

PARIS—Centrist Emmanuel Macron and far-right politician Marine Le Pen led the first round of voting in France's presidential election as voters redrew the political map, placing the European Union at the center of a new political divide.

Mr. Macron won the first round with 23.9% of the vote, according an official tally of 96% of votes, ahead of Ms. Le Pen with 21.4%.

The vote marks a stunning rebuke of France's mainstream political forces. For more than four decades, a duopoly of conservative and socialist presidents has alternated in the Élysée Palace, squeezing out fringe parties as well as mavericks seeking to end the country's political sclerosis.

On Sunday, the European Union and its demands of free trade and open borders became the defining fault line of a new political order. On one side stood Mr. Macron, a former investment banker who seeks deeper EU integration. On the other was Ms. Le Pen, an avowed opponent of the EU and its common currency.

"You have an alternative, the real one," said Ms. Le Pen on Sunday. "The major issue of this election is runaway globalization, which is putting our civilization in danger."

Mr. Macron said he wanted to become the standard-bearer of a governing majority that can relaunch the EU.

"I want to be the president of patriots against the threat of all the nationalists," he told his supporters.

Opinion polls published Sunday indicated Mr. Macron would handily defeat Ms. Le Pen in a head-to-head contest as supporters of defeated candidates coalesce around him. The second round of balloting is to be held on May 7.

The strength of Mr. Macron's score on Sunday could help restore calm in sovereign

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Test for Europe

◆ Center-left, right parties feel populist pressure..... A6
◆ Greg Ip: Next round turns on economic tactics..... A6
◆ Heard on the Street: Results let markets calm..... B12

Border Wall Push Muddies Shutdown Talks

By Kristina Peterson

WASHINGTON—Less than a week before the federal government could run out of money, White House officials said President Donald Trump wants any spending deal to include some funding for a border wall, despite little appetite among congressional Republicans for risking a partial shutdown over the issue.

The last-minute push, voiced on Sunday talk shows and by the president himself on Twitter, injected a note of volatility into the coming week, when lawmakers return after a recess and with little time for reaching an agreement to keep the government operating after its current funding expires at 12:01 a.m. Saturday—also the 100th day of Mr. Trump's presidency.

That deadline has left congressional Republicans juggling the demands of the White House and its shifting messages with those of Democrats, whose votes will be needed to pass a spending bill to avoid a shutdown.

Complicating the negotiations over the funding bill, top White House officials also are urging House Republicans to move swiftly to revive a partisan health-care bill that stalled last month, and Mr. Trump has said he would release a proposal for overhauling the tax code on Wednesday.

Given the complications and

Please see TRUMP page A4

◆ New poll shows negative view of Trump..... A4
◆ States shore up insurance markets..... A5

TOBACCO'S SURPRISE REBOUND

Booming U.S. cigarette makers shrug off regulation and the decline of smokers by boosting prices

By Jennifer Maloney And Saabira Chaudhuri

TOBACCOVILLE, N.C.—It's a great time to be a cigarette company again.

Far fewer Americans are smoking, and yet U.S. tobacco revenue is soaring, thanks to years of steady price hikes. Americans spent more at retail stores on cigarettes in 2016 than they did on soda and beer combined, according to independent market-research firm Euromonitor International. Consolidation and cost cutting are boosting profit. Big Tobacco shares are on a roll.

Two decades ago, such a boom didn't seem possible. The industry faced a future of increasing regulation and declining sales, as older smokers quit and fewer young people picked up the habit. States were suing for billions of dollars. Bankruptcies for some players seemed just around the corner.

$93.4B

Tobacco companies' revenue from cigarette sales in the U.S. in 2016

Things didn't turn out so badly, though. Costs from an avalanche of legal settlements and regulatory requirements have been heavy but haven't put any big players out of business. Cigarette makers found they could more than make up for falling volumes with higher prices.

"We came out of a challenging period," said Marty Barrington, chief executive of Marlboro maker Altria Group Inc., in an interview.

The number of cigarettes sold in the U.S. fell 37% from 2001 to 2016, according to Euromonitor. Over the same period, though, companies raised prices, boosting cigarette revenue by 32% to an estimated $93.4 billion last year. An average pack in the U.S. cost an estimated $6.42 in 2016, up from $3.73 in 2001, according to TMA, an industry trade group.

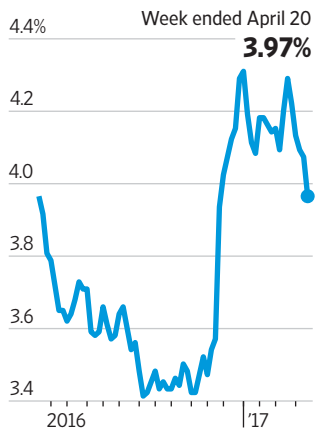
Consolidation has winnowed the U.S. tobacco market from seven big players to two: Altria and Newport maker Reynolds American Inc., which together sell eight of every 10 cigarettes in the country. As companies combined, they squeezed out costs and increased pricing power, along with profits.

The operating profits of U.S. tobacco manufacturers have grown 77% since

Please see SMOKE page A10

Mortgage Rates Reverse Course

Average 30-year mortgage rates have fallen in 2017



Source: Freddie Mac

Mortgage rates dropped below 4% for the first time since November, which could heat up the housing market. A3

This Vermont High School Has A Very Vermont Problem

* * *

In South Burlington, a plan to abandon the 'Rebels' nickname has triggered a tizzy

By Jennifer Levitz

SOUTH BURLINGTON, Vt.—When it comes to rebellious and cantankerous behavior, Vermonters go back a ways.

They didn't join the original 13 colonies in the Union until 1791, four years after the Constitution was signed. Before that, Vermont had been its own republic for 14 years, says Mariessa Dobrick, a state archivist: "George Washington once wrote a letter saying, `I wouldn't mess with them.' "

In 1961, when education leaders in South Burlington decided that a newly built high school should be nicknamed the Rebels, nobody batted an eyelash. After all, this community was founded when it split from greater Burlington about 150 years ago.

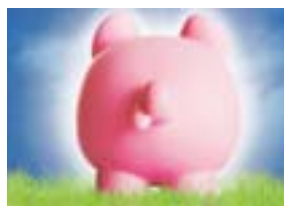
Yet this city on the shores of Lake Champlain has never seen anything quite like the current revolt under way. Three months ago, the Board of School Directors decided the Rebels moniker had offensive connotations and, therefore, needed to go.

Those Vermonters who didn't agree with the decision reacted like, well, Vermonters.

"I don't think constantly caving in to political correct-

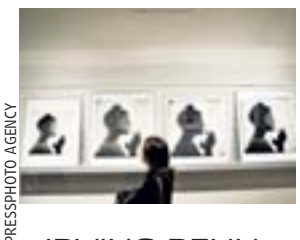
Please see REBEL page A10

INSIDE



SPEND IT WELL IN RETIREMENT

JOURNAL REPORT, R1



JUSTIN LANE/EUROPEAN PRESSPHOTO AGENCY

IRVING PENN IN CLOSE FOCUS

LIFE & ARTS, A13

Once-Flush Startups Struggle to Stay Alive

By Eliot Brown

Eighteen months ago, Beepi Inc. was rapidly expanding its online used-car business to 16 U.S. cities where people could buy cut-rate vehicles adorned with giant shiny bows.

Beepi doesn't exist anymore. After burning through more than $120 million in capital, the startup failed to raise more cash and shut down in February. Its roughly 270 employees cleared out of the cavernous Mountain View, Calif., headquarters, leaving behind the ping-pong table and putting green.

Beepi's rapid demise offers a glimpse into the changing fortunes of Silicon Valley startups, many of which have struggled to adjust since a two-year investment frenzy came to an end.

In 2014 and 2015, mutual funds, hedge funds and other investors pumped billions into companies that they now see as overvalued, and unlikely to pull off an initial public offering. As venture capitalists became more discerning, investment in U.S. tech startups plummeted by 30% in dollar terms last year from a year earlier.

For some startups, investor demand is still robust. Much of the money still being invested is pouring into the upper echelon of highly valued startups like Airbnb Inc. and WeWork Cos., or younger ones with clear paths to profit.

"There are companies that everybody wants to invest in, and there are a large set of companies that almost nobody wants to invest in," said venture capitalist Keith Rabois of Khosla Ventures.

Venture-capital firms remain flush with cash: They raised $44 billion last year, the most since the dot-com boom.

But investors are staying away from scores of initially well-funded startups that once looked like relatively safe bets, forcing these companies to

Please see TECH page A2

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U.S. NEWS

THE OUTLOOK | By Carolyn Cui, Ian Talley and Ben Eisen

Dollar Gains Could Slam Borrowers

Emerging-market companies are binging on U.S. dollar debt and that could become a source of trouble in some parts of the world if growth slows, interest rates rise or the dollar resumes its ascent.

Governments and companies in the developing world sold $179 billion in dollar-denominated debt in the first quarter, the most dollar debt ever raised in the first quarter and more than double the amount raised during the same period last year, according to data provider Dealogic.

In all, U.S. dollar debt stood at $3.6 trillion in emerging markets through the third quarter of 2016, an all-time high, according to the Bank for International Settlements. Including local currency debt, emerging-market companies have increased their borrowing by a staggering $17 trillion since 2008, according to the Institute of International Finance.

The International Monetary Fund warned of risks in reports ahead of its semiannual meetings in Washington, saying a bout of investor risk aversion could expose $135 billion worth of corporate credit to repayment problems.

"Emerging-market corporates have made progress in terms of making their economies more resilient, but vulnerabilities remain," said Tobias Adrian, the IMF's top financial economist. He pointed to 2013's so-called taper tantrum, when the Federal Reserve signaled it would end a bond-buying program. Global interest rates soared and emerging-market currencies tumbled, hitting their economies. "We have seen how global interest rates can have negative spillover effects on emerging markets, and those risks are still present."

Companies with dollar borrowings can be especially exposed. If the dollar rises, it makes the debt more expensive to pay off.

Companies that don't earn dollar revenues, including some telecoms, property developers and retailers, can stumble. Repayment risk is especially high in countries with large external deficits and low levels of foreign-exchange reserves. If the dollar appreciates faster than expected, some corporate borrowers, especially those who derive their revenues largely in local currencies, could find themselves in a currency mismatch and be forced to ask the central bank for help—which not all central banks are positioned to do.

"A rise in the dollar would be a double whammy for countries that have significant current-account deficits and significant amounts of dollar-denominated corporate debt," said Eswar Prasad, a professor of trade policy at Cornell University.

Borrowers are getting in while rates are still low and investor appetite for more exotic, higher-yielding credit is strong.

After the Latin American and Asian credit crises of the 1990s and 2000s, some countries stocked up on foreign currencies for emergency cash in times of shortages. Many also now better balance borrowing between domestic currencies and foreign debt. That's why vulnerabilities around the globe are mixed.

Countries such as India and the Philippines, which have relatively low stocks of external debt and healthy foreign-exchange reserves, are in better shape, analysts say. Economies such as Malaysia and South Africa, which have small currency reserves and high levels of dollar-denominated debt, are at particular risk. Venezuela and Turkey look especially vulnerable.

"Some could still feel stress, especially where there are pre-existing political or economic strains," said Maurice Obstfeld, the IMF's chief economist.

A slew of missed payments by major telecom operators in South Africa and Turkey, as well as Venezuela's largest oil producer, have already sounded the alarm for emerging-market corporate borrowers, reflecting the increasingly challenging environment of rising borrowing costs, sluggish earnings growth, low commodity prices and growing trade protectionism.

"When we see companies with large foreign-exchange debt, we will just walk away right now," said Elena Tedesco, an emerging-market equity manager at Hermes Investment Management. She added the outlook for the Turkish lira is also unclear given the country's political and economic uncertainties.

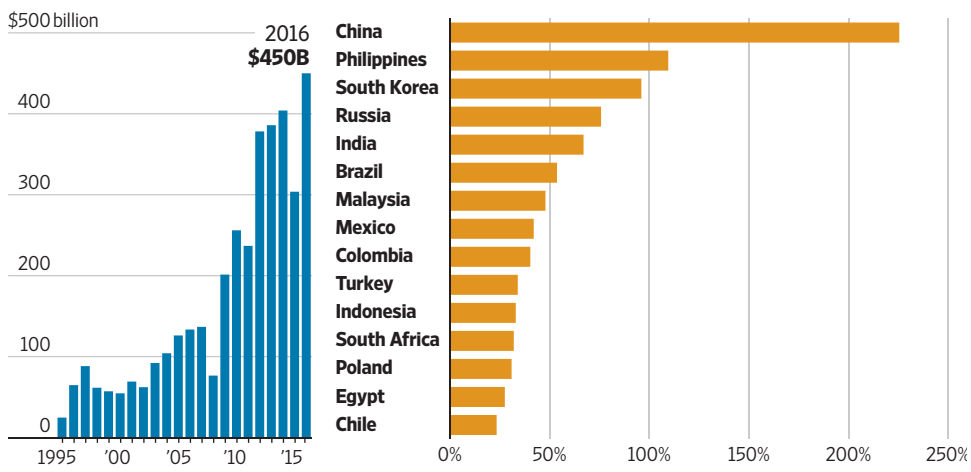
South Africa, which has been running a current-account deficit, saw the fallout when Cell C, the country's third-largest mobile operator, missed interest payments in January on its €400 million bonds, citing rising inflation, a weaker rand and industry uncertainty, according to S&P Global.

In 2016, the number of defaulted dollar bond issues reached 32 in emerging markets, the highest since the financial crisis, according to S&P Global. More companies are poised for further downgrades, the rating agency said.

"There are potential vulnerabilities looking further ahead, particularly if the Fed were to raise rates much more aggressively than what the market has priced at the moment," said Michael Grady, senior economist at Aviva Investors, which has $422 billion of assets under management.

Debt Boom

Companies and governments in developing economies are loading up on U.S. dollar debt, which could become a problem in some markets.



Source: Dealogic (debt); Capital Economics (foreign-exchange reserves)

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ECONOMIC CALENDAR

Gross domestic product readings in the U.S. and U.K. will provide insight on first-quarter economic health, while the central banks of Japan and the eurozone will hold meetings where they are expected to keep monetary policy unchanged.

WEDNESDAY: European Central Bank rate setters will begin a **two-day policy meeting in Frankfurt**. Pressure has been building on the bank to wind down easy-money policies as the eurozone economy picks up. But officials are expected to play it safe, leave their massive monetary stimulus unchanged ahead of a series of major elections in Europe.

The Bank of Japan also begins a two-day meeting, where officials are likely to leave policy unchanged and slightly temper their optimism on inflation.

FRIDAY: The Commerce Department releases its advance estimate of **U.S. gross domestic product** for the first quarter. Economic growth slowed in the fourth quarter, and the latest GDP figure is expected to be held back by weak consumer spending. Economists surveyed by The Wall Street Journal are forecasting a 1.1% advance, down from the previous quarter's 2.1%. But separate measures show strong consumer confidence and rising wages, suggesting a pickup in activity this year.

U.K. economic growth slowed noticeably in the first quarter, preliminary figures released by the nation's statistics office are expected to show. Fueled by the pound's steep depreciation in the wake of last year's Brexit vote, rising inflation is curbing consumer spending, a key growth engine. Economists polled by the WSJ believe quarterly GDP growth declined to 0.4%, from 0.7% in 2016's fourth quarter.

DAVE COLE/THE WALL STREET JOURNAL

Science educator Bill Nye, center, with demonstrators during the March for Science on Saturday

Demonstrators Take to the Streets to Support Science

By Daniela Hernandez And Betsy McKay

Led by scientists and originally proposed online, Saturday's March for Science drew tens of thousands to more than 500 rallies world-wide to counter what organizers called attacks on science.

Among the movement's goals: to push for evidence-based legislation, robust government funding and to communicate the social and economic impacts of scientific research.

Anna Parker, a masters student in zoology attending the march in Laramie, Wyo., said she hoped the march would spark conversations among people of different political leanings about the role science has in local communities, including in job creation. She said she fears the proposed cuts to research funding will limit her ability to work as a scientist.

Representatives for companies participating in the march had a similar view. "We see it as a great opportunity to get out and showcase science...and its contributions to humanity," said Gene Kinney, president and chief executive of Prothena Corp., a biotech company focused on disorders like Parkinson's disease.

Organizers of the March for Science stressed that the rallies weren't an indictment of the Trump administration or any one political party. Representatives from scientific organizations like the American Association for the Advancement of Science and the Society for Advancement of Chicanos and Native Americans in Science, said during a news conference Wednesday that decades of federal funding cuts for research, scientific misinformation and world-wide attacks on the free exchange of ideas were drivers for the movement.

The marches were held on Earth Day.

Some scientists who chose to sit out the march said they worried marching would further politicize science and undermine efforts to work with legislators in both parties to craft science-informed policies related to health care and the environment.

—Ellie Kincaid, Joe Barrett and Dave Cole contributed to this article.

THE WALL STREET JOURNAL
(USPS 664-880) (Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)

Editorial and publication headquarters:
1211 Avenue of the Americas, New York, N.Y. 10036

Published daily except Sundays and general legal holidays.
Periodicals postage paid at New York, N.Y., and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.

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CORRECTIONS & AMPLIFICATIONS

In the French elections that began Sunday, economist Thomas Piketty said he would back Jean-Luc Mélenchon in the second round if the Socialist Benoît Hamon were eliminated. A Review cover story Saturday on the elections incorrectly said Mr. Piketty had backed Mr. Mélenchon.

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

TECH

Continued from Page One

fight for survival as they burn through their stockpiles of cash and scramble for new money or buyers.

"They're like the walking dead," said David Cowan, a partner at Bessemer Venture Partners, who expects a steady stream of failures.

In 2014 and 2015, more than 5,000 U.S. tech startups collectively raised about $75 billion, according to Dow Jones VentureSource—the largest amount in any two-year period since the dot-com boom.

Much of that money went to a small share of tech startups: 294 such companies raised at least $50 million apiece. Almost three-quarters of those companies—216—have neither raised money nor been acquired since the end of 2015. Startups tend to raise funding every 12 to 18 months.

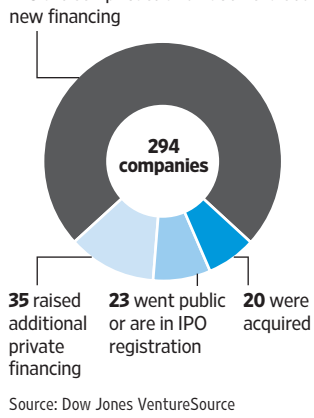
Seemingly every week lately, a well-funded startup is slashing jobs or pulling the plug.

In recent months, mobile-search startup Quixey Inc. shut down after raising over $100 million, health-benefits broker Zenefits—which has raised more than $500 million—laid off nearly half of its staff, and blogging platform Medium cut one-third of its employees after raising $132 million.

Such closures and cutbacks were rare two years ago when venture capitalists encouraged startups to expand rapidly to edge out competitors. Then when capital became scarcer, investors urged companies to turn profitable, which isn't an easy pivot.

Status Quo

About three-fourths of U.S. tech companies that raised $50 million or more during the heady years of 2014-15 haven't raised new funding since then.



Source: Dow Jones VentureSource

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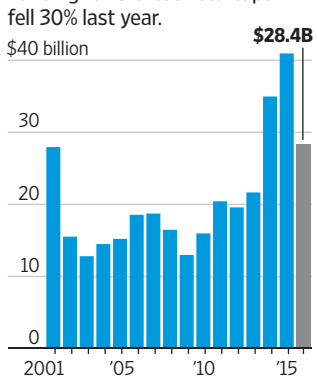
LUXE

Luxe Valet, a startup, has had to pull back in markets.

Money Trail

Funding for U.S. tech startups fell 30% last year.



Source: Dow Jones VentureSource

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Take startup Luxe Valet Inc., whose app lets people summon parking valets in bright-blue track jackets. Founded in 2013, the San Francisco company by early last year had plowed into eight markets and raised more than $70 million.

Two competitors shut down. But expensive contracts to park cars in garages in big cities like Boston soaked up Luxe's cash, according to a person familiar with the finances. The startup has had to retreat to three markets. Luxe didn't respond to requests for comment.

"There's going to be a shakeout" for companies that can't show a profit, said James Beriker, the chief executive of meal-delivery service Munchery.

Munchery, which has spent much of its $120 million in funding, is raising a $10 million lifeline from existing investors. The company is cutting costs and aims to be profitable by year-end, Mr. Beriker said.

For Beepi, profitability proved too distant for investors to wait.

Founded in 2013, Beepi caught on in San Francisco by giving people a fail-safe way to sell used cars online. Beepi guaranteed sellers a price, and if it couldn't find a buyer in 30 days, it purchased the car. Beepi marked up the price and pocketed the difference.

Venture capital poured in, and its valuation surged from $12 million in early 2014 to $525 million by mid-2015. Beepi moved out of its cramped office by a Carl's Jr. and into a glassy building where the chief executive zipped around on his own Segway. Staffers enjoyed quinoa salad and turkey meatball lunches and dinners when they often stayed late, and unwound with ping-pong or Nerf guns.

The company's strategy was a common one: blanketing the U.S. to thwart competitors rather than focusing on profit in a few cities.

Beepi spent a fortune to entice buyers and sellers through radio and Facebook ads, spending an average of $1,730 on advertising per vehicle in most of its markets in the third quarter of 2016, according to fundraising documents issued last fall.

Beepi was whipsawed by cars that sat unsold for a month, and that Beepi therefore had to purchase. Losses could reach more than $5,000 per high-end car, former employees said.

Revenue for the first half of last year was $50 million, up about 40% from the previous six months. But with little revenue from add-on services like auto repair, Beepi was losing up to $5 million a month last year, the documents show. Costs were falling, but profitability wasn't forecast until 2018.

By mid-2016, CEO Ale Resnik hunted for cash to stanch the losses, but investors were spooked, former employees said. Mr. Resnik was in advanced talks with a Chinese company to raise tens of millions of dollars, he told staffers, but the deal crumbled in November.

Most of Beepi's staff was laid off in December, and the startup announced it was headed to liquidation in February.

In an email, Mr. Resnik said he takes responsibility for missing goals.

Employees say they believed the business would have proved sustainable if they were given more time. "It was clear to us internally how to get there," said Tyler Infelise, Beepi's head of product.

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Airport Police Draw a Line

Authorities say that enforcing certain airline policies isn't their responsibility

By Andrew Tangel And Doug Cameron

BRIAN VAN DER BRUG/GETTY IMAGES

Airport police on patrol last year at Los Angeles International Airport.

Police agencies that patrol U.S. airports have a message for their rank and file after Chicago officers dragged a United Airlines passenger off a plane: Don't get involved in carriers' civil disputes.

It is one that police brass have relayed to officers in cities such as New York City and Atlanta after the April 9 incident at O'Hare International Airport, when Chicago Department of Aviation officers pulled David Dao, 69 years old, from a seat after United had bumped him and three other passengers to make room for crew members due to fly the next morning.

"We know our roles, our responsibilities, and that does not include enforcing an airline policy to replace somebody on a flight so a flight crew can go somewhere," said Atlanta police Maj. Lane Hagin, who oversees officers at Hartsfield-Jackson Atlanta International Airport.

United, a **United Continental Holdings** Inc. unit, is reviewing its own practices. It has said it would never again seek police assistance for a customer-service issue and would call them only when there is a threat to passengers or crew.

Agencies are "reminding people what we do and what we don't do," said Maj. Hagin, second vice president of the Airport Law Enforcement Agencies Network, a police-led group that coordinates security practices.

U.S. airports are guarded by a mix of dedicated staff and police drafted from city forces; the Chicago incident has prompted debate about which is best placed to patrol aviation facilities.

Marshall McClain, president of the Los Angeles Airport Police Officers' Association, said years of budget cuts have led to staffing being split evenly between dedicated staff and city police who spend only part of their time at airports, compared with a decade ago when more were permanent staffers.

The Port Authority Police Department, which patrols the New York City area's three major airports, has repeated existing policy at roll calls: Officers shouldn't insert themselves into disputes unless a passenger has committed a crime, poses a safety risk or is deemed emotionally disturbed. "We'll intervene as necessary if a law's being broken," a Port Authority Police spokesman said. "Absent that, it's a civil issue—it's an airline issue."

O'Hare is secured by a mix of Chicago Police Department officers and staff drawn from the city's Department of Aviation. United staff at O'Hare called police in an effort to remove Mr. Dao, but officers from the aviation department arrived first.

Chicago Mayor Rahm Emanuel has said the city is reviewing the future of the Department of Aviation security force. The 300-strong airport unit is made up entirely of city employees. All are sworn police officers but receive less training than regular officers would at a police academy. They don't carry weapons, and have battled for years to do so amid heightened concerns over terrorism.

Tom Demetrio, an attorney for Mr. Dao, said "it makes a lot of sense" for police to avoid getting involved in airlines' civil disputes.

While Mr. Dao could have been considered a trespasser for refusing to leave United Express Flight 3411, Maj. Hagin said it would be unwise policing policy to use force in such a case. "Technically, you do own the aircraft and you do control who's on or off the aircraft, but you've got to find a better way to do this," said Maj. Hagin.

The Chicago Department of Aviation has placed three officers involved in the incident on leave and is conducting a review. The Service Employees International Union didn't respond to a request for comment. The department hasn't detailed what guidelines aviation officers operate under with regard to using force or boarding aircraft, though it has said the officers involved weren't following guidelines, according to an earlier statement.

Video Prompts Airline Probe

By Susan Carey

American Airlines Group Inc. suspended a flight attendant after a video showed him in a heated argument with a passenger who was protesting the way the crew member had treated another customer.

"What we see on this video does not reflect our values or how we care for our customers," American said in a statement Friday night, after the incident earlier that day. The airline said the employee had been removed from duty pending its investigation.

The incident occurred in San Francisco as passengers were boarding Flight 591 for Dallas/Fort Worth International Airport when a female passenger traveling with two toddlers tried to bring a stroller on board, said a person familiar with the event.

A male attendant allegedly grabbed it from the woman in the area behind the cockpit and may have accidentally hit her in the process, according to this person. Airline-industry protocol is for strollers to be gate-checked, meaning passengers should leave them on the jet bridge so they can be loaded into the cargo hold.

According to the video taken by a fellow flier and posted online, the woman, who was headed to Buenos Aires, began crying and told crew members, "You can't use violence with babies."

The video then showed a male passenger in first class walking to the front of the plane and demanding to know the name of the flight attendant who had taken the stroller. The attendant then appeared on the video, telling the man to keep quiet. The male passenger said: "I can see exactly what you did."

The male passenger returned to his seat and later yelled, "Hey bud, hey bud, If you do that to me, I'll knock you flat." Then he again approached the attendant, and the two got into a shouting match. "I'll knock you out," said the passenger. The attendant replied, "Try it. Hit me."

American said it put the woman, who voluntarily left the plane, and her children on the next flight for Dallas, upgrading them to first class on that leg and their international flight.

Mortgage-Rate Drop Helps Buyers

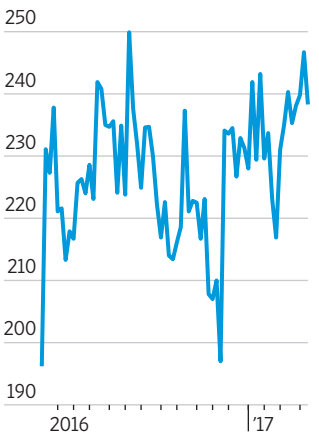
By Laura Kusisto

SHANNON STAPLETON/REUTERS

A house for sale in Uniondale, N.Y., last year. For most of 2016, rates hovered just above 3.5% for 30-year fixed-rate mortgages.

Home Run

Index of mortage applications for home purchases



Source: Mortgage Bankers Association

THE WALL STREET JOURNAL.

Mortgage rates dropped below 4% for the first time since November, providing more kindling to an already hot U.S. housing market as the crucial spring selling season gets under way.

The average rate on a 30-year fixed-rate mortgage dropped to 3.97% for the week ended April 20, from 4.08% a week earlier and 4.3% in mid-March, according to data released Thursday by mortgage company Freddie Mac.

The drop could help encourage buyers who had been put off by rising mortgage rates to dive into the market.

"We are in the spring, and people are out looking to buy homes," said Len Kiefer, deputy chief economist at Freddie Mac. "These low rates are really going to help out with affordability."

For most of 2016, mortgage rates, which generally move together with yields on the benchmark 10-year U.S. Treasury note, hovered just above 3.5% for the 30-year fixed-rate mortgage.

After the November election, optimism that the U.S. economy would get a boost from Republican plans for a tax overhaul, increased infrastructure spending and reduced regulations helped drive interest rates sharply higher as investors bet on faster growth.

Continued uncertainty on geopolitical fronts could help keep rates lower this year.

But the tide is turning. Treasury yields, which move in the opposite direction of prices, approached a five-month low last week as many investors worried that turmoil in Syria and North Korea, as well as election uncertainty in France and the lack of progress on tax and spending policy under President Donald Trump, would lead to slower economic growth.

"Almost the entirety of the Trump bump [to mortgage rates] has been washed away," said Keith Gumbinger, a vice president at HSH.com, a mortgage-information website.

That, in turn, could spur the housing market, economists said. A decline in mortgage rates can reduce monthly mortgage payments or allow buyers to purchase more expensive homes than they otherwise could afford.

Economists said a surge of additional buyers this spring wouldn't be entirely welcome, as supply is already tight.

U.S. home prices rose 5.9% in the 12 months ended in January, the fastest rate since mid-2014, according to the S&P CoreLogic Case-Shiller Indices. February data are due Tuesday.

The impact of a decline in mortgage rates of about a third of a percentage point would be relatively small in many areas of the U.S. The monthly mortgage payment for a home at the median price of $236,400, assuming a down payment of 20%, would be about $40 less today than a month ago.

The effect would be much more pronounced, however, in high-cost markets, such as California. Monthly mortgage payments would decline by about $90 for buyers purchasing homes of about $600,000. At the same time, the size of a mortgage that such buyers could qualify for could swell by about $25,000, according to Black Knight Financial Services, a mortgage and real-estate technology and data provider.

Lower mortgage rates also could provide a boost to refinancing activity. Still, analysts expect the refinancing impact to be relatively small. The vast majority of homeowners had been able to refinance at rates under 4%, given the roughly 3.5% rate for most of 2016.

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New Poll Shows Negative View of Trump

His approval rating is worse than that of the prior 11 presidents at this stage of their term

By Rebecca Ballhaus

Americans are dissatisfied with President Donald Trump as he nears his 100th day in office, with views of his effectiveness and ability to shake up Washington slipping, a new Wall Street Journal/NBC News poll finds.

More than half of Americans—some 54%—disapprove of the job Mr. Trump is doing as president, compared with 40% who approve, a 14-point gap. That is a weaker showing than in the Journal/NBC News poll in late February, when disapproval outweighed approval by 4 points.

While Mr. Trump still draws overwhelming support from his own party, he risks losing the nation's political middle ground. Among independents, disapproval rose markedly, to 54%, while 30% approved of his job performance. That 24-point gap compares with a 9-point margin of disapproval in February.

The survey of 900 adults found some bright spots for the president, including strong support for the missile strikes he ordered on Syria in response to a chemical attack there in early April. More than six people in 10 approved of the military action, and half approved of his handling of Syria overall.

Separately, nearly as many people in the survey approved as disapproved of Mr. Trump's handling of the economy.

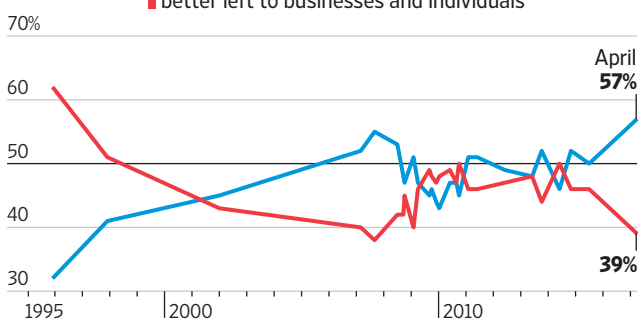
Still, Mr. Trump enters his fourth month in office with a lower job-approval rating than posted by the prior 11 presidents dating to Dwight Eisenhower, an analysis of WSJ/NBC and Gallup polling shows. The only other president with job approval under 50% at this point was Gerald Ford, who notched 48% support after assuming the presidency following Richard Nixon's resignation in 1974.

ANDREW HARNIK/ASSOCIATED PRESS

President Donald Trump draws overwhelming support from his own Republican Party but has only 40% approval overall.

A Call for More

The percentage of respondents saying they want the federal government to do more to solve people's problems is at its highest level since the question was first posed in 1995.



Source: WSJ/NBC News telephone polls. Most recent of 900 adults conducted April 17–20, margin of error: +/-3.2 pct. pts. THE WALL STREET JOURNAL.

The largely negative view of Mr. Trump comes as he nears the 100-day benchmark after a turbulent start in office. While his administration successfully guided his Supreme Court nominee, Neil Gorsuch, to confirmation, efforts to replace the Affordable Care Act, a central campaign promise, have failed so far. The administration hasn't made substantial progress on its ambition to overhaul the tax code. Some goals, such as removing the U.S. from a 12-nation trade pact, have been accomplished through his executive powers.

Notably, the new survey found a historically high share of Americans—some 57%—believe the government should do more to solve problems and help people, compared with 39% who said the government is doing too many things better left to business and individuals. Democrats have long said government should do more to help people, but the new survey found other groups agreeing in larger numbers. Some 59% of independents said government should do more, up from 38% in late 2010, when the tea-party movement was growing.

The percentage of Republicans calling for more government action grew to 28%, up 11 points from 2010.

Mr. Trump has laid out a nuanced stance on government services. He has broken with many in his party to defend the social safety net, pledging not to cut Medicare or Social Security. At the same time, he has proposed a budget that would scale back domestic spending, and nonpartisan government analysts say the health bill he backed would add to the ranks of the uninsured.

"Voters very clearly wanted change in 2016," said Jeff Horwitt, a Democratic pollster whose firm conducted the Journal/NBC News survey with the firm of Republican pollster Bill McInturff. "The question is, is the direction that he's taking things the change that the voters wanted and were hoping for?"

Americans are roughly split on the president's handling of the economy, with 44% saying they approve and 46% saying they disapprove. Mr. Trump, who has invited dozens of business executives to meet with him at the White House, as well as labor leaders, often touts his efforts to create jobs, and the president has signed a series of measures intended to roll back regulations on businesses.

In other assessments of Mr. Trump's presidency, 35% of poll respondents said he was off to a good or great start, compared with 54% who said the same of Mr. Obama eight years ago. Nearly two-thirds of Americans, some 64%, said Mr. Trump was off to a poor or fair start.

About one-third of Americans said Mr. Trump has been more effective than past presidents, a larger share than said so of George W. Bush or Bill Clinton near the start of their terms. Some 44% said Mr. Trump has been less effective than prior new presidents.

The assessments of Mr. Trump's job performance are colored by views of his personal qualities. The share who said Mr. Trump was honest and trustworthy, effective in getting things done and able to change business in Washington all declined from February.

The poll found a sharp divide in views of the president between two types of Trump voters: those who said they had backed him because they liked him or his policies, and those who voted for him because of opposition to his Democratic rival, Hillary Clinton.

More than 70% of pro-Trump voters, for instance, said the president had the right temperament for office, compared with about one-quarter of the anti-Clinton voters.

THE WALL STREET JOURNAL. NBC NEWS POLL

The Wall Street Journal/NBC News poll was based on nationwide telephone interviews with 900 adults from April 17-20. It has a margin of error of plus or minus 3.27 percentage points, with larger margins of error for subgroups.

Priebus Says President, Nearing 100 Days, Is on Track

By Michelle Hackman

White House Chief of Staff Reince Priebus defended President Donald Trump's performance as he nears his first 100 days in office, pointing Sunday to recent history to argue that Mr. Trump is on track.

Mr. Priebus said on NBC that most recent presidents signed no major legislative achievements into law until after the 100-day mark had passed, a point Mr. Trump will hit Saturday.

Barack Obama stewarded an economic stimulus package into law one month into his presidency, Mr. Priebus acknowledged, but he said Mr. Obama benefited from a deal that lawmakers had begun negotiating the previous October.

Mr. Trump has drawn criticism for early missteps in his efforts to restrict travel and immigration, his party's inability to repeal or replace the Affordable Care Act, his backpedaling on foreign-policy promises and failure to fill many administration posts.

Mr. Priebus said that Mr. Trump honored many of his major campaign promises through executive order, including directives tightening immigration regulations as well as withdrawing the U.S. from the unratified Trans-Pacific Partnership trade pact.

He pointed to the confirmation of Neil Gorsuch to the Supreme Court as a major legislative achievement and added that the administration is "hopeful" the House will pass a health-care bill this week.

"He is fulfilling his promises and doing it at breakneck speed," Mr. Priebus said.

The administration focused much of its early energy on dismantling and replacing major portions of the Affordable Care Act, a Republican campaign promise since the law was first passed in 2010. But the Republican effort foundered late last month, when GOP leaders pulled their bill from the House floor.

New Jersey Rep. Tom MacArthur, a co-chair of the Republican centrist organization known as the Tuesday Group, has been negotiating a deal on the bill with members of the right-wing Freedom Caucus. However, the changes they are proposing aren't certain to win enough "yes" votes to make passage possible.

Now, Mr. Trump plans to introduce a blueprint for a tax-code overhaul on Wednesday to show movement on another major legislative priority. White House budget director Mick Mulvaney said Sunday on Fox News that the president's announcement wouldn't involve a specific legislative proposal, and that the White House is undecided on a crucial sticking point: whether to try to raise as much revenue after any overhaul as the tax code currently pulls in.

Karl Rove, George W. Bush's political strategist, said the 100-day report card is a "completely phony" measure—but added that Mr. Trump has seen mixed results.

"We're at 100 days and we're going to have to measure," Mr. Rove said on Fox News. "And he's got a number of successes: cabinet, Supreme Court nomination.

"But look, some big setbacks. The travel ban executive order—a mess. Now fixed, but a mess," he added. "Obamacare repeal and replace—failed to get it done."

Obama to End Absence This Week

By Michelle Hackman

WASHINGTON—Former President Barack Obama is set to emerge from a self-imposed public absence on Monday with an event on civic engagement at the University of Chicago, an appearance that will kick off a series of public events and private speeches.

Mr. Obama, who had vowed to avoid meddling in President Donald Trump's handling of the office, has largely declined to make public statements.

Mr. Obama has set up a postpresidential office and staff in Washington. So far, details on his postpresidential plans have been scant.

That is set to change on Monday, when students from across the Chicago area will gather to discuss civic engagement, according to a statement from Mr. Obama's office.

That appearance will be followed in May by one in Boston, where Mr. Obama will attend an awards ceremony, and another in Germany, where he will join German Chancellor Angela Merkel for an event at the Brandenburg Gate in Berlin. He is also expected to deliver several private, paid speeches across the U.S. and Europe, according to media reports.

TRUMP

Continued from Page One

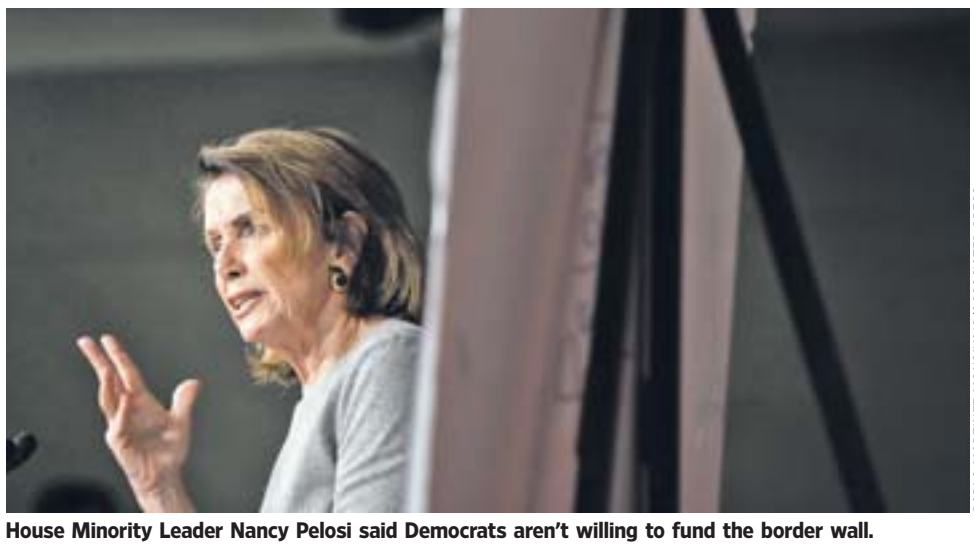
tight timeline, few, if any, of Mr. Trump's legislative ambitions are likely to be realized by Saturday. That means GOP lawmakers would face the uncomfortable choice of denying or deferring some of Mr. Trump's wishes, such as funding the wall, before the symbolic 100th day, or triggering a showdown with Democrats.

House Republicans held a weekend conference call where GOP leaders said they would focus first on striking a deal to keep the government funded.

"The top priority is keeping the government open," Rep. Tom Reed (R., N.Y.) said in an interview after the Saturday afternoon call. "I support the [border] wall, but I don't like us getting bogged down in symbolic, ideological fights" on must-pass legislation.

House Speaker Paul Ryan (R., Wis.) told Republicans that the House Appropriations Committee had been working closely with the White House on the spending agreement, according to a Republican on the call.

"And so, wherever we land will be a product the president can and will support," Mr. Ryan said, according to that person. If lawmakers can't reach a bipartisan deal by Friday, they may pass a one-week stopgap measure, lawmakers and aides predicted. A larger bill would fund the government until October and could include a newly written defense-spending bill.



PABLO MARTINEZ MONSIVAIS/ASSOCIATED PRESS

House Minority Leader Nancy Pelosi said Democrats aren't willing to fund the border wall.

The spending bill under discussion already was expected to include some of the president's wishes, including an increase in funding for the military and border security.

But White House officials began pushing for more late last week, potentially destabilizing the precarious balance required to avert a shutdown.

Administration officials said Mr. Trump wants the spending bill to include funding to begin building the wall along the southern border. However, they haven't threatened that he would veto a bill that excluded it.

"The president has been pretty straightforward about his desire and the need for a border wall," Homeland Security Secretary John Kelly said in an interview that aired Sunday on CNN. "I will suspect he will be insistent on the funding."

In March, the administration asked Congress for $1.4 billion in spending for the current fiscal year for the project, with an additional $2.6 billion for the next fiscal year, beginning Oct. 1.

"It's not like we're inserting something that the president didn't talk about on the campaign," White House budget director Mick Mulvaney said in an interview Friday. "It should come as a surprise to no one that President Trump wants money for a southern border wall."

Mr. Trump himself repeated his request over Twitter on Sunday. "The Democrats don't want money from budget going to border wall despite the fact that it will stop drugs and very bad MS 13 gang members," he said.

But White House Chief of Staff Reince Priebus said Sunday the administration could be flexible on whether the spending bill included money specifically for the wall, suggesting funds for border security could be considered sufficient for now.

On Capitol Hill, Democrats in both chambers have warned that they aren't willing to fund the wall in the coming spending bill.

"The Democrats do not support the wall," House Minority Leader Nancy Pelosi (D., Calif.) said Sunday on NBC. "The wall is, in my view, immoral, expensive, unwise, and when the president says 'Well, I promised a wall during my campaign,' I don't think he said he was going to pass billions of dollars of cost of the wall on to the taxpayer."

While some Republicans said they would be willing to set aside funds for the border, many are reluctant to imperil a bill that would need at least eight Democratic votes to pass the Senate. GOP leaders are also likely to need Democratic votes in the House, where some conservatives are expected to oppose the bill, giving Democrats unusual leverage at a time of full GOP government control.

Democrats are pushing to include payments, known as "cost-sharing reductions," that help support Affordable Care Act plans by helping insurers lower costs for low-income consumers. An abrupt withdrawal of the payments would pose an immediate threat to health-insurance markets.

GOP lawmakers and aides have stressed the need to demonstrate their party can govern, particularly after House leaders were forced to pull their health-care bill from the floor last month. Mr. Priebus said on NBC Sunday that he "would like to have a vote this week" on a modified health bill, "but again, it's not something that has to happen in order to define our success."

Even if the bill were to clear the House this week, it isn't clear it could pass the Senate.

—Brody Mullins, Peter Nicholas and Michelle Hackman contributed to this article.

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U.S. NEWS

States Shore Up Insurance Markets

By Anna Wilde Mathews And Michelle Hackman

Amid uncertainty in Washington about the future of the Affordable Care Act, states are moving to bolster their own insurance markets, hoping to fend off big rate increases and pullbacks by insurers.

Idaho, Oklahoma and Minnesota have passed bills that aim to blunt insurers' costs for covering people who buy individual insurance and have health conditions that require expensive treatments.

The measures would allow insurers to unload at least some of the expense of these enrollees' claims onto state programs, typically using a version of reinsurance.

Last year, Alaska created its own reinsurance setup, an effort that state officials there say has helped to limit rate increases and keep its individual insurance market functioning.

Worried state insurance commissioners are also pushing back deadlines for filing 2018 plans and lobbying companies to participate in their ACA marketplaces. Insurers are struggling to make decisions about their 2018 ACA exchange offerings.

Industry officials have said that uncertainty over Washington's plans for overhauling the law, particularly key federal payments that help insurers reduce costs for low-income ACA enrollees, may prompt higher premiums and exits from more markets.

Tennessee's insurance regulator, Julie Mix McPeak, has been meeting with insurers in hopes of filling a gap in her state where, after Humana Inc.'s announced departure next year, residents may have no exchange plans available.

"The message I'm conveying is, 'We'll do whatever we can to make this area attractive to you on the individual exchange market,'" she said, adding that the department is "trying to show flexibility and consideration" to any insurers willing to come in, including being open to their rate proposals.

CHRIS DILLMANN/VAIL DAILY/ASSOCIATED PRESS

Andrew Romanoff, head of Mental Health Colorado, speaks to the public in Vail, Colo., last week.

The reinsurance programs typically require a state to pass legislation. Insurers generally welcome the chance to unload the risk and claims expense tied to their sickest enrollees.

Under the ACA, insurers can't charge sick consumers more or refuse to sell them plans. Some insurers have said their ACA plans haven't enrolled enough healthy people to balance out the costs of those with serious medical needs, resulting in the past in some sharp premium increases and financial losses.

Several states have passed bills that aim to blunt some costs for health insurers.

"We felt the need to try to do what we could to stabilize the market and encourage the carriers to stay in the market, and provide some relief," said Dean Cameron, director of the Idaho Department of Insurance.

A few weeks ago, the state passed a law that will create a new reinsurance program. It is a revamped version of an existing program, sometimes called a high-risk pool.

Before the ACA's rules took effect, 35 states operated programs that aimed to ensure coverage for people who found it hard to obtain traditional individual plans. Under its new setup, Idaho's program will help pay claims for people with certain health conditions who are enrolled in regular ACA plans.

Mr. Cameron said that all of the insurers in Idaho's insurance exchange are losing money on the business. After the state's individual market saw a 25% average premium increase this year, he feared even larger ones next year. He hopes the new initiative will help hold down premiums.

The challenge for states is the price tag of such reinsurance efforts. Idaho officials said the state can use money from an existing insurance tax to help pay for its reinsurance effort, and Alaska used a similar setup to start its program.

In Oklahoma, however, state regulators are counting on federal funding to pay for a reinsurance program, which they hope to request from the federal government by July. They haven't yet settled on many of the program's details.

Oklahoma is seeking the money under an existing waiver option within the ACA that allows states to tweak the law's setup if they meet certain requirements, including showing that the changes won't reduce the number of people with coverage.

Alaska has applied for a similar waiver, and it is seeking money with the argument that its program is saving federal dollars, which can be routed back to the state to support its effort.

Minnesota has made its reinsurance program contingent on a federal waiver, though its law would dedicate up to $540 million in state money over two years to help insurance companies cover people whose claims expenses rise past $50,000 a year.

The Trump administration has signaled that it will favor such waiver applications.

U.S. WATCH

ENVIRONMENT

Activists' Campaigns Spotlighted by Prize

An East Los Angeles man who helped close a toxic battery recycler joined activists who blocked other industrial projects as 2017 recipients of the Goldman Environmental Prize, the green world's highest honor.

The California man, Mark Lopez, 32, and five other activists will be recognized Monday at a ceremony in San Francisco by the Goldman Environmental Foundation, which was launched by the late San Francisco philanthropists Richard and Rhoda Goldman as a way to honor grass-roots environmental activists around the world.

—Jim Carlton

TRUMP ADMINISTRATION

Critic Is Picked for Mental-Health Post

A former official in the Substance Abuse and Mental Health Services Administration, who castigated the agency after her departure for failing to focus on people with serious psychiatric illnesses, has been nominated for the Trump administration's top mental-health post, according to the White House.

Elinore McCance-Katz, who served as Samhsa's first-ever medical director during the Obama administration, was selected for a newly created position.

The position—assistant secretary in the Department of Health and Human Services—was enacted through the legislative 21st Century Cures Act, passed in November. Her nomination, which the White House announced late Friday, requires confirmation by the Senate.

Her nomination represents the Trump administration's position—one pushed by some Republicans and shared by a growing number of mental health advocates—that the government should train its resources on people with the most severe mental illnesses.

—Michelle Hackman

NORTH DAKOTA

Dozens of Protest Cases Are Dropped

Authorities have dropped more than 30 cases related to arrests made at Dakota Access pipeline protests, court records show.

Prosecutors and judges last month dropped 33 misdemeanor cases; another 14 were resolved by guilty pleas. Most of these cases related to criminal trespass charges from the late summer and fall. Prosecutors struggled to prove the charges before a judge who ruled in multiple cases that the Morton County State's Attorney office had failed to meet its burden of proving protesters were given proper notice they were on private land.

—Associated Press

Beauty Contest Goes to the Dogs

CHARLIE NEIBERGALL/ASSOCIATED PRESS

BAD HAIR DAY: Clyde, owned by Stephanie Prescott, of Ankeny, Iowa, waited to be judged Sunday during the 38th annual Drake Relays Beautiful Bulldog Contest in Des Moines, Iowa.

Morgan Stanley

By putting clients first, our Financial Advisors are leading the way

Congratulations to all of our Financial Advisors who made this year's *Barron's* Top 100 Financial Advisors list. By putting clients first, leading with exceptional ideas and demonstrating integrity, you consistently deliver the best of Morgan Stanley to every client. We are proud of all of your accomplishments.

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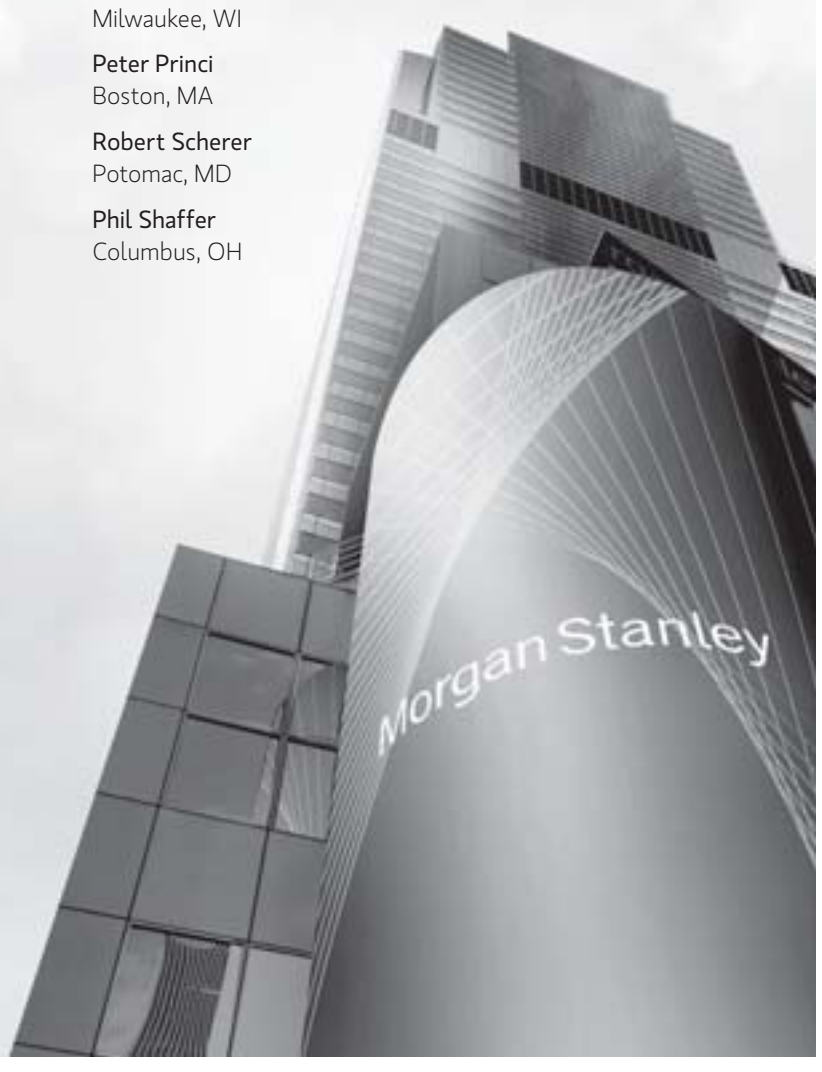

Source: *Barron's* "Top 100 Financial Advisors," April 17, 2017. *Barron's* "Top 100 Financial Advisors" bases its ratings on qualitative criteria: professionals with a minimum of seven years of financial services experience, acceptable compliance records, client retention reports, customer satisfaction, and more. Financial Advisors are quantitatively rated based on varying types of revenues and assets advised by the financial professional, with weightings associated for each. Because individual client portfolio performance varies and is typically unaudited, this rating focuses on customer satisfaction and quality of advice. The rating may not be representative of any one client's experience because it reflects a sample of all of the experiences of the Financial Advisor's clients. The rating is not indicative of the Financial Advisor's future performance. Neither Morgan Stanley Smith Barney LLC nor its Financial Advisors or Private Wealth Advisors pays a fee to *Barron's* in exchange for the rating. *Barron's* is a registered trademark of Dow Jones & Company, L.P. All rights reserved.

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WORLD NEWS

French Vote Tests Establishment Parties

Center-left and right feel populist pressure; projected leader in runoff is EU supporter

By Marcus Walker

ERIC FEFERBERG/AGENCE FRANCE-PRESSE/GETTY IMAGES

Supporters of Emmanuel Macron celebrated the first-round results at the Parc des Expositions in Paris. Mr. Macron and Marine Le Pen advanced to the second round.

The first-round results of France's presidential election on Sunday offered encouragement for the European Union but warnings for the established center-right and center-left parties that have dominated Europe's politics for decades.

The EU's favored candidate, Emmanuel Macron, won the first round with 23.9% of the vote, according an official tally of 96% of votes, ahead of far-right candidate Marine Le Pen, with 21.4%. They will face off in the final round on May 7.

Opinion polls for the final, head-to-head contest have been far more decisive than for Sunday's fragmented, multicandidate vote. Surveys up until last week consistently showed Mr. Macron beating Ms. Le Pen by 20 percentage points or more in a one-on-one duel.

Still, the outcome triggers alarms for Europe's established parties on the center-right and center-left. France's long-dominant Socialists and conservatives failed to reach the runoff—an outcome that leaves both parties in crisis. Mr. Macron, a centrist with an eclectic policy platform, has no conventional party behind him.

Victory for Mr. Macron, 39 years old and a staunch EU supporter, would strengthen the conviction of Europe's mainstream politicians that they can beat back the challenge from anti-EU nationalists such as Ms. Le Pen.

"A Macron presidency would change the narrative for the European Union, feeding the perception that we are past peak populism," said Nicolas Veron, a French economist and fellow at Brussels-based think tank Bruegel. "Lower political uncertainty could also help economic growth in the eurozone."

After a year of political shocks, however, few incumbents in Europe's capitals will rest easy until the contest is over. And Ms. Le Pen still has a shot at power. Her pledges to disband the euro and dilute the EU would undo decades of efforts to unite Europe politically and economically. Her foreign-policy views, including her closeness to Russian President Vladimir Putin, would call into question France's commitment to its security alliance with Western powers such as the U.S. and Germany.

A Le Pen presidency would deliver the third blow within a year to the integrated, liberal-internationalist order of the Western world, following the U.K.'s referendum vote last summer to leave the EU and the election of Donald Trump in the fall as U.S. president on a nationalist, populist platform.

More recently, the tide in parts of Europe has turned in favor of centrist politicians who support the EU and multilateral cooperation.

Nationalist parties fell short of their ambitions in recent Dutch and Austrian elections. In Germany, where parliamentary elections are due in September, traditional parties are dominating the race while a nationalist upstart group is mired in internal squabbles.

Many political scientists warn that the decline of established parties is a long-term phenomenon, however, and that antiestablishment populists such as Ms. Le Pen aren't going away.

In the runoff, most observers expect French voters from a broad swath of the political spectrum to rally behind Mr. Macron. On Sunday, defeated candidates, including conservative François Fillon and Socialist Benoit Hamon, asked their voters to support Mr. Macron.

The contest between centrists and populists over France's future will only conclude with June's elections for the national legislature.

Round Two Will Challenge Ideas on Nation's Workers

By Greg Ip

ANALYSIS

French voters are in a surly mood, and who can blame them?

France's economy is among the sickest of the advanced countries. Unemployment has been around 10% for four years and is well above the European Union average. Per capita incomes are no higher than in 2007.

Marine Le Pen, leader of the far-right National Front who in unofficial results finished second in the first round of presidential voting on Sunday and was poised to proceed to the final round on May 7, blames the European Union and the euro, which she claims have made it impossible for French industry to compete with Germany's while robbing France of fiscal independence. Her solution: Leave.

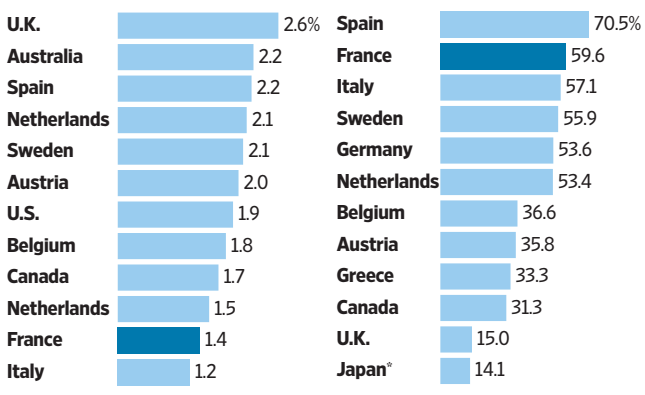
Yet France's problems long predate the euro crisis and the austerity that followed. From 1990 to 2007, France had the second-weakest per capita economic growth of advanced economies, according to the Organization for Economic Cooperation and Development. Only Italy's was worse.

The reasons are numerous but the most important is an overregulated and inflexible labor market that has discouraged hiring and investment, undermined productivity and left too many French workers undereducated or underskilled. This is the story emphasized by Emmanuel Macron, leader of the center-left upstart party En Marche and a defender of the EU and the euro. He was looking like the first-place finisher on Sunday and thus lining up to face Ms. Le Pen in the second round.

While 8% of French workers are unionized, 90% are covered by collective agreements. The centralization of bargaining makes it almost impossible for companies to calibrate hiring to plant-level needs. Income and payroll taxes are nearly 50% of the average wage.

The Trouble With France

France suffered from weak economic growth even before the 2008 financial crisis, and a labor market that discourages permanent employment is a major reason.



*Applies a maximum duration threshold of one year to classify jobs as temporary employment.
Source: Organization for Economic Cooperation and Development
THE WALL STREET JOURNAL.

These problems persist because French voters have punished any president who sought to fix the underlying problems. France has never had a Ronald Reagan or a Margaret Thatcher.

The result is a bifurcated labor market where a large share of workers work on temporary contracts and receive little or no training. Innumeracy and illiteracy are both far higher than the OECD average.

Even as Germany in the early 2000s injected flexibility into its labor markets, France headed in the other direction. It created a 35-hour workweek on the flawed assumption the move would spread work around and bring down unemployment. The short workweek is now nearly sacred.

Ironically, it is the socialist incumbent François Hollande who has been boldest in tackling the status quo. Led by Mr. Macron, then his economy minister, Mr. Hollande injected more competition into product markets, including legal services and bus transport, then tackled the labor market with plans to decentralize bargaining and rules for layoffs.

The moves met a backlash within the socialist party and on the streets. The measures were watered down, yet even so they cost Mr. Hollande so much support that he declined to run for a second term.

France's labor market has, at long last, begun to recover; job growth last year was relatively healthy. The overhauls have shown signs of success, such as a drop in dismissal-related job disputes.

While labor-market rules didn't attract the attention EU membership and terrorism did during the election, they define the candidates almost as much. The early results suggest the public remains deeply divided. Roughly as many voted for Mr. Macron and third-place finisher François Fillon of the conservative Republicans, both of whom would have expanded the overhauls, as voted for Ms. Le Pen and the former communist Jean-Luc Mélenchon, who would scrap them.

Thus, on May 7, voters won't just decide if France remains integrated with Europe, but also whether it will make the changes necessary to thrive in it.

ELECT

Continued from Page One

debt markets. Investors have been demanding a premium to lend to France in the run-up to the vote, amid fears the country's membership in the EU and the euro was in jeopardy.

In Asian trading early Monday, Europe's common currency rose as much as 1.9% to $1.0935, its highest level against the dollar since November. Against the Japanese yen, the euro surged as high as ¥120.82, up 3.3%. Early Monday, Japan's Nikkei 225 was up 1.4%.

Still, the first-round outcome suggests the country is more divided than ever over the European question. Votes for the main euroskeptic candidates, including Ms. Le Pen and far-left firebrand Jean-Luc Mélenchon, accounted for nearly half of the tally.

The race is also unfolding in a highly volatile climate. The slaying of a police officer in an assault on the Champs Elysées Thursday revived fears of terror attacks that buffeted the country in recent years, killing more than 200 people.

François Fillon, the conservative Les Républicains candidate who placed third with 19.9%, said he would cast his vote for Mr. Macron, because "I have no other choice than vote against the extreme right."

The collapse of the ruling Socialist Party was amplified by the fourth-place performance of Mr. Mélenchon, who scored 19.5%.

"This failure is a deep wound," said Benoît Hamon, the candidate of the Socialist Party, who garnered 6.4% of the vote, placing fifth. Mr. Hamon also called on his supporters to unite behind Mr. Macron, calling Ms. Le Pen "an enemy of the republic."

Mr. Mélenchon refused to support one of the top two finishers Sunday evening. Taking the podium before a chanting crowd, he instead accused both Mr. Macron and Ms. Le Pen of failing to address a corrupt status quo and said that he would ask his supporters to vote on his website to determine whom his movement would support.

European leaders across the continent celebrated Mr. Macron's advance to the runoff.

Mr. Macron and Ms. Le Pen will face an uphill challenge. Both need to field candidates for legislative elections scheduled for June 11 and 18 and command a majority in parliament to implement their platforms.

For Mr. Macron—whose political party En Marche, or "On the Move," is barely a year old—the difficulty lies in uniting barons from mainstream parties on the left and right who have recently defected to his ranks. At the same time, he needs to mobilize young supporters.

Ms. Le Pen's second-place finish is a step forward in her yearslong drive to refashion the National Front, a political party founded in the xenophobic and anti-Semitic spirit of her father, Jean-Marie Le Pen. Still, Ms. Le Pen's effort to push the party past World War II-era recriminations stumbled earlier this month when she claimed the French state wasn't responsible for the 1942 roundup of Jews, in which more than 13,000 people were arrested and kept in the Vel d'Hiv cycling stadium to be deported to Nazi concentration camps.

Supporters who joined Ms. Le Pen at a rally said her strategy failed to broaden the party's mainstream appeal.

"I think people fear Marine when they are in the voting booth," said Hervé Bertout, a delivery driver who lives near Hénin-Beaumont in Northern France.

Such fears could make it hard for Ms. Le Pen to form a majority in parliament, through the National Front is likely to pick up more than its current two seats in the lower house.

Ms. Le Pen has tried to turn the page on the party's past by positioning herself as a check on globalism, vowing to wage a "patriotic revolution" by holding a referendum on France's membership in the EU and the euro. She has also promised to deport undocumented immigrants.

Mr. Macron's first-place finish continues a meteoric rise that began when President François Hollande picked the Rothschild banker as his deputy chief of staff in 2012.

Mr. Macron drew attention for criticizing the president's tax-the-rich policies as an attempt to make France "Cuba without the sun." Mr. Hollande not only tolerated the outspoken aide, he promoted Mr. Macron to economy minister, placing him in charge of the government's effort to slash red tape and loosen labor regulation.

—Joshua Robinson, Nick Kostov, Matthew Dalton, Noemie Bisserbe and Sam Schechner contributed to this article.

Preliminary Results

Projections based on partial vote counts

Source: Ipsos
THE WALL STREET JOURNAL.

Investors Consider Potential for a Win By Marine Le Pen

As French voters hit the polls, investors are grappling with a remote yet not implausible possibility: victory for Marine Le Pen. On Sunday, the antieuro leader of the far-right National Front appeared to have made it through to the second round alongside centrist Emmanuel Macron, according to early projections. Ms. Le Pen appears unlikely to triumph in May's second round.

Still, "I wouldn't price [Ms. Le Pen] out entirely," said Stephen Gallo, strategist at BMO Capital Markets, noting the euro is unlikely to sustain Sunday's gains longer term amid uncertainty over politics in France as well as other risks in the eurozone.

Should it occur, a Le Pen victory could still pose a risk to European equities and spur concerns over the future of the eurozone, some analysts say. "It would be seismic, bigger than Trump or Brexit for markets, if Le Pen got into office and called into question the euro itself," said Paul Griffiths, chief investment officer of fixed income and multiasset at First State Investments.

In her campaign, Ms. Le Pen has vowed to take France out of the euro and bring back the franc, which could cause the country to default on its debt while spurring questions about the viability of weaker eurozone economies.

In equity markets, attention will likely turn first to France's benchmark CAC-40 index, which has climbed roughly 4% this year. Its listed companies source 26% of their revenue from France and 61% from Europe as a whole, according to FactSet.

Companies with a larger share of overseas revenue, as well as more defensive shares such as consumer staples and pharmaceuticals, are seen as better positioned to weather turmoil. French banks are seen as particularly vulnerable.

But the whole eurozone is likely to suffer, investors say, given questions over the entire project's future.

If Mr. Macron is elected, European stocks could be poised for gains, given recent improvements in the European economy and corporate earnings.

"There's pent-up demand for European assets," said Mislav Matejka, equity strategist at J.P. Morgan.

—Riva Gold

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Anti-Immigrants Set German Slate

By Anton Troianovski

BERLIN—Germany's anti-immigrant party further sidelined its embattled leader this weekend and chose two lesser-known faces to lead the party in national elections later this year, another sign of the disarray that has swept the country's upstart populist movement.

At its national convention in Cologne, the Alternative for Germany party declined even to even consider a motion by Frauke Petry, the party's co-chairman and its best-known member, that called on the four-year-old party to seek to govern in coalition with other parties and to chart a more moderate political course.

The rejection was another blow to Ms. Petry. Last week, she had said she wouldn't seek a spot on the AfD's election ticket, a concession to other party officials who have rebelled against her leadership.

Instead, the AfD on Sunday chose a 76-year-old lawyer and former newspaper editor, Alexander Gauland, and a 38-year-old business consultant, Alice Weidel, to lead the ticket for the Sept. 24 national election, in which Chancellor Angela Merkel will stand for a fourth term.

Ms. Weidel is seen as a pro-business figure. Mr. Gauland, representing the party's nationalist wing, is an ally of Björn Höcke, an AfD politician in the state of Thuringia whose rejection of Germany's tradition of Holocaust remembrances stirred a backlash against the party.

Neither Ms. Weidel nor Mr. Gauland is as well known as the 41-year-old Ms. Petry, who has a doctorate in chemistry and is now pregnant with her fifth child. Analysts said Ms. Petry's leadership battles could hurt her party. In an Infratest Dimap poll conducted last week, it received 10% support, a drop from 15% last fall.

"A party like the AfD does need to appear somewhat united," said Thomas Poguntke, a political scientist at the Heinrich Heine University in Düsseldorf.

The AfD's electoral platform, approved by delegates on Sunday, urges Germany to close its borders to asylum applicants, end sanctions on Russia and to leave the EU if Berlin fails to retrieve national sovereignty from Brussels, as well as to amend the country's constitution to allow people born to non-German parents to have their German citizenship revoked if they commit serious crimes.

More than 10,000 people protested against the AfD in Cologne over the weekend, a city police spokesman said.

WOLFGANG RATTAY/REUTERS

Alexander Gauland of the AfD kissed the hand of party chairwoman Frauke Petry at Sunday's party congress in Cologne.

For U.K.'s May, Three Risks

EUROPE FILE
By Simon Nixon

Theresa May's decision last week to call a snap election was a gamble, though not for the reasons that usually lead politicians to avoid unnecessary appointments with voters.

The risk that the U.K. prime minister might lose the June 8 election is as close to zero as is possible in a functioning democracy. Opinion polls point to her Conservative party receiving between 40% and 50% of the vote, a lead of up to 25 percentage points over the opposition Labour Party, whose leftist leader Jeremy Corbyn was last year opposed by around 80% of his party's parliamentarians in a vote of confidence. Polls suggest that only 14% of voters see him as a credible prime minister.

Instead, the risk for Mrs. May is that she falls short of her primary objective, which is to strengthen her hand for the forthcoming Brexit negotiations with the European Union. To do that, she hopes to increase her majority of 17 seats in the 650-member House of Commons.

This is important not because a larger majority would somehow intimidate Brussels—the EU has already set out tough negotiating guidelines designed to protect its interests that won't change in response to British political developments—but because it will reduce her vulnerability to her own backbenchers on both sides of the Brexit divide, giving her greater flexibility to push through whatever deal she reaches.

Nonetheless, there are three ways that Mrs. May's gamble might yet backfire.

The first is that Mrs. May might find herself in the heat of the campaign forced to clarify her Brexit strategy in ways that might bind her hands or reduce her flexibility in the negotiations.

Her Brexit strategy so far has been to set out only a few red lines—an end to the jurisdiction of the European Court of Justice and new controls on the right of EU citizens to live and work in the U.K.—while insisting her ultimate goal is to secure a "deep and special partnership" with the EU that preserves as far as possible frictionless trade and current security cooperation.

But she has said little about how she thinks she might reconcile these objectives, preferring to hide behind slogans that don't commit her one way or another.

In a normal election, a governing party would have no chance of evading scrutiny on an issue of such vital national importance. But against a Labour Party with no coherent position on Brexit and an unpopular leader, it might just work.

The second risk is that the election shifts the Conservative Party's center of gravity substantially to the right so that even if she wins an increased majority, she finds herself even more beholden to hard-line Brexiters, thereby reducing her scope for compromise with the EU.

Even before the referendum, the party's aging activists were notably more euroskeptic than its traditional electoral base.

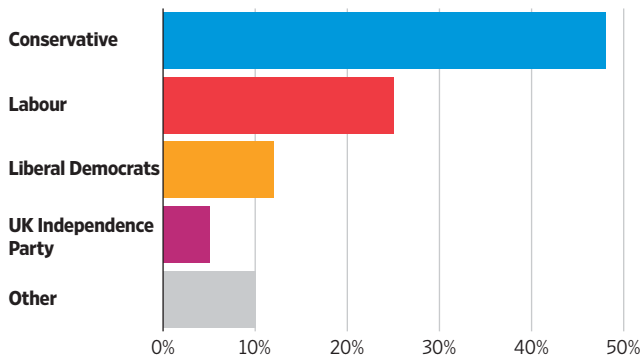
The third risk is that opposition to the Conservatives somehow manages to galvanize itself over the next nearly seven weeks to deprive Mrs. May of her goal of a substantially increased majority.

The simplest way for this to happen would be if Labour were to dump Mr. Corbyn as leader. But this isn't going to happen before the election. On the other hand, Mr. Corbyn is so weak many Labour parliamentarians may be able to save their own seats by making clear they would not back him to be prime minister if he won.

Mrs. May has clearly calculated that with such a commanding lead and against such weak opposition, these are risks worth taking. That may be right. But seven weeks is a long time in politics.

Poll Position

Opinion polls suggest Theresa May is on course to substantially increase her parliamentary majority in the June 8 election.



Source: YouGov/Sunday Times survey of 1,590 voters on April 20 and 21, 2017
THE WALL STREET JOURNAL.

IMF Says Greece Needs More-Painful Overhauls

By Ian Talley

WASHINGTON—The International Monetary Fund has a sobering message for Greece: Even if the country secures debt relief from its European creditors—a question that is by no means assured with bailout talks still deadlocked—the nation still needs even more-painful economic overhauls than currently planned.

Seven years into an economic crisis and another near-term financial emergency looming, that is a message no Greek wants to hear and a key reason why the IMF is also urging Germany and Athens's other European creditors to give the country hope in the form of real debt relief.

The country's "fiscal and structural reforms...pension reforms, tax reforms, are only a down payment," said Poul Thomsen, the IMF's European department chief and Greece's original bailout architect, on the sidelines of the fund's semiannual meeting of finance ministers and central bankers.

To bring the country's unemployment and income levels back to precrisis rates will take "deep structural reforms, many of which are not yet on the books," he said. The jobless rate is currently at 22% and half of all the youth labor force are without work.

"This is a long-term project," he said.

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Pyongyang Arrests American Citizen

By Jonathan Cheng

SEOUL—North Korea has arrested a U.S. citizen in Pyongyang, people familiar with the matter said, adding another potential flashpoint with the U.S. at a time of increasingly heated rhetoric.

The arrested man, a Korean-American professor named Tony Kim, had been teaching at a university in Pyongyang set up by a Korean-American Christian businessman, two people familiar with the matter said.

Mr. Kim is the third known U.S. citizen to be detained by North Korea in recent months. Pyongyang last year sentenced Otto Warmbier, a University of Virginia undergraduate, and Kim Dong-chul, a Korean-American businessman, to terms of 15 years and 10 years of hard labor, respectively.

A U.S. State Department spokesman on Sunday declined to comment on the case, citing privacy concerns, but said the department typically works with the Swedish Embassy in Pyongyang when U.S. citizens are detained there.

On Sunday, U.S. President Donald Trump held telephone calls with President Xi Jinping of China and Japanese Prime Minister Shinzo Abe, although White House officials didn't say what the leaders discussed.

Mr. Kim's arrest of comes at a time of heightened tensions between Pyongyang and Washington. During a trip to Seoul last week, U.S. Vice President Mike Pence stopped at the demilitarized zone that divides the Korean Peninsula and warned North Korea not to push Mr. Trump, citing recent unilateral strikes on Syria and Afghanistan.

"North Korea would do well not to test his resolve, or the strength of the armed forces of the United States in this region," Mr. Pence said.

The U.S. has also sent an aircraft carrier, the USS Carl Vinson, toward the Korean Peninsula. The Vinson was conducting joint exercises with Japan's navy in the Philippine Sea on Sunday, the U.S. said, and is due to arrive early this week.

North Korean authorities detained Mr. Kim, who also goes by the Korean name Kim Sang-duk, at Pyongyang airport on Saturday, as he was about to leave the country, the Pyongyang University of Science and Technology, where he had been teaching, said on Sunday.

South Korea's quasiofficial Yonhap News Agency, which first reported the arrest, said Mr. Kim was detained, citing unnamed sources and identifying Mr. Kim only by his surname. Yonhap reported that Mr. Kim was in his late 50s and had been involved in aid work in North Korea. It said he was in the country to discuss relief activities. The reason for his arrest was unknown, Yonhap reported.

A number of humanitarian groups with ties to the U.S. do aid work in North Korea. Many of them are associated with Christian organizations.

—Chun Han Wong in Beijing contributed to this article.

Manila Drug War's Casualty: Rehab

Punishment-focused government cedes treatment to community programs with questionable credentials

By Jake Maxwell Watts

ERIK DE CASTRO/REUTERS

The Philippine government is de-emphasizing large rehabilitation facilities. Above, a dorm at a treatment center in Taguig, near Manila

MANILA—The government of Philippine President Rodrigo Duterte is giving up on supersize drug-rehabilitation centers, shifting the burden of treating addicts to community-level programs with little medical expertise.

Rehabilitation was the other half of Mr. Duterte's bloody war on drugs, a crackdown that has claimed the lives of more than 7,000 people and targeted four million addicts whom the president has said he would "be happy to slaughter." Nearly 1.3 million addicts and dealers, told they need to surrender or face a similar fate from vigilantes and police, have presented themselves for compulsory rehabilitation.

Treating the flood of self-confessed users presents a monumental task for the government. Its retreat from supersize rehab centers, a major pillar of its rehabilitation efforts, adds to criticism that the drug war is focused on extermination.

One reason the government is reversing course is that far fewer people than expected have been classified as sufficiently drug-dependent to be sent to the centers—an indication to some that the president has overstated the country's methamphetamine epidemic, a drug known locally as shabu. The impoverished country has also struggled to fund its rehabilitation programs, another reason, along with the siting of centers far from patients' families, that admissions have been low.

The government's flagship facility north of Manila, financed by a Chinese businessman and intended to eventually hold 10,000 addicts, has only 179 patients. The existing building, finished last year in the project's first phase with a capacity of 500, won't be expanded, government officials said.

"I don't suppose that we will be continuing with the concept of mega rehab," John Castriciones, undersecretary for operations at the Department of the Interior and Local Government, told local media this month. Mr. Castriciones's department, which oversees community rehabilitation, didn't respond to requests for comment on the policy change.

The government says it will still use the rehabilitation centers for the most severe addiction cases, but the vast majority of people surrendering to police will now get help from community leaders, who mental-health experts say are ill-equipped to serve them.

Ronnie Taguba, the head of a small community of about 4,000 people in Manila, is one such leader. Most Sundays, Mr. Taguba rises at 5 a.m. and goes jogging, followed by around 30 wheezing drug addicts. At other times, he holds zumba sessions, followed by Bible study.

"We talk to them and say it's hard to go to jail," said Mr. Taguba, who supports the president's drug war. "We give them protection, but say if you continue to use drugs, you will go to jail."

After surrendering to police, self-declared drug addicts are triaged into groups by a medley of health workers, psychiatrists and doctors, based on their behavior during interviews. The most severely addicted are confined in government rehabilitation camps, run by medical professionals, where they participate in a recovery program involving strict daily routines.

Delfin Gubatan, who runs a government rehabilitation center in Dagupan, north of Manila, said all residential patients at his 300-bed facility complete their course and 76% of them remain drug-free in the 18 months after completion.

The government said last year it would increase the budget for rehabilitation to 3 billion Philippine pesos ($60 million) in 2017.

The president in public has largely focused on police efforts to rid the country of shabu addicts and dealers.

The campaign's carnage has been decried by opposition parties, the country's Roman Catholic Church and human-rights organizations.

But the violence hasn't dented the president's approval ratings, which consistently poll as high as 80%.

Saudi Arabia Restores Perks for State Workers

By Nikhil Lohade And Dahlia Kholaif

BANDAR ALGALOUD/SAUDI ROYAL COURT/REUTERS

King Salman, in Kuala Lumpur, Malaysia, earlier this year.

DUBAI—Saudi Arabia's King Salman has reinstated allowances and bonuses for state employees as its finances improve, a move aimed at boosting consumer confidence to support growth as the kingdom overhauls its oil-dependent economy.

In a spate of decrees issued late Saturday, the king also appointed one of his sons, Prince Abdulaziz bin Salman, as minister of state for energy, industry and mineral resources. Another son, Prince Khaled bin Salman, was named ambassador to the U.S., according to the official Saudi Press Agency.

Those changes come as the kingdom strives to achieve an ambitious economic-reform plan and improve ties with the U.S. under President Donald Trump after relations with the Obama administration chilled.

Saudi Arabia in September canceled bonus payments and curbed allowances for state employees, months after cutting the subsidies for fuel, electricity and water.

The Saudi middle class, long accustomed to generous public welfare, is usually reluctant to gripe about economic hardship but many criticized in private the reduction in perks, especially as the kingdom spends billions abroad in a costly and unpopular war in Yemen. The reversal of some recent measures taken to cut that state assistance suggests the monarchy was also sensitive to those complaints as it tries to change the decades-old social contract.

King Salman cited an increase in revenue and a decline in the kingdom's budget deficit as reasons for restoring the perks. The benefits had been canceled, amended or frozen as part of an austerity drive to cope with a sharp drop in oil income, which accounts for a major chunk of government revenue. Crude prices are down by about half since the middle of 2014 though prices have stabilized in recent months.

The spending cuts were aimed at boosting state finances after the kingdom posted a record budget deficit of $98 billion in 2015 as income from oil sales fell. But the cuts have weighed on the economy.

The withdrawal of benefits hurt Saudi nationals. Saudi inflation stood in negative territory for a third consecutive month in March because of sluggish consumer demand and a fall in food inflation on lower global food prices, analysts say.

Saudi Arabia last year unveiled an ambitious plan to reshape its oil-dependent economy under the leadership of King Salman's son Deputy Crown Prince Mohammed bin Salman.

King Appoints Son As New Envoy To Washington

Saudi Arabia's King Salman has appointed one of his sons as the kingdom's new ambassador to the U.S., as Riyadh seeks to cement improved ties with Washington following its disputes with the Obama administration over Iran and other American policies in the region.

The appointment of Prince Khaled bin Salman as the new envoy was announced in a decree issued by the monarch late Saturday, according to the official Saudi Press Agency. The prince, in his 20s, succeeds Prince Abdullah bin Faisal bin Turki bin Abdullah Al Saud.

The prince is seen as close to his brother, Deputy Crown Prince Mohammed bin Salman, who is in his early 30s and oversees the Saudi defense forces and the kingdom's economic-reform initiatives. Prince Khaled accompanied his brother on an official visit to Washington last June.

Prince Khaled studied at Georgetown University and Harvard University, according to the website of the Saudi-owned Al Arabiya news channel. He also served as a pilot in the Saudi air force, during which he received training at Nellis Air Force Base in Nevada and Columbus Air Force Base in Mississippi.

Saudi Arabia, which is predominantly Sunni Muslim, opposed the nuclear accord reached between mainly Shiite Iran and the U.S. and five other world powers in June 2015.

Saudi Arabia has traditionally been a large purchaser of U.S. weapons and as ambassador, Prince Khaled will play a crucial role in striking fresh deals.

—Nikhil Lohade and Dahlia Kholaif

WORLD WATCH

AFGHANISTAN

Country Mourns After Taliban Attack

Afghanistan observed a day of mourning on Sunday after a Taliban attack on the army's northern headquarters Friday left at least 170 people dead, Afghan officials said, in the militant group's deadliest assault since it was ousted from power in 2001.

The Afghan army initially said just 11 people had been killed in the attack by militants who breached the base hidden in military vehicles, but later admitted the higher death toll.

The Taliban are waging an increasingly deadly insurgency against the foreign-backed government, with at least half a dozen provincial capitals under threat of being overrun this year.

—Jessica Donati

UKRAINE

OSCE Monitor Killed On Patrol in East

A U.S. paramedic working with an international mission to monitor the conflict in eastern Ukraine was killed on patrol on Sunday, the Organization for Security and Cooperation in Europe said. An explosion hit an armored vehicle carrying three observers on a road in rebel-held territory of east Ukraine's Luhansk province. Initial evidence led it to believe the vehicle ran over a land mine, the OSCE said.

Following Russia's annexation of Crimea in March 2014, pro-Russian rebels, helped by Russian military forces, took over eastern swaths of the provinces of Donetsk and Luhansk from pro-Western Kiev.

—Thomas Grove

Mattis Seeks to Reassure U.S.'s Mideast Allies

By Gordon Lubold

JONATHAN ERNST/REUTERS

Defense Secretary Mattis greeted an airman in Qatar on Sunday.

DOHA, Qatar—The Trump administration's still-emerging foreign policy has come into sharper focus as Defense Secretary Jim Mattis continues a whistle-stop tour through the Middle East, quietly placing building blocks for resetting ties that had become strained under the Obama White House.

Over the past week, Mr. Mattis visited leaders in Saudi Arabia, Egypt and Israel bearing the message that the Trump administration wants to realign with those nations and stressing that Washington and capitals in the region have shared interests, such as fighting terrorism.

An animating feature of Mr. Mattis's effort is to counter what he repeatedly has described as the malign influence of Iran. "Everywhere you look, if there's trouble in the region, you find Iran," Mr. Mattis said on a stop in Riyadh, adding that nations in the region are working to "checkmate Iran and the amount of disruption, the amount of instability they cause."

His condemnations are echoed by equally harsh assessments from President Donald Trump, who last week declared that Iran hasn't lived up to the spirit of the 2015 nuclear deal.

Many leaders in the Middle East are pleased to hear it, and in some cases, Mr. Mattis's presence in Riyadh, Cairo and Jerusalem in recent days is the only signal needed to convince those allies that relations are back on track, U.S. officials said.

The Trump administration has yet to spell out core tenets such as how it plans to counter Islamic State, mediate the Israeli-Palestinian conflict or approach the Iranian nuclear deal. Its decision to bomb a Syrian air base and use the largest non-nuclear bomb of the U.S. arsenal in Afghanistan prompted critics to question whether the administration has a cohesive global strategy.

But Egypt's move last week to release an imprisoned American aid worker provided a symbol of the kind of reset the Trump administration had in mind.

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SMOKE

Continued from Page One

2006 to $18.4 billion in 2016, according to Bank of America Merrill Lynch Global Research. Industry executives and analysts figure the country generates more tobacco profits than any other market in the world outside China, where a state-run monopoly controls sales and prices.

Johnny Cagigas oversees the machines that spit out as many as 10,000 "sticks" a minute at Reynolds American's plant here. He started in the industry 20 years ago and remembers the pressure and worries over an uncertain future.

When he tried to fill positions in the late 1990s at a Brown & Williamson factory in Macon, Ga., he says job candidates would ask, "Do you think they will shut you down?" Many refused offers.

Riding a wave

"In a blessed way, I started at the right time, because now I'm getting to ride a wave that people were used to back in the '60s and '70s," he says in his office, nestled inside a complex where overhead conveyor belts push along neatly stacked Newports. Robots squirt orange liquid into e-cigarette cartridges. "Uncertainty doesn't faze us a whole lot now," he says.

Investors are also cheering. In 2000, U.S. tobacco companies' price-to-earnings ratios were about a third of their consumer-staples peers'. Today, they are roughly 10% higher, according to Morgan Stanley. The S&P 500 Tobacco Index fell 22% between 1998 and 2002. Over the past decade, it is up 178%, outperforming the broader S&P 500, which climbed 58%.

The industry sells 5.5 trillion cigarettes each year to the world's one billion smokers. In many ways, the U.S. has become attractive again as opportunities around the rest of the globe wane.

Taxes are often lower in the U.S. than elsewhere in the developed world, according to World Health Organization data. About 42% of the average U.S. pack price is tax, according to TMA. In Britain, taxes make up 82% of the average pack, which sells for about $10.90, or about $4 more than the average U.S. price, according to Britain's Tobacco Manufacturers' Association.

Thanks partly to the First Amendment, U.S. tobacco makers also aren't constricted by some of the more stringent branding and health-warning rules introduced elsewhere. In Britain and Australia, cigarettes are sold in drab, greenish-brown packs with a large health warning and a graphic photo illustrating smoking's risks, from diseased lungs to blindness.

Some Middle Eastern and African markets are growing, thanks to rising populations and income. But in much of the rest of the emerging world, smoking is declining, with less opportunity than in the U.S. to boost prices to make up the difference.

China is by far the world's biggest market, where state-owned China National Tobacco Corp. sells 44% of the country's cigarettes. In 2015, volumes fell there for the first time in two decades after big tax increases. Russia, the world's second-biggest market, restricted advertising and banned smoking in public places in 2013. Those moves cut volumes sharply.

While all that makes the U.S. relatively more attractive, it also underscores the existential threat still hanging over the industry. No one expects volume declines anywhere to reverse, and price hikes can make up for that for only so long.

Tighter regulation and higher taxes remain big threats in the U.S. and abroad. On April 1, California raised cigarette taxes by $2 a pack. Last week, New York Mayor Bill de Blasio threw his support behind proposals to raise the minimum price per pack to $13 from $10.50 and, through attrition, slash the number of retailers licensed to sell tobacco products.

A U.S. law passed in 2009 leaves open the possibility that the Food and Drug Administration could one day ban menthol cigarettes—a major revenue driver for Newport owner Reynolds—based on the agency's 2013 finding that they likely pose a greater health risk than regular cigarettes. The law also gives the FDA the authority to mandate the reduction of nicotine levels in cigarettes to near zero.

Faced with these headwinds, tobacco executives know today's boom won't last forever and are investing heavily to develop products they say are safer.

Altria and Reynolds both have diversified into smokeless tobacco—a market still growing by volume. Reynolds sells nicotine gum, while Altria owns a wine business in Washington state and has a 10% stake in Anheuser-Busch InBev NV, the world's largest brewer.

Heating sticks

Philip Morris International Inc., spun off by Altria in 2008 to pursue non-U.S. business, has spent $3 billion developing next-generation products, including a device, called IQOS, that delivers nicotine by heating sticks of tobacco instead of burning them. Philip Morris says its internal studies have shown that by avoiding combustion, the product prevents or reduces the release of many harmful compounds. The company has asked the FDA for authorization to market IQOS as less harmful than cigarettes through a partnership here with Altria.

British American Tobacco PLC, which makes Dunhill and Pall Mall, has spent $1 billion over the past five years developing next-generation products, including its vapor brand Vype and its own heat-not-burn product. For now, though, revenue from those products remains a tiny slice of overall sales. Until they start to catch on more broadly, tobacco executives must rely on traditional cigarettes for years to come.

"The focus really is, how do we sustain our revenues from combustible products, which fuel the innovation for next-generation products?" said David O'Reilly, BAT's head of research and development.

In 2004, London-based BAT was retreating from the U.S. It merged its Brown & Williamson unit with Reynolds to create Reynolds American, keeping a 42% stake. Now, BAT is doubling down again on the U.S. Earlier this year, it agreed to pay $49.4 billion for the other 58%.

Since that megadeal, analysts have been atwitter about the prospect that Altria might get back together with Philip Morris International. A combination would create a $300 billion-plus behemoth.

A Philip Morris spokeswoman said the company has "no further plans beyond" its existing cooperation with Altria on alternative products. Altria declined to comment.

"Many of the reasons BAT and Philip Morris cited for leaving have become more manageable," said David Taylor, U.S. head of Imperial Brands PLC, another U.K.-based global player, in an interview. In 2015, Imperial bought four American cigarette brands, and an e-cigarette brand, boosting its market share here to 9.5% from about 3%.

Cost cuts

Altria and Reynolds, meanwhile, have been cutting costs for years. Reynolds consolidated its cigarette manufacturing in Tobaccoville after its 2004 merger with Brown & Williamson. In 2015, Reynolds bought Lorillard, at the time America's No. 3 tobacco company, for $25 billion.

As part of those deals, Reynolds claims more than $1 billion in cost savings. Altria says it cut $2 billion in costs between 2007 and 2013.

Today's boom is all the more remarkable considering the depth of the crisis Big Tobacco found itself in more than two decades ago. Back then, it was slashing prices to fend off cheaper competitors. In April 1993, Altria predecessor Philip Morris Cos. cut the price of Marlboro by roughly 20%. Stock prices plunged across the industry.

A year later, the FDA said for the first time it was considering regulating tobacco. The following week, ABC aired an explosive investigation concluding that companies manipulated nicotine content to hook consumers.

At a congressional hearing in April 1994, the top executives of seven tobacco companies testified under oath that they didn't believe nicotine was addictive. A flood of news reports followed, with leaked internal documents showing nicotine's addictive qualities were widely known inside the industry.

In 1997, the then-chief executives of Philip Morris and RJR Nabisco Holdings Corp., the owner at the time of RJ Reynolds Tobacco Co., sat down with four attorneys general, a public-health advocate and a slew of attorneys in an Arlington, Va., hotel conference room to begin talks over settling the mounting legal woes. States were seeking billions in compensation for costs associated with treating smoking-related illnesses. They also wanted new marketing restrictions and money for youth-smoking-prevention programs.

The industry reached a deal with 46 states, five U.S. territories and the District of Columbia. Companies agreed to make annual payments indefinitely, calculated using a complex formula that accounts for volume and inflation. At the time, both sides estimated that those payments would amount to a jaw-dropping $206 billion over the first 25 years.

"There was the sense that the industry may be teetering at the time on the edge of distress if not bankruptcy," recalls Phil Angelides, a former board member for the California Public Employees' Retirement System, who as California state treasurer in 2000 spearheaded a tobacco divestment drive by the pension fund. "The industry was on its knees."

But the settlement also drew a line under the biggest of the industry's legal woes. States gave up future legal claims, reducing uncertainty. The industry's payments toward the master settlement have amounted to $119.5 billion to date, according to data from the National Association of Attorneys General.

Stiffer regulation also didn't hurt as badly as some feared. In 2000, Philip Morris came out in favor of federal oversight. The company took part in negotiations on legislation, passed in 2009, giving the FDA regulatory control of tobacco products. Last year, the agency said it would assume the same authority over e-cigarettes.

Industry executives and analysts say the oversight ended up creating a high barrier to entry for new players. Former Rep. Henry Waxman, a Democrat from California who sponsored the legislation, said its goal wasn't to hobble the industry but to reduce smoking.

'Lower the noise'

The adult smoking rate in the U.S. fell to 15% in 2015 from 25% in 1995. The rate among high-school students dropped to 11% from 35%, according to the U.S. Centers for Disease Control and Prevention.

"We were trying to lower the noise around tobacco issues," Altria's Mr. Barrington said. "We were trying to create a level playing field for manufacturers to compete."

Firms also found they could easily pass on the costs to smokers. Altria figures the settlements with all 50 states equate to about 69 cents of the price of each pack.

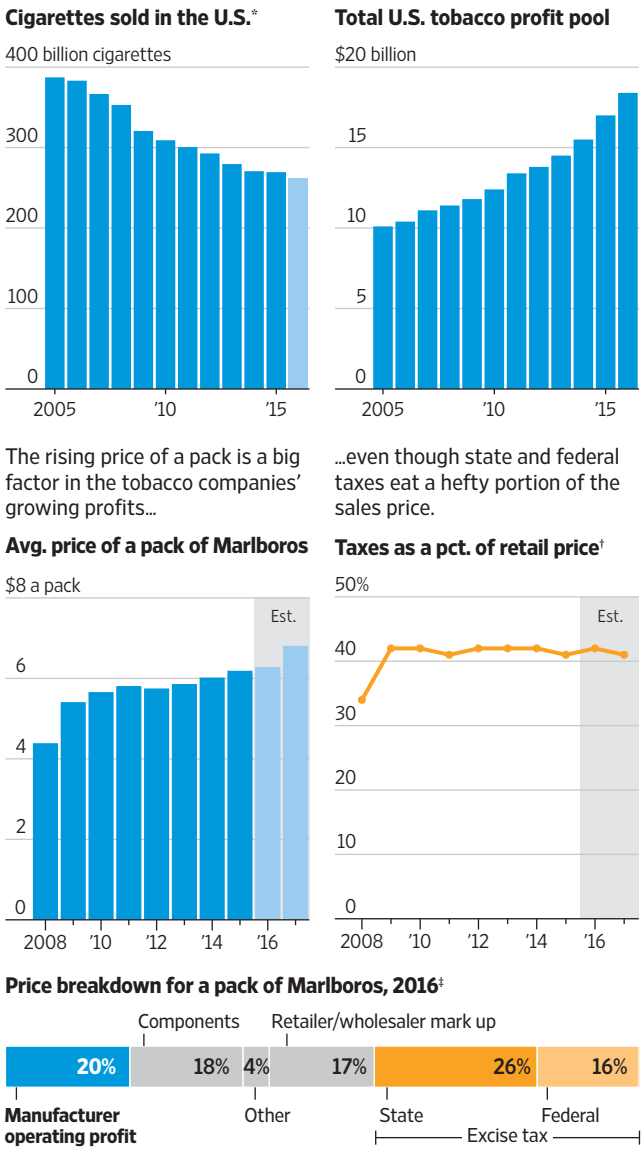
"They took very little of an earnings hit," said Richard Daynard, chairman of the Tobacco Products Liability Project at Northeastern University School of Law in Boston. The group was created in 1984 to use litigation to tackle tobacco-led public health issues.

Gary Fisketjon, an editor at publisher Alfred A. Knopf, remembers when a pack of unfiltered Camels cost a dollar. Now they go for $14 or more at Manhattan convenience stores. Mr. Fisketjon, 62, splits his time between New York and Nashville and stocks up on cigarettes in Tennessee, where they are cheaper.

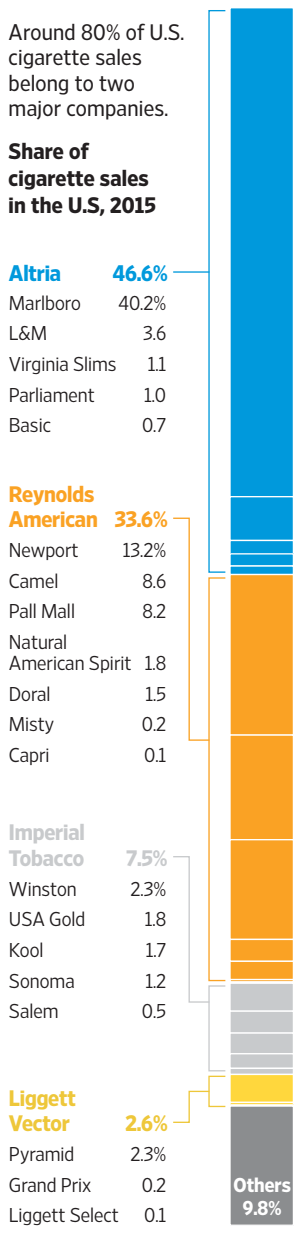
Colleagues on smoke breaks often complain about the rising price of cigarettes, he says. "It's like, 'I can't even afford to do this anymore, it's so ridiculously expensive.' But I say, 'Well, here you are.'"

Smoking-Hot Returns

Although the number of cigarettes purchased each year has been dropping, tobacco companies have been making more money.



*2016 is an estimate †For a pack of Marlboros ‡Doesn't add to 100% due to rounding
Sources: Euromonitor International (cigarettes, brand market share); Company reports and Bank of America Merrill Lynch Global Research estimates (profit pool); Wells Fargo (price per pack, taxes, breakdown)
THE WALL STREET JOURNAL.



RAI SERVICES COMPANY

The RJ Reynolds Tobaccoville manufacturing facility in action.

REBEL

Continued from Page One

ness is appropriate in this day and age," says Linus Leavens, a 1972 South Burlington High School graduate and the father of a student there. "I think a lot of America feels that way; there was an election recently that showed that."

In the opinion of Mr. Leavens, a gallery manager for a fine-arts auctioneer, "Vermont has been full of rebels for a long time."

To protest the decision, local opponents have twice helped vote down the nearly $50 million school district budget. Signs saying, "Be a Rebel. Vote No" dotted yards. Plans for a third vote on the budget are in the works.

"I can't remember anything that has caused this much emotion and division." says Diane Bugbee, 52 years old. She has a son who is a senior at South Burlington High and backs a new school nickname. Rebels, she says, has too much baggage: "There are just some things that can't be rebranded."

The controversy heated up in 2015 when the Burlington Free Press newspaper dug up some old high-school yearbooks from the 1960s. They showed photos of cheerleaders and sports teams posing alongside Confederate flags. Until the early 1990s, the school's mascot was, in fact, a Confederate colonel.

The "Confederate Rebel guy," as principal Patrick Burke calls the mascot, has long been removed from the school's gym floor, uniforms and official materials.

Yet in this largely white, upscale, liberal city of some 18,000 people, also known as the headquarters of Ben & Jerry's ice cream, the photos didn't go down so well. In the November election, Donald Trump won 19% of the vote here; Hillary Clinton, 68%.

Monica Ostby, a 49-year-old parent of two South Burlington students, says she hadn't been aware of that bit of school history. "I thought it was about Ethan Allen," she says, referring to the Revolutionary War figure who was a founder of Vermont. She says the Rebels nickname is too tainted to keep.

Not so, says Sandy McDowell, who chimed in during a packed school-board meeting Wednesday night, where the back and forth stretched to more than three hours.

"This will be short because I have to go home and let the dog out," Mr. McDowell, an engineer in his 60s, told the board as the meeting neared 10 p.m.

In Mr. McDowell's view, the Rebels name doesn't need fixing, and it could just as easily refer to Muhammad Ali, Rosa Parks or himself, for that matter.

Replacing the Rebel nickname isn't likely to be a simple matter. The name adorns the school's athletic jerseys, as well as banners hanging from lampposts. Rebel signs surround the track and football field. "Home of the Rebels" is plastered on the scoreboard and across a press box atop the bleachers.

Some residents have complained about the cost—with past estimates approaching $50,000—to buy new Rebel-less sports uniforms. The school district superintendent now proposes spending less than that if students make do with one jersey for both home and away games. The district also will have to excise the many Rebel-related markings from the school.

To study the matter, the school board has convened a new 40-member "South Burlington School District Mascot Selection Oversight Committee."

GLENN RUSSELL/FREE PRESS

The South Burlington Rebels at the start of a football game.

Meanwhile, a "Rebel Alliance" Facebook page dedicated to overturning the board's decision has drawn more than 2,000 members. It is pushing a citywide vote to decide whether to keep the Rebels name on campus.

Stacey Savage, a 46-year-old director at a cosmetology school, says any Confederate symbolism related to the school name is long gone. The school, she says, is trying to "make sure all students feel good about everything. Well, welcome to life, not everything is going to make everyone happy."

The donnybrook is an echo of other mascot controversies. In Massachusetts, Amherst College this month adopted a mammoth as its mascot after last year renouncing its unofficial mascot—Lord Jeff—because historians say its namesake, Lord Jeffrey Amherst, suggested germ warfare against Native Americans by infecting them with smallpox.

In a statement, Amherst College said the mammoth was chosen by a vote of Amherst alumni, students, faculty and staff, and then "ratified by three alumni Inspectors of Election."

In submitting the mammoth for consideration, Amherst College community members had described the extinct creatures as worthy of the honor because they were not only "stupendous and monumental," but also highly social and herbivores.

Mr. Burke, South Burlington high's principal, explained the Rebels decision in an interview for the student newspaper at campus rival Burlington High School, home to the Seahorses.

If there was a "crazy terrorist group that's racially motivated and out killing people, and they call themselves the Seahorses, you guys would be like, 'Oh my God, let's get this name changed,' " he told the newspaper.

Some of the students appear fed up. At Wednesday night's school-board meeting, South Burlington High School senior Ryan Croxford, who doesn't care what the place is called, admonished the grown-ups for "fighting over this ridiculous stuff."

In his view, the 17-year-old student says, the debate was "really petty at this point."

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GREATER NEW YORK

KEVIN HAGEN FOR THE WALL STREET JOURNAL

The view of Manhattan from a ferry headed to Jersey City. Officials expect about 4.6 million people will take water routes each year.

City's Ferry Plan Is Set to Launch

Millions of commuters would use waterways under a vision requiring rethink of travel modes

By Mara Gay

In the coming months, New York City is poised to have its most expansive ferry system in more than a century, a costly initiative aimed at using the waterways to ease commutes in a growing city wrestling with crowded subways and traffic-snarling congestion.

City officials and experts have high hopes the ferries can transform the way New Yorkers live and commute, connecting thousands in waterfront neighborhoods in Queens, the Bronx and Brooklyn with jobs in Midtown.

But the city must persuade skeptical New Yorkers. "I think they're spending money in the wrong places," said Jim Mathew, 27 years old, as he waited for the train into Manhattan from Queens. "The subways, that's where the commuters are."

The city is making an expensive bet that Mr. Mathew is wrong. It is allocating $30 million in annual subsidies to Hornblower Cruises, a private ferry operator, to run the service. City officials said they expect about 4.6 million people will ride the boats each year. In addition to the operating subsidies, the city is spending $55 million in infrastructure upgrades to make the system work.

"If you build it, they will come," New York City Mayor Bill de Blasio has said of the venture.

At the Court Square subway station in Long Island City, many commuters said they were likely to stick to the subway. Many said they felt the docks were too far from the neighborhood's business district to make the ferry a sensible part of the morning commute.

"It's inconvenient to get to the docks," Alisha Chang, 27, said while waiting for the 7 train to Manhattan. "I'm also just used to taking the subway."

James Patchett, president and chief executive officer of the New York City Economic Development Corp., the city agency overseeing the initiative, said the ferries would eventually win over New Yorkers. He also said with the population approaching nine million, the city needed as many transit options as possible.

"We're extremely confident this will deliver a high level of ridership. But also, we can't not try," Mr. Patchett said.

The first two of the six ferry routes begin May 1, with boats shuttling 150 people each along the East River to Manhattan, and from the Rockaways section of Queens to Wall Street in just under an hour. Each ride costs $2.75, the same as a subway ride.

A third route, scheduled to launch in June, will carry passengers from waterfront neighborhoods in Brooklyn like Red Hook and Sunset Park to lower Manhattan. And a fourth set to launch in August will take commuters from the Queens neighborhoods of Astoria and Long Island City to Midtown, and then on to Wall Street. Two more routes in the Bronx and Lower East Side are scheduled to launch next year.

Mitchell Moss, director of the Rudin Center for Transportation Policy and Management at New York University, said the ferries were a smart way to connect fast-growing but transit-deprived neighborhoods along the waterfront like Long Island City with the city's job centers in Manhattan.

"Our population has grown in places that were once part of the industrial waterfront. New Yorkers are living in places where no one has lived before," Mr. Moss said.

He said that if successful, the ferry could help the city address its housing shortage as well, by opening up once-inaccessible neighborhoods like the Brooklyn Navy Yard for residential development.

Far more people arrive at work by subway, commuter rail or bus than would take the ferry. The city's subway system serves about 5.7 million riders on average every weekday.

Some said that while ferries were fun, the city should be focusing its resources on pushing for infrastructure improvements to help riders dealing with increasingly crowded train cars and frequent delays. The subways are overseen by the Metropolitan Transportation Authority, a state-run body.

Gene Russianoff, a staff attorney for the Straphangers Campaign, a transit riders advocacy group, described himself as "a ferry skeptic."

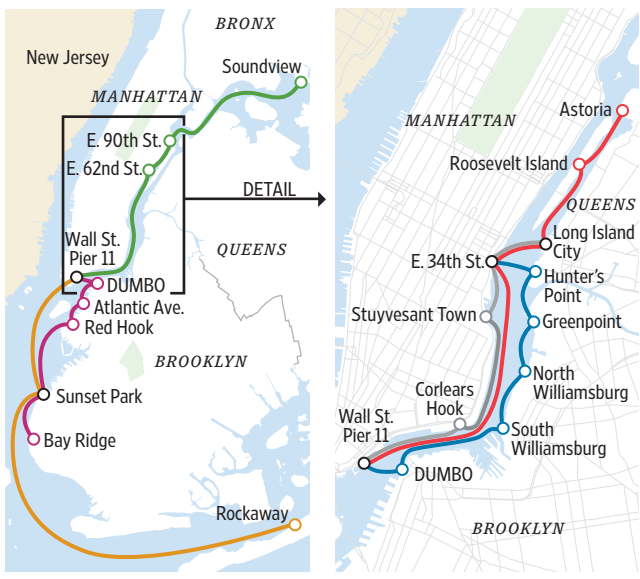
"The problem with ferries is they move far fewer people than subways do," Mr. Russianoff said. "But it's hard being anti-ferry. Being anti-ferry is like being anti-Bambi. People love them."

On the Water

City officials hope new ferry lines will ease commutes for residents in waterfront neighborhoods who work in Midtown and downtown.

Ferry line	Begins service
Rockaway	May 1
South Brooklyn	June 1
Soundview	2018

Ferry line	Begins service
East River	May 1
Astoria	August
Lower East Side	2018



Source: NYC Ferry

THE WALL STREET JOURNAL.

Blaze Claims Five, Including Three Children

By Melanie Grayce West

A fast-moving house fire in Queens killed five people, including three children, Sunday afternoon in the deadliest city blaze in two years, authorities said.

The cause was still under investigation. The fire broke out at about 2:30 p.m. at 112-16 208th St. in the residential Queens Village neighborhood. A passing motorist spotted the house engulfed in flames and called 911, Fire Department of New York Commissioner Daniel Nigro said at a news conference.

The caller also saw someone tumble out of a second-story window and land on the lawn, he said. The 46-year-old man, who was hospitalized in satisfactory condition, is the only survivor, Mr. Nigro said.

Firefighters, he said, arrived four minutes after the 911 call and found "a house completely consumed by fire."

"This is a terribly sad time for this block, this community and for our city," Mr. Nigro said.

City officials didn't release the names of the deceased, saying only that three victims were children and they believe the youngest was 2 years old.

"It was a really fierce fire, the house is almost gutted now," said Peggy Beane, a neighbor, who said she saw one body pulled from the home.

Witnesses saw the blaze on the first and second floor, but victims also were recovered from the attic of the wood-frame house, Mr. Nigro said.

The fire spread to a neighboring residence, where no one was home. It took 39 units and 168 firefighters two hours to put out the blaze, officials said. No firefighters were critically injured, Mr. Nigro said.

Dorothy Murray, 72 years old, lives across the street from the house. She said flames were shooting out of the door and the windows.

"It was so intense, no one could go in there to help save the family. There was nothing anyone could do," she said. "Nobody was yelling. So they had to be asleep or they were overtaken by smoke."

Ms. Murray said the family who lives in the house has occupied it for some time. She said at least five or six people resided there, including a grandchild that Ms. Murray said she sometimes baby-sat.

"Very nice, very nice people," she said.

It was the most lethal fire in the city since a March 2015 blaze that killed seven children living in a home in the Midwood section of Brooklyn. That fire was caused by a malfunctioning hot plate, officials determined.

PETER J. SMITH FOR THE WALL STREET JOURNAL

Firefighters at the scene of the house fire in Queens on Sunday.

Schumer: Upgrade Security at Penn

By Melanie Grayce West

After a scare at New York Penn Station earlier this month resulted in a near stampede and injuries to 16 people, Sen. Chuck Schumer on Sunday called for improved security at the country's busiest train hub, including the creation of a command center spanning the multiple agencies that share jurisdiction there.

Amtrak is the lead agency in charge of security at Penn Station. But the Metropolitan Transportation Authority, NJ Transit, New York National Guard, New York State police and the New York Police Department, among others, oversee different parts of the Manhattan station.

The mix of agencies, said Mr. Schumer during a news conference outside Penn Station, raises questions about which agency is ultimately in charge of security at Penn Station and how best to coordinate a response to a terrorist attack, or other incident.

"Terrorists have targeted transit hubs overseas," Mr. Schumer said. "It's natural that people would worry. It's natural that people would panic. It's imperative on the agencies here—Amtrak above all—for them to get their house in order."

His comments came in response to an April 14 incident at Penn Station where Amtrak police used a stun gun to subdue a man. Panicked commuters, believing there were gunshots inside the station, scrambled to the exits. The chaos spilled over to nearby Macy's Herald Square store, which was evacuated.

New York Gov. Andrew Cuomo on Sunday said there is "no doubt that there has to be coordination among the agencies, everybody agrees with that."

Messrs. Cuomo and Schumer both pointed to the cross-agency coordination in use at John F. Kennedy International Airport as a possible model for Penn Station. In August, there was a similar scare at JFK when travelers evacuated the airport in response to a false report of shots fired.

New York senator says joint-command center is needed for the train hub.

In addition to a joint command center that would coordinate efforts across Penn Station, Mr. Schumer also called for more security drills among the agencies and increased federal funding for Amtrak security.

Mike Tolbert, a spokesman for Amtrak, said in a statement that Amtrak activates a multiagency command center at Penn Station during emergencies or service disruptions. Amtrak last week brought together people from various agencies to review the April 14 incident and evaluate the station's emergency plan.

"Today's call for action by Senator Schumer is an important step forward in our joint efforts to put safety first at Penn Station and for greater investment in securing the nation's busiest transportation facility," Mr. Tolbert said.

Empire Diner Aims to Recapture Glory Days

By Charles Passy

A few decades ago, the Empire Diner was the quintessential "it" New York City restaurant, a retro-chic Chelsea spot that served the fashionable set through the wee hours. Among the boldface names who were said to be regulars: actors Julia Roberts, Kate Winslet and Ethan Hawke.

Now, a new team of owners is hoping to reclaim that legacy—despite the restaurant's recent troubles. In the past decade, the Empire has gone through at least three ownerships. Amanda Freitag, a high-profile chef regularly seen on the Food Network, headed up the last incarnation, but it failed in 2015.

Chef John DeLucie and restaurateur Stacy Pisone, both veterans of the New York City culinary scene, are behind the latest iteration of the 90-seat diner, which is set to open Monday. They each bring considerable experience to the task: Mr. DeLucie has helmed numerous dining spots around town over the years and currently is chef and proprietor at Bedford & Co. in Midtown. Ms. Pisone is the longtime owner of Cafeteria, a trendy Chelsea restaurant that specializes in comfort food.

PETER J. SMITH FOR THE WALL STREET JOURNAL

Chef John DeLucie and his partner are opening the latest iteration of the Empire Diner this week.

But the challenge of reviving Empire, which dates back to the '40s and became a hot spot in the '70s and '80s, is considerable, say dining-industry observers.

Part of the problem is that Empire is now competing in a neighborhood with an established dining scene—in contrast to a few decades ago. The Chelsea Market, just a few blocks south of Empire, which sits at the corner of 22nd Street and 10th Avenue, alone houses several prominent restaurants.

The new team says its first priority has been to revitalize the restaurant with an eight-month interior renovation that, according to Mr. DeLucie, ran in the six figures. The goal was to keep Empire's classic-diner heavy-on-the-chrome look, while updating the plumbing, ventilation and other systems to ensure the restaurant will operate more efficiently.

As for the menu, Mr. DeLucie said he will keep the focus on diner food with a sophisticated turn: Think dishes such as mac 'n' cheese with a specially sourced cheddar. In keeping with the restaurant's casual orientation, most entrées will be priced under $30, Ms. Pisone said.

Mr. DeLucie believes he and Ms. Pisone will succeed in large part because of the surging real-estate market in the area.

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New Jersey Office Market in the Doldrums

By Keiko Morris

Office leasing in New Jersey hit its lowest levels in years in the first quarter, as aging, underused buildings and corporate consolidation weighed on activity, according to market reports and brokers.

Landlords of top-quality buildings in transit-rich areas and those investing in significant upgrades or major redevelopments signed some significant lease deals. But they weren't enough to turn the overall tide.

PROPERTY

A report from real estate services firm JLL said the New Jersey office market posted 1.75 million square feet of new and renewed lease deals—the lowest quarterly leasing activity since the second quarter of 2008, when leasing totaled 1.7 million square feet. The vacancy rate rose to 24.9%, up 0.3 percentage point from the same time last year.

An analysis from real estate services firm Colliers International showed the first quarter's office leasing slowing, with 2.4 million square feet of leases, the lowest quarterly total since the second quarter of 2014, when the total was 1.86 million square feet. Colliers's data include the three quality levels of office buildings—classes A, B and C—while JLL tracks only the highest and midtier buildings, known as class A and B office space.

"Most of the demand was fueled by smaller-sized leases rather than the 100,000-square-foot-plus transactions needed to put a significant dent in the state's vacancy rate," Stephen Jenco, vice president of Suburban Research at JLL, said in the report.

Over the years, mergers and consolidations of large firms, especially pharmaceutical companies, have left big vacancies and empty, obsolete suburban campuses that fell out of favor with tenants looking for urban conveniences and amenities.

In recent years, companies nationwide often have opted for open-office layouts and communal workspaces, slashing the average amount of space allotted per worker to 150 square feet from 250 square feet, brokers said.

But many said the statewide leasing activity was only one part of a more complex picture. The highest-quality buildings, with locations near easily accessible transportation options and highways, leased space quickly and at higher rents, brokers said. And owners of suburban properties who are adding downtown conveniences such as restaurants, fitness centers and coffee bars are emerging as winners in the market.

The vacancy rate likely will improve as empty office properties are redeveloped for residential and other uses. Mack-Cali Realty Corp., for example, has been pursuing a strategy to repurpose obsolete office properties and focus its office portfolio in urban and transit-oriented areas.

Quarterly leasing for new deals averaged 2.49 million square feet between 2005 and 2007, said Will Forcello, research manager for the tri-state suburbs at real estate services firm CBRE Group Inc. But a "new normal" began to unfold in 2008, he said, and since then quarterly leasing has averaged 1.69 million square feet. By comparison, the 2.3 million square feet of leasing CBRE tracked for the first quarter was strong, he said.

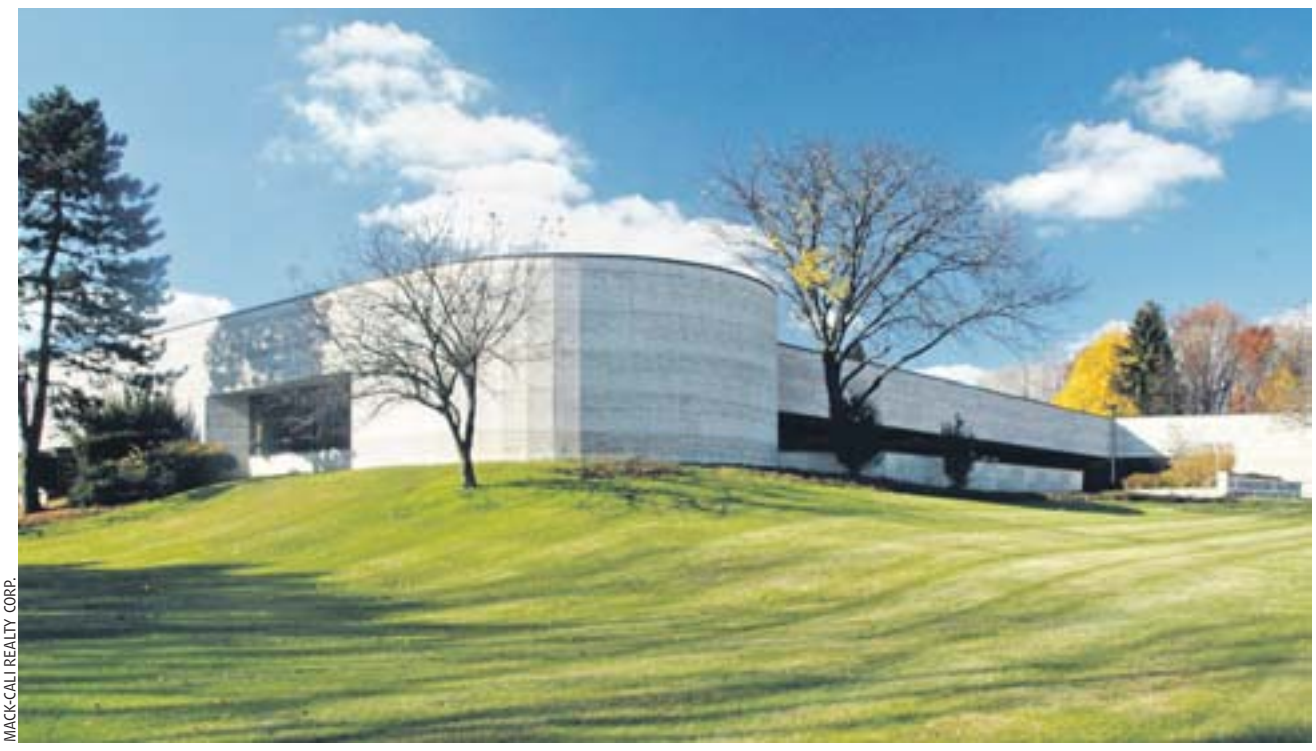
Big redevelopments such as Bell Works, a revitalization of the historic Bell Labs building in Holmdel has drawn a number of companies. The average age of New Jersey's office buildings is 37 years old, Mr. Forcello said.

"Suburban destinations can and will pull demand if landlords can provide what is undersupplied in New Jersey—cool space and modern infrastructure," Mr. Forcello said.

Somerset Corporate Center, a five-building complex in Bridgewater, is one example. The complex is fully leased, after tenants who signed new leases in the last few years have expanded, said Jeffrey Schotz, an executive vice president at SJP Properties, which owns the complex. SJP is continuing to invest in the property, with plans to add a 135,000-square-foot fitness center, a 150-room hotel and a restaurant.

A Florham Park office complex called Park Avenue at Morris County recently completed a plan to boost amenities, including a new day-care center, renovated lobby with Wi-Fi and coffee-and-wine bar, food delivery and additional shuttle services providing scheduled and on-demand service, said Jeffrey L. Heller, a managing director at real estate services firm Avison Young, which represents the building.

"The bigger question is, of these owners of suburban office space, how do they come out of the commodity stockpile and differentiate themselves," Mr. Heller said.

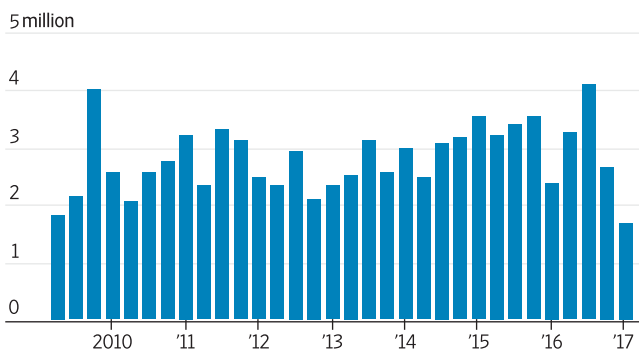


MACK-CALI REALTY CORP.

An office building at 250 Johnson Rd. in Morris Plains, N.J., that has been demolished to make way for luxury apartments.

Space to Spare

Quarterly square feet leased in the New Jersey office market



Source: JLL

THE WALL STREET JOURNAL.

PROPERTY WATCH

NEW JERSEY

Industrial Buildings Are Filling Up Fast

Rising rents haven't damped leasing activity in the state's industrial real-estate market, where developers are scrambling to build more space to meet demand, according to a report from real-estate services firm JLL.

In the first quarter, newly constructed warehouse buildings have been filling quickly and often leased as they are being built, easing concerns of oversupply, said David Knee, senior managing director at JLL.

Of the 6.5 million square feet of industrial buildings in the pipeline, 57.4% of the new space has been pre-leased, the report said.

Amazon.com Inc. on Friday said it would open three more fulfillment centers totaling 2.8 million square feet in Cranbury, Edison and Logan.

QUEENS

Project Is a Go Near Jamaica Transit Hub

A large mixed-use residential development will break ground in Jamaica on Tuesday, local officials said, a milestone for a revitalization plan years in the making.

The Crossing at Jamaica Station, a $407 million project with two towers at Sutphin Boulevard near Archer Avenue, is set to rise near Jamaica's transit hub.

It is one of several projects that are part of the downtown redevelopment expected from a 2007 rezoning. That hoped for redevelopment was put on hold during the recession, said Hope Knight, chief executive of the Greater Jamaica Development Corp., a nonprofit that has played a big role in downtown's revitalization.

The Crossing is part of an estimated $1 billion in private- and public-sector investments made in Jamaica over the past decade, the development corporation said.

—Keiko Morris

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Gazit-Globe Eyes U.S. Investments

By Keiko Morris

Global retail landlord **Gazit-Globe** Ltd. is planning to open a private U.S. subsidiary to invest in real estate in New York and other major metropolitan areas, the company said.

Gazit-Globe, which is based in Israel and has focused on supermarket-anchored shopping centers in urban markets, already has a presence in the U.S. and New York City area through its subsidiary, **Equity One** Inc., a shopping-center real-estate investment trust.

Earlier this year, Equity One merged with and into **Regency Centers** Corp., forming a company with 429 properties.

Urbanization has been an important theme for the company and its subsidiaries, which have properties in many European countries, Canada, the U.S., Israel and Brazil. Six years ago, Gazit-Globe decided to focus exclusively on shopping centers in densely populated urban hubs within economically stable countries, shedding properties that didn't fit the bill.

One example of that strategy was Equity One's 2011 acquisition of a Chelsea condominium that now houses upscale department store Barneys New York.

Gazit-Globe's new U.S. division is looking for potential investments in a range of property types, especially commercial and mixed-use properties, a company spokesman said. Despite the growth of e-commerce and store closures, retail real estate remains attractive, said Chairman Chaim Katzman.

"Brick-and-mortar [retail], where 80% to 90% of the sales take place, is still a powerful environment for brand building, cultivating loyalty and experiential retail," he said.

AGATON STROM FOR THE WALL STREET JOURNAL (2)

Gazit-Globe Chairman Chaim Katzman at the Barney's New York retail store in Chelsea. An exterior view of the building, above.

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LIFE & ARTS

Among the works Karen Berger will edit is a 'near-future eco-fiction love story.'

FROM TOP: JEFF ZELEVANSKY FOR THE WALL STREET JOURNAL; AMC

COMICS

The Next Step for the Editor of 'Sandman'

BY MICHAEL RAPOPORT

AFTER PUBLISHING comic books about an emotional swamp monster, the last surviving man in a plague-decimated world of women and a Texas preacher on a quest to hold God to account, what do you do for an encore?

As founder and head of DC Entertainment's Vertigo imprint, Karen Berger brought ambitious, outré series like "Sandman" and "Preacher" to mass audiences, helped prove that comics weren't limited to superhero adventures and kickstarted the careers of writers like Neil Gaiman and Alan Moore.

After more than 30 years with DC, Ms. Berger left in 2013 but is returning to comics with Berger Books, a line of comics and graphic novels for the independent publisher Dark Horse Comics. She plans to keep expanding the comics audience beyond its base of superhero fans, through stories that are audacious and often strange.

"I like weird s—," Ms. Berger, who is 59 years old, said in an interview near her New Jersey home. "I guess I like the strangeness of life, the otherness of life." Readers, she said, want "to be transported to experiencing stories that are not your everyday thing."

She spent most of the past few years outside the comics industry, working on TV projects and doing freelance editing and consulting. The presidential election spurred her to return, said Ms. Berger, out of a feeling that the victory of Donald Trump needed some sort of artistic response. "I figured this is a time to create, this is a time to tell special and resonant stories," she said.

In the next few months, Berger Books will announce its first titles. "I think I've been known for not publishing expected stuff," Ms. Berger said, "and I think people will see that the first few books I'm publishing are not expected." Among the first batch of titles, she hints, are "a near-future eco-fiction love story, a psychological crime horror thriller, a personal tale of race and identity, (and) an unseen side of a notorious legendary figure."

She hopes to bring in writers and artists with different perspectives, including more women and minorities, and creators from other countries. Her goal is to build the kind of mass audience that comics have long had in Europe and Japan.

An image from AMC's 'Preacher,' a series based on comic books published by DC Entertainment's Vertigo imprint.

Her return was hailed in the comics world. "Karen's probably the best comics editor of our generation," said Paul Levitz, DC's former president and publisher.

The future growth of comics and graphic novels lies in books, Ms. Berger predicted, and not periodicals. Graphic novels' sales growth far outstrips that of monthly comics. Bookstores sold 11.9 million graphic novels in 2016, up 11% from the previous year, according to Publishers Weekly.

The availability of comics digitally has helped the market expand, she said. "It serves as a sort of getting-to-know-you. It brought people to the form."

When she joined DC straight out of Brooklyn College, Ms. Berger wasn't a comic-book fan but "quickly fell in love" with the medium. She had majored in English literature with a minor in art history, and she loved how comics used words and pictures to tell a story.

Her lack of knowledge of comics was an advantage, she said: "I never had the preconceived notion that comics had to be a certain way." She made a name as the editor of literary, intelligent books like Mr. Moore's horror series "Swamp Thing" and Mr. Gaiman's mythic fantasy "Sandman." She brought that sensibility to the Vertigo line, founded in 1993, where she published series like "V For Vendetta," "Hellblazer," "Fables" and "Y the Last Man."

Vertigo pioneered publishing practices for mainstream comics that are now common in the industry, like collecting the storylines from a series in book form to keep them in print to attract readers. Notably, the imprint also allowed its writers and artists—and not their publisher—to retain ownership of their creations.

She acknowledges that while comics have won greater respect and wider audiences, the big comic companies' core business relies more than ever on superheroes. "It's sort of a double-edged sword."

That was a factor in her departure from Vertigo. She felt the line's more adventurous, creator-owned properties were no longer as much of a priority for DC as the company focused on adapting its superhero characters such as Superman and Batman for movies and TV.

"I had a great thing for many years, and when it wasn't so great anymore, I figured this is a good time to take a break," she said.

A DC spokeswoman declined to comment beyond the company's statement when Ms. Berger left. At the time, DC said it was "extremely grateful for Karen's commitment and dedication to Vertigo."

Today, Ms. Berger enjoys feeling like an outsider again.

"I can essentially have the freedom to do what I want to do," she said. "I kind of feel with Vertigo we changed the game so now let's get out there and explore even further."

FILM

DARK MORAL QUESTIONS ON THE MENU

The film adaptation of the best-selling Dutch thriller 'The Dinner' poses a provocative ethical dilemma

'The Dinner' stars Richard Gere, Steve Coogan and Rebecca Hall and takes place during the course of one meal.

FROM LEFT: THE ORCHARD/EVERETT COLLECTION; BEN HIDER/GETTY IMAGES

BY CARYN JAMES

TO BRING HERMAN KOCH'S best-selling Dutch novel "The Dinner" to the screen, writer-director Oren Moverman says he faced one crucial challenge: how not to make the movie all about food.

The book is partly a satire of foodie culture, structured around lavishly described courses during one meal at an upscale restaurant. Chapter titles move from "Aperitif" to "Digestif" during the dinner, while two brothers and their wives argue about an explosive family problem. Their teenage sons have committed a life-changing crime. Should the parents help cover it up?

The novel has sold 2.5 million copies worldwide in 42 languages. Readers responded to the luxurious menu ("chanterelles from the Vosges"), but Mr. Moverman sees the book's essential appeal in its emotional drama. "That impossible question: How far would you go to protect your kids when they've committed a crime and gotten away with it? I think that caught the imagination of readers," he says.

The film stars Richard Gere as Stan, a politician, and Steve Coogan as his brother, Paul, a former history teacher who has suffered a breakdown. To Americanize the story, Mr. Moverman transplanted it to an unspecified U.S. city, one which is "clearly East Coast elitist," he says wryly. Born in Israel, Mr. Moverman has

Please see DINNER page A12

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WHAT'S YOUR WORKOUT? | By Jen Murphy

A Fitness Secret: Qigong

At the University of Michigan or on the road, a negotiation expert uses the Chinese practice as the linchpin of his routine

"SLOW IS STRONG," says George Siedel, a professor at the **University of Michigan**'s Ross School of Business in Ann Arbor. The 72-year-old is a disciple of qigong, (pronounced chee-gong), a Chinese practice based on gentle movements, meditation and breathing. He was introduced to qigong in 1992 while teaching in Beijing. "Locals would gather each morning in the parks to do this odd dance," he says.

Mr. Siedel travels at least two months a year lecturing on negotiations and liked how he could practice qigong anywhere. He also incorporates elements of tai chi—similar to qigong but with more structured movements—and credits his routine of dance-like exercises, performed at a snaillike pace, for improving his golf and tennis games.

At home in Ann Arbor, Mr. Siedel complements his moving meditation with training at the state-of-the-art Och Fitness Center, located in the business school, steps from his classroom. "There's no excuse to skip a workout," he says. Sticking to a routine on the road, however, proved daunting. While Mr. Siedel is disciplined about his daily qigong and stretching routine, cardio and strength pose a challenge. "I hate using hotel gyms," he explains. "But I was putting on pounds."

Last summer, a trainer at Och Fitness Center created an equipment-free routine that he could do in a hotel room comprised of body-weight and resistance-band exercises and interval work for cardio. Still, he missed the motivation of a trainer.

George Siedel, a professor at the University of Michigan's Ross School of Business in Ann Arbor, trains alongside students and faculty at the school's Och Fitness Center, above. He practices qigong in a faculty lounge, top right.

TREVER LONG FOR THE WALL STREET JOURNAL

Mr. Siedel received an Amazon Echo speaker for Christmas last year and jokes that the device's voice assistant app, Alexa, has become his new workout buddy. Alexa calls out when to start and stop exercises and even compliments him with phrases such as, "You're as buff as a superhero" or "If I had eyes I'd say you looked jacked."

"It sounds silly, but it really keeps me motivated," he says. "I think my partner Nancy gets jealous."

The Workout

Mr. Siedel starts each workout with six tai chi-inspired warm-up exercises he learned at a free seminar on campus. Each exercise is based on an animal movement. He then does qigong for about 15 minutes. For example, to perform weaving snake, he clasps his hands above his heads and weaves them to the floor and then back above his head, forming a figure eight. "The exercises challenge my balance," he says.

If he is in Ann Arbor, he does cardio on the elliptical machine. On the road, Alexa commands him through a circuit that includes five minutes of jumping jacks and high knees, five minutes of pulsing squats and mountain climbers and five minutes of burpees and lunges. He rests for 90 seconds between each group of exercises.

Every other day he adds an additional 20 minutes of strength training to the routine, either using equipment at Och Fitness Center or resistance bands on the road. He runs through a series of stretches after each workout.

Mr. Siedel spends four months a year in Sonoma, Calif., with his partner. They often go on walks and he tries to play tennis and golf as much as possible.

The Diet

Mr. Siedel grew up eating a meat-and-potatoes diet. "After dinner we'd dip bread in a grease-filled skillet as a treat," he says. "I'm not sure how I'm still alive." He jokes that he's now a pescatarian with "social carnivore" tendencies. "When I have a chance to try unique cuisines abroad or am dining out at work functions, I enjoy meat," he says. He starts the day with a baby aspirin, a multivitamin, a cup of coffee and steel-cut oatmeal mixed with blueberries and cranberries. On campus, he frequents the business school's cafe for the salad bar. Dinner is fish with vegetables and a glass of wine, followed by nuts and dark chocolate. He splurges on a post-golf India Pale Ale or two with friends.

The Cost & Gear

Mr. Siedel pays $360 a year for his Och Fitness Center membership. One-hour personal training sessions cost $60. He occasionally treats himself to a one-hour massage, $85. His resistance bands cost $30. The Amazon Echo speaker retails for $180 and works with the free voice assistant Alexa app, which he can access from his smartphone. "It's kind of like using a walkie talkie," he says. He isn't brand loyal. "I'm a pretty cheap guy. I buy whatever is on sale."

The Playlist

When working out, Mr. Siedel prefers TV to music. ESPN is his go-to station. "Watching sports, particularly University of Michigan football, amps me up," he says.

The Case for Qigong

The slow movements of qigong, a traditional Chinese health practice believed to decrease stress and increase energy, are deceptive, says Ken Nelson, a yoga and qigong instructor based in Lenox, Mass.

"It looks like nothing is happening, but mindful movement has many physical benefits," he says. "Controlled motions improve motor coordination. When you slow down, you really work the small, stabilizing muscles in the feet, ankles, legs, which improves balance." Dr. Nelson says the practice is also great for attention training and calming the mind.

Qigong, which translates to energy cultivation, can be thought of as energy exercise, he says. Like in yoga, qigong links the breath to the movement. The free-form practice often involves a single move repeated. Qigong is a major component of Chinese martial arts, such as, tai chi, which involves a series of movements executed in a particular alignment.

Dr. Nelson says the beauty of qigong is that it's accessible to anyone. "You can practice in your business clothes at your desk or outside in your pajamas in the backyard," he says.

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DINNER

Continued from page A11

lived in New York City since 1988 and has dual citizenship.

He kept the book's course-by-course structure. To make it his own, he mined its dark psychological theme of family ties, and added layers about American history and emotional health. "The Dinner" will be at the Tribeca Film Festival this week, and opens in theaters May 5.

The book's Stan, running for prime minister of the Netherlands, is in his first marriage. American Stan gained a second wife in the transfer to screen. "I'm working with Richard Gere in an Armani suit, as a congressman running for governor. He would be on his second wife by now, maybe even third," Mr. Moverman says.

The story often flashes back to two time periods: earlier in the couples' marriages, and the night the boys committed the crime. In the flashbacks, Chloe Sevigny plays Stan's wife, Barbara, who left the marriage and her children to follow her spiritual guru. In the present-day scenes, Rebecca Hall plays Katelyn, wife number two, ambitious, savvy and a caring stepmother. Laura Linney plays Paul's wife, Claire, who knows more than she lets on at first about her son's actions.

Mr. Moverman was first brought onto "The Dinner" by its producer, to write a script that Cate Blanchett intended to direct. She moved on to other acting projects. Rewriting it for himself, he says, "The most attractive thing about this story is the mental health component," of Paul's character.

Laura Linney, Steve Coogan, Richard Gere and Rebecca Hall.

THE ORCHARD/EVERETT COLLECTION

Paul has emotional problems, which are evident in the film with his obsession with the Battle of Gettysburg. In the book, Paul goes to Berlin, thinks about World War II, and soon after has a breakdown. Mr. Moverman says he tried to find an American equivalent to that trip. "Where is the place where things in American history really turned? It was in Gettysburg, which was the first defeat for the South," he says. "It's the bloodiest battleground in America and obviously it's the Civil War, brother against brother," which reflects Paul and Stan's fraught relationship.

The food is still important. "I think it's the theatrics of fine dining and the drama of a multi-course meal—and how that fits with the building tensions in the narrative—that appeals to readers most," says Alexis Washam, executive editor of Crown and Hogarth, who acquired the book for the U.S.

Mr. Moverman says his film is "poking fun a little bit at pretentious American restaurants that try to be European," the kind in which every dish seems to have several unnecessary, arcane ingredients. The restaurant's maitre'd describes each dish, and "pumpernickel soil" pops up as a comic phrase.

The dining scenes were not shot at a working restaurant, but at Alder Manor, an early 20th-century building and event space in Yonkers. At the end of each day, after those restaurant scenes, "we would do gorgeous shots of food," which were used mostly in the opening credits, Mr. Moverman says. "I consider that the low point of my career, shooting food. I was just sitting there. It took forever to light those ice cream balls."

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CLOCKWISE FROM TOP RIGHT: THE IRVING PENN FOUNDATION (2); CONDÉ NAST (2)

Clockwise from top left: "Rochas Mermaid Dress (Lisa Fonssagrives-Penn), Paris" (1950), "Pablo Picasso at La Californie, Cannes" (1957), "Cigarette No. 37, New York" (1972), "Cuzco Children" (1948)

PHOTOGRAPHY REVIEW

AN ARTIST OF MANY PARTS, ALL WORTH A CLOSE LOOK

BY WILLIAM MEYERS

New York

BRING AN extra pair of eyes: The "Irving Penn Centennial" at the Met has over 200 prints, but it is not the number of prints that is exhausting as much as their exceptional quality. It takes a lot of concentration to fully appreciate a Penn print. Irving Penn (1917-2009) was a daring and fastidious printer who, sometimes over decades, printed multiple versions of the same negative: silver gelatin ones, platinum-palladium ones, bleached and toned on a variety of papers. As much as the image interested him, he also cared about the physical object—the tactile thing. Penn was deeply learned in the history of art and wanted his photographs to hold their own in that cavalcade.

The photographs are displayed in a series of intimate spaces arranged in approximate chronological order, with each room concentrating on one or two of Penn's projects. They begin with pictures of shopfronts and street signs he took in Philadelphia and New York soon after buying his first camera, a 2¼ -inch-format Rolleiflex, in 1938, and go on to the still lifes that were his first covers for Vogue; the fashion work that made him famous; celebrity portraits taken in assorted setups; nudes of various dimensions; portraits of indigenous people in Peru, Morocco, Dahomey (present day Benin) and New Guinea; the still-startling cigarettes from 1972; the workers in small trades of New York, London and Paris; and trash like "Deli Package, New York" (1975). Curators Maria Morris Hambourg and Jeff Rosenheim present this abundance in a way that makes each segment comprehensible and then relates it to the whole.

Kenneth Clark says in "The Nude" that "the nude is not the subject of art, but a form of art," and goes on to explain why photographers almost always fail at it. Penn in his fashion work photographed some of the most beautiful women in the world—e.g., his wife Lisa Fonssagrives—and when, in 1949-50, he began photographing naked women, they too were conventionally beautiful, if not quite so thin. The poses, too, were not unusual; what was distinctive, superficially anyway, was the inclusion of pubic hair, and, more important, printing techniques that rendered flesh marmoreal. As he progressed, the poses and his camera angles made the bodies more abstract; "Nude No. 42" is closer to Henry Moore than to Rodin.

In 1947, in "Nude No. 1," he had photographed a heavy-set woman in an image that looks like a Paleolithic fertility statue. As his 1949-50 series progressed, the bodies got bigger, the poses more extreme, and the printing techniques more exotic and chancy. In "Nude No. 105" the huge breasts at its center flop down, showing how subject they are to the pull of gravity and, by extension, the other forces of nature including mortality. Penn considered this series "the major artistic experience" of his life, but it was not until it was exhibited at the Met in 2002 that its profound disposition came to be appreciated.

There are over 40 portraits of cultural celebrities, most taken in studios against a plain backdrop. The ones shot in 1947-48 cornered between two flats include Spencer Tracy, Elsa Schiaparelli, Joe Louis and Igor Stravinsky. Unlike Richard Avedon, whose portraits over time tended to become formulaic, Penn engaged with his subjects before he began shooting and found poses appropriate to them. "Colette, Paris" (1951) and "T.S. Eliot, London" (1950) each seem right although very different. "Pablo Picasso at La Californie, Cannes" (1957) was taken when Penn more or less broke into his house. The intense close-up focuses on one eye, and that eye seems both terrified and terrifying, consonant with what we know of Picasso's darker impulses. The picture next to it is of "Dora Maar, France" (1948), his lover, muse and victim; it shows.

In the "Small Trades" series he treated the anonymous workers with the same respect he showed celebrities; the ethnographic portraits bring their subjects more fully alive than any anthropologist's case study.

Alexey Brodovitch, the famed art director of Harper's Bazaar, died of cancer in 1971; he had taught Penn, mentored him, and was something of a father figure. Brodovitch was never without a cigarette, and his death sharpened Penn's distaste for smoking. The 17 platinum-palladium prints of cigarette butts are a meditation on the addictive habit whose social acceptability was then being challenged. Penn picked the butts up from the gutter, their pleasure spent. In the medium- and large-format prints he made of them, they loom as totems, stelae of some barbarian cult. They are treated with the circumspection their deadly carcinogens inspired; every shred of remaining tobacco, every flake of ash is visible in the meticulous prints—exquisite mug shots of deadly assassins.

The "Irving Penn Centennial" certifies his place in the pantheon to which he aspired.

Irving Penn Centennial
Metropolitan Museum of Art
April 24 through July 30

Mr. Meyers writes on photography for the Journal. See his photographs at www.williammeyersphotography.com.

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SPORTS

NBA | By Jason Gay

A Vote for No More Awards Shows

The most hotly contested election on the planet isn't in France, or Georgia's 6th congressional district, but the vote for the NBA's Most Valuable Player. Voting is closed, however, as pro basketball's regular season is over, and everyone knows that's where true value is found—amid the snoozy ambivalence of an overlong 82-game season, not in the current do-or-die heat of the playoffs. I've never understood why sports leagues don't include postseason play in their MVP discussions. *Wouldn't it greatly disadvantage a player whose team doesn't make the playoffs? Wouldn't it favor a player who has a ho-hum regular season but a title-winning playoff run?* Um...yes? What's the problem?

In the past, basketball handed out its MVP amid the playoffs, which occasionally made for some intriguing drama, hurt feelings and revenge—in last year's Finals, LeBron James played like a snubbed "Goodfellas" to Steph Curry's "Dances With Wolves"—but we won't know this year's winner until after the Finals, on June 26, because the NBA has opted to give its biggest individual prize out at, good grief, its first-ever live awards show. Now I don't have a super-strong opinion about who should be the MVP—I don't vote (not out of moral courage—no one's asked), but I'd be fine with James, or Oklahoma City's Russell Westbrook, Houston's James Harden, San Antonio's Kawhi Leonard, or even Boston's Isaiah Thomas, an electrifying, magnetic player despite being the height of a desk lamp. However, I do have a very pronounced feeling about awards shows, which is: *stop.* Please stop! All of them. In every career discipline.

Outside of the Golden Globes, which owes its popularity to the boozy Mos Eisley vibe inside the Beverly Hilton, there isn't a single awards show that passes for even mediocre entertainment—the rest are stiffly choreographed industry backslaps in which your only prayer is that something goes radically off-script (this year's Oscars, bless them, delivered. Sorry, Warren.) Sports, in particular, has never been able to figure out an awards show—waiting patiently for someone to open an envelope is an awkward ask for athletes, and they never appear comfortable. The NFL has an awards show the night before the Super Bowl, and in fairness, it's amusing to watch linemen wonder how long they have to sit stuffed in a chair before they can bail and go swallow the vodka luge at the Maxim party. The most famous sports awards show on the planet is FIFA's Ballon d'Or, which looks like a junior high school detention produced by Andrew Lloyd Webber—the sole hope is that Cristiano Ronaldo will show up in a centaur costume—and of course there's the ESPN ESPYs, which are as much fun as standing in a barrel of dead cod.

And yet the award shows keep on coming, because they can lure enough of an audience that TV will pay. Basketball must have wondered why it was giving its prizes away for free, when it could instead force everyone to dress up in a scratchy tuxedo, hire a comic, stretch a ceremony out over a couple of hours, and have a TV partner shell out for the privilege. The result is the answer to a question never asked. How were we living in a world in which Defensive Player of the Year wasn't revealed via envelope in prime time? I'd argue it's a tad cruel to make the NBA's best show up at the start of their summer vacation and potentially watch a bitter rival win, especially when 29 of 30 NBA rosters have already not won the Finals. And yet this is part of the sell, too: you can already hear the production truck salivating at a potential close-up of a losing Harden or Westbrook, soul-crushed in a sheer Balmain blazer. If I were an adviser to either player, I'd say: *Dude, go enjoy yourself in Hawaii.* If you lose, everyone's going to want to see your face and pound you on sports radio that you exhibited a shred of human disappointment. And even if you win, you're still in humid New York City in late June, when you could be in...Hawaii.

Not every human action has to be packaged into middling television! And the pros don't have to play along. It has warmed my scarred skeptic's heart to see a few college football stars begin to cool on the ritual of showing up to the NFL Draft—this year's presumed No. 1 pick, Myles Garrett, doesn't plan to be Philadelphia for ESPN's ginormous Draft Explosion on Thursday night, which would be the second time in three years the top pick wasn't on hand to bear hug commissioner Roger Goodell. As soon as the NFL permitted TV to spin subplots of humiliation—remember those dark nights for passed-over picks like Aaron Rodgers and Brady Quinn—you knew this karmic payback was coming. Instead Garrett will be in Texas, with his loved ones and—get this—his own TV deal in partnership with the NFL Player's Association to live stream his selection. As The Undefeated writer (and former NFL player) Domonique Foxworth noted the other day, the NFLPA's TV plans are at odds with the NFL's, and this is a way for Garrett make a little money, as opposed to being an unpaid actor at the NFL's bacchanalia. He'll do a show within a show! How's that for some delicious disruption?

As for the NBA MVP, here's the bottom line: basketball is taking its most interesting race in years, wrapping it in tin foil and sticking it in the fridge next to the frozen peas (and hope the result remains secret—sports writers are blabby, and the exit polls have begun apace.) Wouldn't it be far more compelling to find out today? Basketball is one of the rare, great sports where the MVP favorites may literally go *mano a mano*. Harden and Westbrook are on the court ripping each other's guts out right now! Besides, this year's MVP debate is *already* overdiscussed to the point of exhaustion—if I hear even a whisper of conversation about the relative merits of Westbrook or Harden, or a vigorous counter-case for Leonard, James, or Curry, I quietly lift the nearest window, and jump. That it's being dragged out until the last week of June only makes it more unctuous. Here is all you need to know about the value of awards ceremonies: Bob Dylan blew off the ceremony to get his *Nobel*. Now *that* is what I call an MVP.

TROY TAORMINA/REUTERS

Houston Rockets guard James Harden, left, and Oklahoma City Thunder guard Russell Westbrook chat after a game.

BEN MARGOT/ASSOCIATED PRESS

THE COUNT

BASEBALL'S FASTEST TROTTER

Adam Rosales, a utility infielder for the Oakland Athletics, isn't a particularly fast runner. He has stolen just 16 bases and been caught 10 times in his 10-year major-league career.

But there is one particular situation where Rosales turns into Usain Bolt: when he hits a ball over the fence.

Rosales hit a home run in the A's 4-3 win over the Mariners on Saturday and made the 360-foot journey around the bases in 15.9 seconds. That's the fastest home-run "trot" measured since at least 2015, when MLB's data-tracking Statcast system went online—and faster than seven inside-the-park homers hit during that span.

Saturday's mad sprint broke Rosales's previous record of 15.96 seconds set last September. Of the 10 fastest home-run trots since 2015, eight were by Rosales, with the other two coming from Cincinnati Reds outfielder Billy Hamilton.

In an MLB.com interview last year, Rosales said he felt awkward and self-conscious jogging after hitting his first home run in Little League. So on his next homer, he ran hard. "I told myself if I ever made it to the major leagues or play professional ball, I would keep on doing that," he said. —*Jared Diamond*

In a Flash

The fastest home-run trots, since 2015

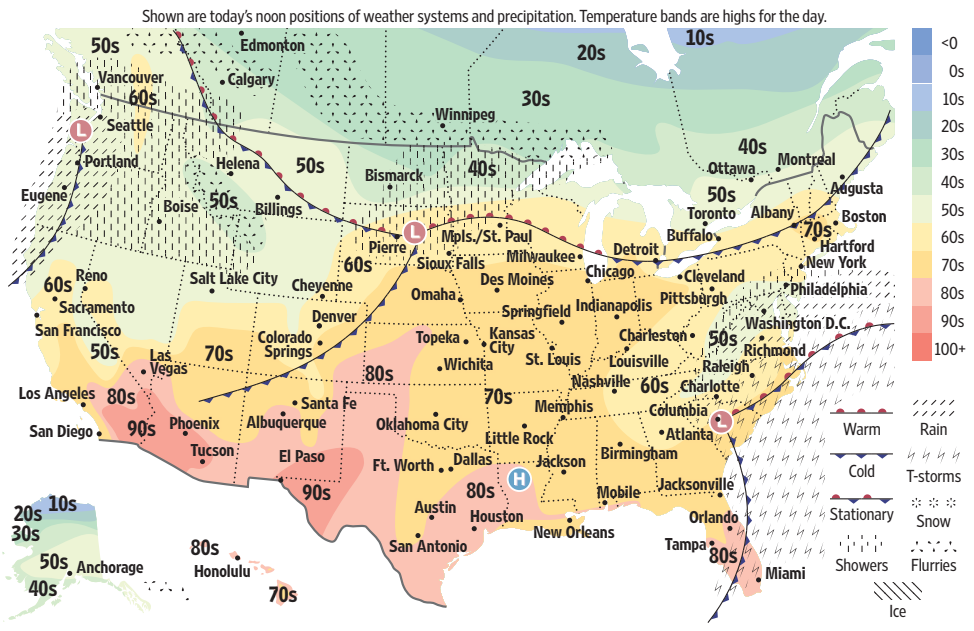
PLAYER	TIME	DATE
Adam Rosales	15.9	4/22/17
Adam Rosales	15.96	9/24/2016
Billy Hamilton	16.2	4/11/2016
Adam Rosales	16.25	9/25/2016
Adam Rosales	16.3	7/15/2016
Adam Rosales	16.33	4/19/2016
Billy Hamilton	16.5	4/12/2015
Adam Rosales	16.53	9/20/2016
Adam Rosales	16.53	9/5/2016
Adam Rosales	16.56	4/27/2016

Source: MLB, Statcast *Through Saturday
Note: Doesn't include inside-the-park HRs

Weather

AccuWeather.com

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

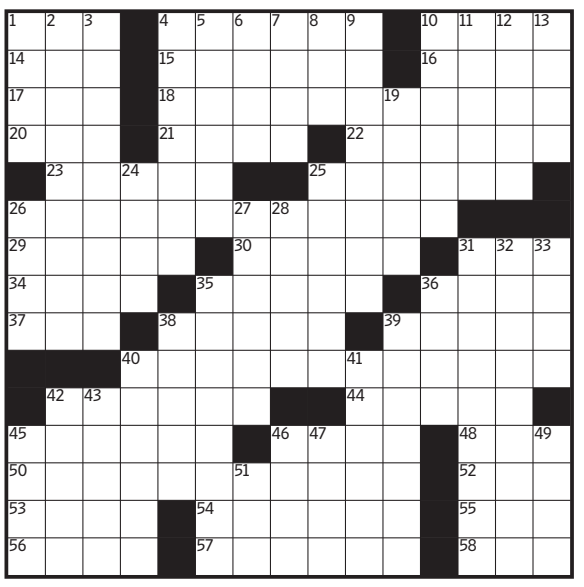
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	53	43	c	55	37	c
Atlanta	68	57	pc	79	58	s
Austin	81	61	s	89	71	s
Baltimore	54	49	r	62	55	r
Boise	53	42	sh	58	45	r
Boston	62	45	pc	48	47	r
Burlington	55	38	s	56	47	r
Charlotte	60	54	r	71	54	c
Chicago	71	51	pc	76	58	pc
Cleveland	69	52	s	75	55	pc
Dallas	79	62	s	90	69	s
Denver	68	39	pc	57	31	c
Detroit	68	49	s	73	56	pc
Honolulu	85	74	s	86	73	pc
Houston	81	60	s	86	72	pc
Indianapolis	73	52	s	76	59	pc
Kansas City	74	56	s	75	46	pc
Las Vegas	85	65	s	81	63	pc
Little Rock	76	51	s	81	64	s
Los Angeles	74	60	pc	81	60	pc
Miami	87	68	pc	83	66	s
Milwaukee	60	47	pc	66	51	c
Minneapolis	66	49	sh	60	38	r
Nashville	69	51	pc	79	57	s
New Orleans	79	59	s	82	65	s
New York City	60	49	r	53	52	r
Oklahoma City	76	58	s	85	54	s
Omaha	75	51	pc	64	40	c
Orlando	84	60	pc	87	62	s
Philadelphia	56	48	r	58	55	r
Phoenix	93	68	s	88	66	s
Pittsburgh	64	49	c	69	52	c
Portland, Maine	59	39	s	46	43	r
Portland, Ore.	54	45	r	55	48	r
Sacramento	64	49	pc	69	52	c
St. Louis	77	54	s	82	62	pc
Salt Lake City	57	44	sh	54	42	r
San Francisco	64	53	pc	65	56	c
Santa Fe	78	49	s	62	35	pc
Seattle	57	46	r	57	47	r
Sioux Falls	69	40	sh	50	34	r
Wash., D.C.	56	52	r	60	58	r

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	55	39	r	47	37	sh
Athens	70	53	s	71	53	s
Baghdad	84	59	pc	86	58	pc
Bangkok	100	81	t	100	82	pc
Beijing	73	46	s	69	42	pc
Berlin	54	42	c	51	35	r
Brussels	58	40	c	48	33	pc
Buenos Aires	71	54	pc	68	48	r
Dubai	96	77	s	97	77	pc
Dublin	50	35	sh	47	33	sh
Edinburgh	50	31	sh	48	30	sh
Frankfurt	61	40	pc	55	36	r
Geneva	71	47	pc	61	40	r
Havana	83	66	pc	83	63	s
Hong Kong	80	74	r	83	74	t
Istanbul	58	49	s	65	49	s
Jakarta	91	76	t	90	76	t
Jerusalem	65	47	s	73	52	s
Johannesburg	66	47	sh	68	46	pc
London	61	37	sh	52	37	t
Madrid	77	51	pc	74	45	t
Manila	93	79	t	93	78	pc
Melbourne	71	60	t	66	47	r
Mexico City	78	53	pc	81	51	pc
Milan	66	53	c	67	54	pc
Moscow	47	30	sh	51	41	r
Mumbai	90	80	pc	89	79	pc
Paris	63	44	pc	53	34	sh
Rio de Janeiro	82	71	pc	85	73	s
Riyadh	101	72	s	97	70	pc
Rome	66	47	pc	67	52	pc
San Juan	85	78	t	86	76	sh
Seoul	72	52	pc	64	52	c
Shanghai	76	61	pc	76	59	c
Singapore	88	78	c	89	76	c
Sydney	77	64	pc	76	61	t
Taipei	81	70	pc	85	73	t
Tokyo	65	56	pc	65	56	s
Toronto	53	42	s	53	47	c
Vancouver	57	45	pc	57	46	pc
Warsaw	51	42	c	64	45	t
Zurich	64	43	s	59	35	r

The WSJ Daily Crossword | Edited by Mike Shenk



COURSE REQUIREMENTS | By Harold Jones

Across

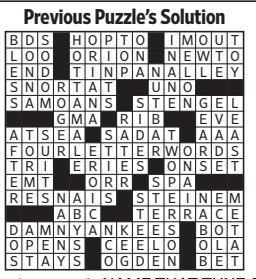
1 Cat coat
4 Catfish coat
10 Subtle alternative to "Hey you!"
14 Count start
15 Opulently extravagant
16 Golden Rule preposition
17 iPad download
18 Cold War barrier
20 "The Simpsons" bartender
21 Circus sight
22 Georgia neighbor
23 Art class staple
25 You can bet on them
26 Do this and that
29 Epic poem of the Trojan War
30 Author Eudora
31 Aussie critter
34 Joined the glee club
35 Grounds
36 Kansas or Alabama
37 Braz. neighbor
38 Cavalry stations
39 Made an effort
40 Bedding for animal pens
42 Brooks Brothers buys
44 "The Mary Tyler Moore Show" spinoff
45 Stop, as the flow of blood
46 Folkie Guthrie
48 Bank lobby convenience
50 Divisive political topics
52 Overtime cause
53 Opposed to
54 Unrealized
55 Tree of knowledge raider
56 Not worth debating
57 Releases
58 Decided on

Down

1 Makeup of some heads
2 Not in the in crowd
3 Like the decimal equivalent of 1/3
4 Opened envelopes, in a way
5 Profession
6 Big door-to-door marketer
7 Fuzz in a pocket
8 PC key
9 Lopsided sports victories
10 Rotten
11 Cobra or copperhead
12 Farm enclosures
13 "Hamilton" trophy
19 Like undercooked eggs
24 Antlered animal
25 Buff
26 Galileo's birthplace
27 13-Down and others
28 Takes a breather
31 Backup plans for parades
32 Universal donor's type
33 Gambler's calculation
35 Final destination for a gunslinger
36 Vivacious style
38 Compel
39 Cavett, Carson and Colbert
40 Improvise
41 Dahl of "Bengal Brigade"
42 Shorthand pro, for short
43 Couldn't help but
45 Participated in a medley, perhaps
46 Concerning
47 Bitterly regrets
49 Get together
51 ___ Paulo

▶ Solve this puzzle online and discuss it at **WSJ.com/Puzzles.**

Previous Puzzle's Solution



The contest answer is NAME THAT TUNE. The central answer suggests looking at the FOUR-LETTER WORDS in the clues. In order, they say "What game show uses bids that rely upon each note from some song?" The answer to that question is the contest answer.

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OPINION

Bad Intelligence Behind the Wheel

By Andy Kessler

This month Apple became the 30th company to receive a permit to test autonomous vehicles on the mean streets of California. I can't wait to have that ponytail guy at the Apple Store Genius Bar check my oil. Beyond a $150 permit fee, the Department of Motor Vehicles requires these businesses to report all traffic accidents involving their self-driving cars. I read all the reports, and they're mostly minor fender-benders.

Self-driving cars exist only because of artificial intelligence and machine learning. They aren't so much programmed; rather, their sophisticated pattern-recognition-systems identify oncoming traffic, road stripes and stop signs. Autonomous cars will eventually be safer than what we have today. A time of fewer accidents and saved lives is coming.

But these cars still have a lot to learn. Most of the posted accidents involve Google's cars, which have clocked some two million street miles. Impressive, but it's still only the equivalent of what 200 normal drivers put on their vehicles in a year. That's statistically insignificant given there are more than 250 million cars and trucks on American roads. Artificial intelligence needs lots more data.

Google Photos, which uses similar machine learning for facial recognition, hosts billions, maybe even trillions, of pictures. It is wicked smart, a window into a fantastic, if not slightly creepy, future. You tag a face with a name. It then correctly finds that face in other photos—even if they're a decade old and have 30 other people in them. If you ask Google how it works, the company will say machine learning. But no one really knows exactly.

Machine learning will bring amazing innovations—and dangers and lawsuits.

Artificial intelligence is a catchall phrase, ranging from the science-fiction view of C-3PO in "Star Wars" to programs built for specific tasks like language translation or facial recognition. Machine learning involves training the computer by crunching large amounts of data—for example, millions of photos of deer—rather than having programmers write code that looks for antlers.

Neural networks, one of many machine-learning techniques, are modeled on the human brain. Information passes between nodes that look for patterns by weighing signals among these artificial neurons. After devouring millions of deer pictures, the identifying signals become stronger and stronger until the machine can easily identify the animal.

Deep learning, which came of age in the past two years thanks to faster processor architectures, uses multiple layers of neural networks to intensify the training—patterns of patterns. As you go deeper down the stack of neural networks, signals emerge for patterns that humans don't consciously sense. Maybe it is the distance between eyes or the tail-to-torso ratio. No one knows. As professor Tommi Jaakkola explained to the MIT Technology Review, once a neural network becomes extremely large, "it has thousands of units per layer and maybe hundreds of layers, then it becomes quite un-understandable." This can cause some trouble.

In 2015 Google Photos tagged two African-Americans as gorillas. The YouTube Kids App, meant for children 5 and under, suggested videos that included foul language and jokes about pedophilia. In March 2016, Microsoft released a chatbot named Tay.ai, letting people on the internet train it. The bot quickly turned into "a Hitler-loving, feminist-bashing troll," according to TechRepublic. Microsoft shut it down.

Bad artificial intelligence can be deadly. There was the Tesla crash in Florida last year, when the car's autopilot sensors mistook a white truck trailer for the sky. The National Highway Traffic Safety Administration closed its investigation stating that "a safety-related defect trend has not been identified at this time." Four months before the Florida crash, 23-year-old Gao Yaning died in Handan, China, when his Tesla rear-ended a slow-moving road-cleaning truck. His family is suing Tesla.

I can already imagine the cross-examination: "So, Mr. Musk, can you show me the code that instructs the car to avoid trucks or deer or drunk spring breakers? No? Can you give me the name of the programmer who wrote the code?" Of course not. This kind of code doesn't exist. If it did, someone holding up a picture of a deer could get your car to swerve. Treble damages.

In the future it will be hard to find a business that artificial intelligence hasn't disrupted. But be ready for a mangy mop of mesothelioma lawyers rushing headfirst into the artificial-intelligence injury racket. The industry desperately needs a safe harbor—much like the Digital Millennium Copyright Act of 1998, which kept legal paws off the emerging web. AI also needs a framework for functionality and verification, plus clear legal and regulatory rules. Otherwise trial lawyers would be happy to fill the void with lawsuits.

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

The Rancorous Politics of Meat in India

By Sadanand Dhume

Is it acceptable for vigilantes to beat a man to death for transporting cattle? In most countries, the question would be ludicrous. In India it has sparked a fresh round of debate on a charged issue: how governments should regulate beef in a land where most people regard the cow as sacred.

Earlier this month, on a busy highway in the northern state of Rajasthan, self-appointed cow protectors stopped two pickup trucks carrying livestock bought at a local market. The mob assaulted Pehlu Khan, a 55-year-old Muslim dairy farmer, and four other men. Khan later died in the hospital of injuries suffered during the beating.

India's ruling Bharatiya Janata Party, or BJP, has tightened restrictions on beef in several states that it controls. Proponents of these laws see protecting cows as an essential symbol of a humane Hindu civilization that values life. According to the conservative columnist Swapan Dasgupta, restricting beef in India is a matter of "bowing to common decencies."

Many BJP supporters also view the issue through a historical prism. They argue that for centuries, first under Muslim rulers and then under the British, Hindus lacked the political power to end a practice that they found hurtful and humiliating. It's only natural, then, for independent India to honor the religious sentiments of the wide majority of its people. Some 4 in 5 Indians are Hindus, most of whom revere the cow.

Beef-ban opponents tend to couch their arguments in the language of modernity and minority rights. In this view, penalties for the sale or consumption of beef are out of step with both modern times and the rest of the world. In a constitutionally secular republic, what gives pious Hindus the right to police the plates of those who don't share the same taboos?

'Protection of Cows is the single-most important principle,' tweeted one official.

They also argue that, with thuggish vigilante groups linked to the BJP mushrooming in states such as Rajasthan and Uttar Pradesh, the alleged piety of cow protectors is often little more than a license to harass Muslims who work in the meat industry.

In a democracy, it's hardly unusual for politicians to respond to public sentiment. For example, Taiwan banned the consumption of dog meat earlier this month.

Nonetheless, India's rush to protect cows suggests a deeper malaise: Under Prime Minister Narendra Modi and BJP President Amit Shah, personal liberties are shrinking.

Activists linked to the ruling party are often at the vanguard of efforts to slap police cases on authors, justify violence against artists, stop interfaith romances and shut down late-night dance venues. The result: an India that is reducing the choices its people enjoy on matters of food, drink and entertainment.

Beef is emblematic of the BJP's impulse to ban what it doesn't like. Last month the western state of Gujarat raised the maximum penalty for cow slaughter to life in prison from seven years. "Protection of Cows is the single-most important principle towards saving the whole world from both moral and spiritual degradation," tweeted Chief Minister Vijay Rupani.

Not to be outdone, the chief minister of another BJP-ruled state, Chhattisgarh in central India, told a reporter that not a single cow had been killed there in 15 years—and that if anyone killed one he would be hanged. In Uttar Pradesh, which the BJP won last month in a landslide, new Chief Minister Yogi Adityanath has placed a drive to shutter allegedly illegal abattoirs at the top of his agenda.

In 2015 BJP-ruled Maharashtra and Haryana put in place stringent regulations against killing cows or selling beef. In Haryana you can be jailed for five years and fined 50,000 rupees (about $780) for having a steak in your fridge. Rajasthan's BJP government has set up an entire ministry for cow protection.

Evidently all this is not enough. Last week the head of the Rashtriya Swayamsevak Sangh, the Hindu nationalist group that provides the BJP with much of its organizational muscle, demanded a nationwide ban on cow slaughter. Never mind that all but a handful of India's 29 states already place some kind of restrictions on the practice, most dating to the early decades after independence in 1947.

With national elections approaching in 2019, Messrs. Modi and Shah likely reckon that beef bans will improve their prospects. Anyone who opposes them risks being labeled "anti-Hindu" by the party.

In a larger sense, however, an India that constricts rather than expands the choices its citizens can make is going backward. In most of the democratic world, dealing with diversity involves accommodating an expanding range of dietary preferences: think halal meat shops in London or vegetarian Indian restaurants in suburban Virginia. It's too bad that India appears to be traveling in the opposite direction.

Mr. Dhume is a resident fellow at the American Enterprise Institute.

Mary Anastasia O'Grady is away.

Erdogan's American Enemies List

By Sohrab Ahmari

In 2010 Bernard Lewis predicted that Iran and Turkey would trade places by the end of the decade: Iranians would embrace secular nationalism, Turks some form of Islamist rule. He was right about Turkey, whose strongman, Recep Tayyip Erdogan, persuaded a slim majority of voters to ratify his authoritarian ambitions in an April 16 referendum.

You can still legally drink alcohol in Turkey, the hijab isn't mandatory for women, and you can still access this newspaper's website. But restrictions on personal freedom aren't the only mark of ideological dictatorships like Iran's. An important one is the application of authoritarian methods far outside their borders. The Ayatollah Ruhollah Khomeini's 1989 fatwa against Salman Rushdie was the classic case, and Mr. Erdogan is pursuing similar vendettas against Western critics and perceived enemies.

Over the referendum weekend, following a complaint by a group of Turkish lawyers, the Istanbul prosecutor's office announced an investigation into 17 U.S.-based individuals the lawyers say are allies of Fethullah Gulen, the Islamist imam who lives in exile in Pennsylvania and is accused by Ankara of masterminding an attempted coup in July.

Like Iran's Khomeini, Turkey's strongman attacks dissent beyond the border.

Among these alleged Gulen allies: Senate Minority Leader Chuck Schumer, former CIA Director John Brennan and former U.S. Attorney Preet Bharara.

Then there's Michael Rubin, an analyst with the American Enterprise Institute and contributor to these pages. Mr. Rubin has argued—correctly—that Mr. Erdogan's authoritarian drive risks destabilizing the country. He predicted the July putsch. "I've been a critic of Gülen when he worked hand in glove with Erdogan," Mr. Rubin told me last week. He notes that Turkish propagandists accuse him of "Islamophobia" even as they claim that he colludes with an Islamist cleric.

The aim of such legal and media harassment is to deter Mr. Rubin from visiting Turkey and to chill anti-Erdogan speech in the West. Ankara also probably hopes Turkish insiders and dissidents will stop feeding Mr. Rubin information.

The "investigation" is of a piece with Ankara's attempt last year to have a German comedian prosecuted—in Germany—for delivering an obscene satirical poem about Mr. Erdogan on television. (A spokesman for the Turkish presidency didn't respond to a request for comment.)

"Erdogan has eviscerated the press inside Turkey but it frustrates him that he can't control people outside," Mr. Rubin says. Mr. Erdogan imagines that democratic leaders wield as much power in their countries as he does in Turkey. He expects President Trump and Chancellor Angela Merkel to silence their own citizens as a matter of diplomatic courtesy.

Western leaders should correct the Turk's misapprehension. The domestic opposition is cornered, but the referendum showed that much of Turkish society rejects the idea of Mr. Erdogan as an elected sultan. Turkey is still linked to NATO and the West in a way that Iran never was. That's all the more reason for Turkey's Western allies to speak up for Mr. Erdogan's victims and help arrest, if not reverse, the Turkish transformation Mr. Lewis warned us about.

Mr. Ahmari is a Journal editorial writer in London.

BOOKSHELF | By Julia Vitullo-Martin

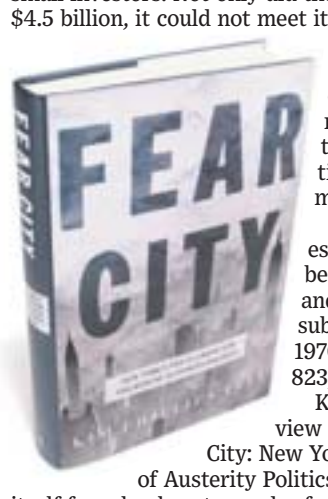
Saving Gotham From Disaster

Fear City

By Kim Phillips-Fein
(Metropolitan, 401 pages, $32)

The fiscal crisis of the 1970s shattered New York City's understanding of itself and brought it to the verge of bankruptcy. That Gotham managed to emerge from this near-destruction to become the strong, dominant city of today is remarkable—and was predicted by few at the time.

The conventional view of how New York was brought to the brink of disaster is that the city had been overspending since at least 1960, making up for its immense revenue shortfalls by borrowing on the public markets. By June 1975, it faced default on $4.5 billion in outstanding short-term debt owed to a few big banks and to thousands of unidentifiable small investors. Not only did the city have no way to repay $4.5 billion, it could not meet its routine, daily operating expenses, including payroll.



Like an overstrained homeowner, the city needed to refinance its debt while promising to reform the spending practices that had gotten it into the mess to begin with.

The city was forced to cut essential services. The streets became filthy and crime-ridden, and people began fleeing to the suburbs and beyond. Between 1970 and 1980, more than 823,000 New Yorkers had left.

Kim Phillips-Fein has an odd view of this grim episode. In "Fear City: New York's Fiscal Crisis and the Rise of Austerity Politics," she argues that in saving itself from bankruptcy and reforming its budgetary practices so that it lives within its (extraordinarily high) revenues, New York "lost as much as it gained." The 1970s were a time of violence, she admits, but also a time of cultural openness and creativity. New York was not, as it seems to her now, a city designed solely for the rich.

The city "had been at the forefront of social reform ever since the early 20th century," she writes, creating a "remarkable range of services" that included 24 municipal hospitals as well as numerous parks, playgrounds, piers, pools, public-housing projects, highways and bridges. While she appreciates that municipal services were often extremely poor, her faith in New York of the 1970s is profound. The city's "politics were at the left edge of urban liberalism, demonstrating that it was possible to run a city government that did far more for its citizens than most American cities ever dreamed of accomplishing."

Thus, when she looks at the "austerity politics" that followed New York's fiscal crisis, she sees a cruel and unnecessary withdrawal of services and benefits from desperate people and neighborhoods. She scoffs at the notion that New York's financial "rescue" was inevitable.

What she doesn't say is that when even one of the most heavily taxed cities in the nation couldn't pay for all of its wonderful achievements and programs, it begged, borrowed and stole from the future via underinvestment. Take her praise for the city's "far-reaching system of inexpensive public transportation," which opened up the vast city to everyone, becoming a crucial element in upward mobility. "In 1950, the subway fare was just 10 cents a ride (equivalent to less than a dollar today)," she notes approvingly. Yet, as Joseph Raskin wrote in his history, "The Routes Not Taken" (2014), the fare didn't begin to cover operating expenses—and hadn't for decades. The result was deferred maintenance. Today's New Yorkers are paying dearly for the gross underinvestment of the past.

Koch was a business-oriented mayor not because he liked 'the richies,' but because he needed their taxes to pay for services for the poor.

New York City's expenditures had risen from some $2.5 billion annually in the early 1960s to over $10 billion by the early 1970s. The largest area of growth was in human services—welfare (which increased fivefold), health care (which quadrupled) and education (which more than doubled). City government grew so large that out of 100 employed New Yorkers, 11 worked for the city. New York's exceptionally high government employment—and the forced layoffs and attrition that were required—help explain why the financial crisis had such staggering ground-level effects.

Ms. Phillips-Fein is right when she points out that New York's financial rescue became a model: The problems it faced in the 1970s were previews of what cities like Cleveland and Detroit would later face. The holders of New York's debt refused to accept restructuring without severe cutbacks in spending. Gov. Hugh Carey, a Democrat, induced the state legislature to set up the Municipal Assistance Corporation, which was authorized to oversee the city's budgetary and accounting reforms. MAC's strategy was to convince investors to exchange their short-term debt for long. But it was insufficient. So Carey next persuaded the legislature to turn the city's sovereign power to spend and borrow over to a new state agency, the Emergency Financial Control Board. Once-proud New York City became a ward of the state. The banks wanted to spread the risk among new capital-laden partners: the city employee pension funds and the federal government. Both balked. Eventually, the pension funds bought MAC and city bonds, and the federal government provided seasonal loans.

So what lessons can we draw today? If you believe, as the author does, that city government should provide health and welfare services to those who cannot pay, then you have to maintain a strong private sector of rich taxpayers. As a congressman in the early 1970s, Ed Koch, the mayor who would oversee New York's transition to normalcy, undertook a survey of the 100 largest companies in his Manhattan district. He found that many were planning to leave the city. Koch became a business-oriented mayor not because he liked "the richies," as he called them, but because he needed an affluent city to pay for the services he deemed necessary. As he once said to a critic challenging this view, "I can explain it to you, but I cannot comprehend it for you."

Ms. Phillips-Fein, too, seems not to comprehend that rescuing New York meant restoring the city's economic base. In 2011, according to the Independent Budget Office, the top 35,400 of tax filers paid 46% of the $7.2 billion in income taxes collected by the city. All of that money goes a long way toward paying for the benefits that are far beyond what "most American cities ever dreamed of accomplishing."

Ms. Vitullo-Martin is a senior fellow at the Regional Plan Association, a research and advocacy organization.

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OPINION

REVIEW & OUTLOOK

France's Stark Choice

Macron vs. Le Pen reveals the French nationalist divide.

Sharply divided French voters on Sunday gave themselves Emmanuel Macron as a mainstream alternative to far-right Marine Le Pen in next month's second round of presidential voting. The French will now decide between two very different visions of French nationalism.

Incomplete tallies as we went to press suggested that the independent former Socialist Mr. Macron would finish first in a crowded field, with about 23% of the vote. Ms. Le Pen of the National Front was close behind. Free-market conservative François Fillon and far-left firebrand Jean-Luc Mélenchon each won a little under 20%. French voters remain deeply divided about how to jolt their country out of its malaise. But they seem willing, for now and only barely, to give the center another chance.

The most stunning result is the repudiation of the two mainstream parties that have ruled France for decades. Voters rejected the ruling Socialists but also Mr. Fillon of the center-right Republicans. Mr. Fillon might have fared better if not for his personal scandals, but voters also remember the promise and failure of the last Republican President, Nicolas Sarkozy, six years ago.

Socialist President François Hollande started his term in 2012 promising a return to doctrinaire socialism before attempting a shift toward economic reform that never materialized. Unemployment has remained mostly stuck above 10%, with youth unemployment near 25%. Economic growth barely scrapes above 1% in a good year, and France's educated young flee to London, New York, Hong Kong and other global centers.

Benoît Hamon, representing the ruling Socialist Party, notched a distant fifth place with less than 7%. The other left-wing loser Sunday was Mr. Mélenchon. Though he is personally popular for his authenticity, voters rejected this French Bernie Sanders, rightly doubting that tripling down on statism is the way to revive France's fortunes.

The French will now have a choice between two very different political "outsiders." Mr. Macron's case in next month's runoff is that to regain its former vitality France must reform and compete better with the world.

The 39-year-old former banker would rebalance the scales between the state and private economy by cutting thousands of government jobs and reducing corporate taxes to a 25% rate from 33.3%. He'd reform labor laws that protect incumbent workers at the expense of opportunities for the young and unemployed, but he'd keep France in the free-trade, free-immigration zone of the European Union.

Market enthusiasm for Mr. Macron—the euro is already rallying—reflects the boost this would give France's ability to attract job-creating global capital. His agenda isn't as ambitious as Mr. Fillon's, but Mr. Macron's moderation enhances his appeal to center-left voters in the runoff.

Ms. Le Pen's vision of France harkens back to an almost pre-World War II nationalism. Although she's often described as a right-winger, Ms. Le Pen's platform would find sympathy on the far left. She advocates abandoning the euro and the EU, which have acted as partial counterbalances to Paris's statist habits.

Instead, she supports trade protectionism and severe limits on immigration, as well as a greater role for the state in supporting French companies. On foreign policy and national security, she would turn away from France's traditional Atlantic orientation and toward Vladimir Putin's Russia.

The polls to date suggest Mr. Macron will easily defeat Ms. Le Pen, as Jacques Chirac defeated Ms. Le Pen's father, Jean-Marie, the first time a National Front candidate made the runoff in 2002. But no one should be so sure. France's economy has suffered another 15 years of mismanagement by mainstream parties.

And Ms. Le Pen's vigorous defense of French civilization against threats real (terrorism) and imagined (Muslim immigrants in general) resonates. Mr. Macron will need credible answers to the terrorist threat—witness Thursday's attack on the Champs-Élysées—and a growing disconnect between French society and the impoverished immigrant (often Muslim) communities in the *banlieues*.

The French choice is described in some quarters as pitting the "populist" Ms. Le Pen against the establishment Mr. Macron. But it's more accurate to say they represent different visions of French nationalism. Ms. Le Pen's blood-and-soil offer is well known. The challenge for Mr. Macron in the next two weeks is to offer a credible vision and program for an economically prosperous and confident France that is no longer the sick man of Europe.

North Korea's Latest Hostage

The Kim regime detains a teacher, its third American captive.

As global events go, one of the safest predictions is that North Korea would take another American hostage amid growing tensions over its nuclear program. Sure enough, the Kim Jong Un regime on Saturday arrested an American teacher as he waited to board a flight out of the country.

South Korean media identified the new hostage as Kim Sang-duk, who was teaching a class in international finance and management at the Pyongyang University of Science and Technology. The mere thought of such a class is puzzling since North Korea's "international finance" is smuggling. But Mr. Kim had taught at a sister school in China near the border with North Korea, and perhaps he thought he could spread some goodwill. Bad mistake.

In addition to Kim Sang-duk, the North is known to hold two other Americans. Otto Warmbier, a University of Virginia student who was on a tour of North Korea, was detained last year for allegedly trying to steal a propaganda poster. He was convicted of subversion and sentenced to 15 years of hard labor. He hasn't been seen since March 2016. American businessman Kim Dong-chul was charged with spying last year and sentenced to 10 years in prison.

Hostage politics is a hardy Korean perennial, perhaps because it always seems to yield some political or diplomatic benefit. Pyongyang recently detained Malaysian citizens and traded them to Kuala Lumpur in return for the North Koreans suspected of conspiring to assassinate Kim Jong Un's brother. The North has also traded Americans over the years for visits by high-ranking U.S. officials, even former Presidents, who offer the regime some legitimacy and sometimes more tangible benefits.

That's the best reason for the Trump Administration not to engage in hostage negotiations. The U.S. warns Americans not to travel to North Korea, yet some still tempt fate by doing so. The U.S. can ask China to intercede for the imprisoned Americans on humanitarian grounds, but the U.S. also needs China's help against North Korea's nuclear missiles.

North Korea is a terrorist government that obeys none of the norms of international behavior. The only solution is regime change. But in the meantime, the U.S. should make clear that Americans who travel to North Korea do so at their own risk.

A Blow to Blaine Amendments

An anti-Catholic law has a bad day at the Supreme Court.

Religious liberty had a good day at the Supreme Court last week as the Justices heard arguments in a case about whether Missouri could bar a church from a playground-resurfacing program merely because it's a church. The state didn't get many converts.

Discrimination against the church is a "clear burden on a constitutional right," Justice Elena Kagan said, because "people of a certain religious status are being prevented from competing in the same way everybody else is for a neutral benefit." Can you say Hallelujah?

Columbia, Missouri-based Trinity Lutheran Church wanted to participate in a state program that reimburses groups or schools that want to resurface their playgrounds with rubber tire mulch to make them safer. Though the program is secular and serves a routine public purpose, the state used its Blaine Amendment, an anti-Catholic law that many states passed in the 1800s, to claim no public playground money could flow to a religious institution (*Trinity Lutheran v. Comer*).

"There's a constitutional principle. It's as strong as any constitutional principle that there is," Justice Kagan continued, "that when we have a program of funding—and here we're funding playground surfaces—that everybody is entitled" to that funding "whether or not they are a religious institution doing religious things."

If a state used public money to protect high-risk buildings from terrorism, Justice Samuel Alito wondered, could it refuse to defend synagogues? Yes, replied the attorney for Missouri, "State money could not be used" to provide "that kind of physical addition to a—to a church or synagogue." What if you had a program, like the federal one after the Oklahoma City bombing, Justice Alito continued, that helped repair damaged buildings. Could that money repair a house of worship? "It would not be permitted," Missouri's lawyer said.

Earlier last week Missouri Governor Eric Greitens said he would change the policy to no longer discriminate against churches, and Justice Sonia Sotomayor seemed to be hoping that the change would render the case moot. But that's unlikely since Mr. Greitens's policy could be shot down by the state Supreme Court citing the state's Blaine law if the Supreme Court doesn't make a clear ruling that such bans are unconstitutional.

Progressives have rallied in opposition to Trinity Lutheran's case for fear that acknowledging the principle of government neutrality toward religion will undermine their claims that public vouchers for religious schools are unconstitutional. They should have picked a better case.

LETTERS TO THE EDITOR

Most Countries Handle Income Taxes Better

Regarding Nina E. Olson's "Complexity Is the Root of All Evil (at Least in the Tax Code)" (op-ed, April 18): Other countries use a sensible, logical system in which their revenue services prepare preliminary returns based on wage and investment figures that have been reported to them as required by law. Usually these figures are correct, but the taxpayer has the opportunity to amend the returns if they are not accurate. This has been stymied when it has been proposed in the U.S. due to the might of lobbyists for tax preparation companies that wish to keep the system as incomprehensible as possible so as to profit from our distress and incompetence.

A bull-in-the-china-shop revolutionary president should be able to bring about some level of ease in the filing of our tax returns if he truly wishes to aid "the forgotten Americans"—individual taxpayers. The good people who staff Volunteer Income Tax Assistance offices may be freed to do something worthwhile and beneficial to society with their time.

Oren Spiegler
Upper St. Clair, Pa.

The most expeditious and meaningful reform would be to tax all types of income at the same progressive rates with very few exceptions. The exceptions breed complexity. Rate change is relatively easy as well as an obfuscation for genuine tax reform.

Why tax people and corporations at different rates? A flatter tax rate applied to a broader taxable base should lower the rate for both corporations and individuals to the point where deductions and credits wouldn't be necessary. Winners and losers cannot be avoided if tax law is to be simplified. Higher-income earners would be the obvious losers, and lower-income earners, specifically wage earners, would be the winners. Congress can simplify the Internal Revenue Code by eliminating most of the exceptions, exclusions that have little to do with raising revenue.

Ken Tomcich, EA, M.B.A.
Arlington, Va.

Ms. Olson's reasonable suggestions are complicated. Let's rid the thousands of arcane, attorney-written rules and regs in the tax code and write a simple flat tax based on income. No deductions, no "ifs, ands or buts." No tax lobbying, no need for tax attorneys, no need for tax CPAs, no IRS political policing by any administration, no tax software.

Aaron Glazer
Cape Rosier, Maine

Progress might be made easier by lowering our goals. Let's first help the large majority of taxpayers who don't itemize their deductions. This 70% deserve a simple electronic form which makes all computations and requires only information from 1099 and W2 forms. We did this in California, and it works.

We know Donald Trump can think big. I wonder if he can think small.

Roland Boucher
Irvine, Calif.

Give Amtrak the Resources It Needs to Be Great

GETTY IMAGES

Regarding your editorial "Amtrak's Rolling Train Wreck" (April 13): Despite Amtrak's continued growth and widespread popularity, the Journal's editorial board continues to advance the same old, discredited vision—first starve Amtrak, then push for its privatization. This approach reflects a poor understanding of what the rest of the world knows. Fast, reliable and frequent trains require public investment. This is true of any functioning transportation system, and we know there isn't a subsidy-free rail transportation system anywhere in the world.

We need funding for a national passenger rail system that serves the country, not just the East Coast. And Americans across the political spectrum agree with that vision. They want more Amtrak service and are willing to pay for it.

With a record of reliability, efficiency and now with new leadership, Amtrak and its employees are getting the job done in the face of punishing austerity budgets. Passengers are flocking to trains, and 2016 marked the sixth straight year that Amtrak served more than 30 million passengers.

It is an awful idea to carve up Amtrak and sell off its most prized assets so that private investors can send profits away as dividends rather than reinvest in better rail infrastructure. Ending long-haul routes as the Journal advocates would isolate already underserved communities that are starving for more, not fewer, transportation options. That doesn't make sense.

We won't have more "fast trains," as the president has advocated, unless we're willing to pay for them.

Ed Wytkind
President
Transportation Trades Department, AFL-CIO
Washington

The $2 Trillion Compliance Figure Came From the SBA

In his April 19 letter responding to my op-ed "A Trump Nomination Shows He's Serious About Deregulation" (April 10), Ralph Nader incorrectly attributes the $2 trillion a year estimate of regulatory costs to the late Murray Weidenbaum. The total cost of regulation is impossible to estimate with any confidence, but the source of that figure is actually a study published by President Obama's Small Business Administration in 2010, updated more recently by the National Association of Manufacturers.

Susan E. Dudley
Director
The George Washington University Regulatory Studies Center
Washington

It's Hard and Stimulates Young Brains: Vivat Latin

Regarding William McGurn's "Black Men Speaking Latin" (Main Street, April 18): As a former classicist, I was heartened by the enthusiasm with which the students at Boys' Latin have embraced a language whose effects are far reaching. Whether or not they continue Latin in college, they will have a better vocabulary and a command of English grammar lacking in many of the so-called elites who rely on icons, patois and abbreviations to express themselves. Latin word order is complex; I learned to find the verb, which could be anywhere, so I could figure out the sentence. But parsing taught me analytic thinking, and I approach any written text the same way: Mine it for its meaning. My one hope is that these young men, and others like them, will rescue the English language from the demotic abyss in which it presently languishes.

Em. Prof. Bernard F. Dick
Fairleigh Dickinson University
Teaneck, N.J.

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Strikes on Syria, Congress And Constitutional Powers

I agree with Bret Stephens that it was a serious mistake for President Obama to threaten action if Syrian President Bashar al-Assad used chemical weapons, and then do nothing when chemical weapons were used ("The Price of Obama's Mendacity," Global View, April 11). However, Mr. Stephens is wrong to place all the blame on President Obama while ignoring Congress's role. The Constitution gives Congress—not the president—the power to declare war. President Obama asked Congress to act, and Congress refused.

When it comes to war powers, it seems both political parties prefer to defer to the imperial presidency rather than have the people's representatives in Congress assert their rights under the Constitution.

It's easier to sit on the sidelines and complain than to take a stand—especially when your party's leader has declared that making the president fail is your party's number one priority.

Carl Schroeder
Olympia, Wash.

Pepper ... And Salt

THE WALL STREET JOURNAL

"St. Peter let me in, but he couldn't resist rolling his eyes."

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OPINION

By Trashing Mexico, Trump Hurts the U.S.

By Robert B. Zoellick

President Trump interrupted his prepared remarks in Wisconsin last Tuesday to excoriate, yet again, the North American Free Trade Agreement. "We're going to make some very big changes," the president pledged, "or we are going to get rid of Nafta once and for all."

Mr. Trump is playing with fire. Over the past 30 years, presidents of both parties have recognized that the U.S. benefits from working with Mexico and Canada. The more robust North America is, the better it can compete and project power globally.

Without Nafta, American businesses would lose protection from populism south of the border.

In contrast, Mr. Trump's approach seems almost designed to help elect an anti-American, pro-Castro populist, Andrés Manuel López Obrador, to the Mexican presidency in 2018.

Mr. Trump's policy of confrontation pits his hostile nationalism against an American tradition of practical internationalism. Because of historical legacies and national pride, North American integration and cooperation have been built on respect for the sovereignty and independence of Canada, Mexico and the U.S. That differs sharply from the European model of integration, which has sought shared sovereignty.

Consider how Mr. Trump's own priorities would fare under his Mexican policy, starting with illegal immigration. Today's illegal immigrants are coming primarily from Central America. Washington should cooperate with Mexico to create a multistage defense. Working with Mexico to strengthen law enforcement, the rule of law, and intelligence would leave both countries better positioned to stop drug traffickers, criminals, human smugglers and terrorists.

Insulting Mexico, on the other hand, will make it impossible for politicians there to work with Yankee gringos. A hostile Mexico can ignore the flow of people northward, while American policies that weaken investment and growth in Mexico simply create more incentives for Mexicans to migrate to the U.S.

Mr. Trump's great wall would be a waste of money, as conservative Republicans from border states now acknowledge. A combination of fencing, additional border police, electronic surveillance and other intelligence tools would stop illegal immigration more effectively and at a lower cost. Fiscal conservatives should just say no to Mr. Trump's $20 billion boondoggle.

Secretary of State Rex Tillerson knows that the amendments Mexico's President Enrique Peña Nieto made to his country's constitution in 2013 open the door to investment that will expand North American energy security and Mexico's income. Mr. Tillerson may not be aware, however, that because Nafta's energy terms refer to Mexico's constitution, American investors are now protected against a populist reversal of Mexican policy—but only as long as the U.S. remains in Nafta. The integration of North American energy markets helps the U.S. sell gas and electricity to Mexico while lowering costs of production in North America.

ASSOCIATED PRESS

President Trump in Kenosha, Wis., April 18.

Mr. Trump's policies will actually increase costs and weaken the global competitiveness of the U.S. auto sector, his favorite subject for industrial policy. Efficient manufacturing relies on integrated supply chains that crisscross borders. U.S. producers seeking to compete with Asian and European manufacturers now transfer components across North American borders up to 14 times in the process of completing final goods. More than 30% of Mexico's exports to the U.S. contribute to the integrated auto sector.

Mr. Trump's protectionist economists have questioned the data on U.S. exports. Yet when the Manufacturers Alliance for Productivity and Innovation recalculated trade statistics to count only the value added by each country, the U.S. had a surplus in manufactured goods with Mexico and Canada.

If Mr. Trump blocks Mexico's exports, Mexico will strike back, hurting other parts of the U.S. economy. American farmers, already struggling with low prices, could forfeit sales of soybeans, corn and fruit. Poorer Mexicans will consume less, so U.S. sales will drop. American exporters of services, a source of competitive advantage and surplus, could suffer. Six million U.S. jobs depend on exports to Mexico, with workers in Texas, Michigan, Arizona and Louisiana particularly vulnerable to self-defeating economic nationalism.

Mr. Trump will also discover that the U.S. needs friends. When I first started working with Mexico in the 1980s, I could usually guess Mexico's foreign policy by putting a minus sign in front of any U.S. position. The old one-party state of the PRI, which ruled for more than 60 years, placated leftist intellectuals by posting them to the Ministry of External Affairs, where they were free to indulge in anti-American policies.

But when I became the U.S. trade representative in 2001, my closest partners in opening markets were Mexican and Canadian counterparts. Mexico's central bankers and economic officials became natural allies as macroeconomic policies converged. Until recently, Europeans, Asians and even other Latin Americans assumed that the three North American countries would be aligned on most foreign policies. The Mexican public's attitude toward the U.S. had shifted from sullen resentment to admiration and friendship.

Looking to the future, the alliance of the three North American democracies—being energy self-sufficient with integrated infrastructure and efficient and secure borders—could offer the U.S. a resilient and powerful base from which to face global challenges. Defense Secretary Jim Mattis and Homeland Security Secretary John Kelly should brief the president on the high number of Mexican-Americans in the U.S. Marine Corps.

When White House Chief of Staff Reince Priebus was chairman of the Republican National Committee, he concluded that the GOP needed to reach out to Mexican-Americans and other Hispanics. Insults and attacks on citizens' home countries are not a winning formula for the future.

William Seward, Lincoln's secretary of state and the man with the vision to purchase Alaska, wrote in 1853 that someday Mexico, Canada and the U.S. would create a North American union, but only after a long process and solely through free choice. Seward fought for America's national union while also promoting an internationalist vision. Vice President Mike Pence and members of the cabinet have tried to reassure allies in Europe and Asia that a nationalist America can be internationalist, too. Mr. Trump should apply this correction at home and stop abusing America's amicable and vital neighbors.

Mr. Zoellick is a former World Bank president, U.S. trade representative and deputy secretary of state.

'Emotional Labor' Gets Organized at California's Scripps College

By Sophie Mann

Claremont, Calif.

In a new twist on student protests, a group of resident advisers at Scripps College went on "strike" last week after issuing a list of demands—mostly for more money. Other students working in the admissions office threatened to wreak havoc during special tours for newly admitted students who are trying to decide whether to enroll. Essentially, the tour guides threatened to trash-talk their own college.

Campuses across the country are in the midst of radical, racially tinged, sometimes violent protests over free speech vs. "safe spaces." This inland city, home to the five undergraduate colleges of the Claremont University Consortium, is no exception. Two weeks ago protesters at Claremont McKenna College shut down a talk by Heather Mac Donald of the Manhattan Institute. Last Monday three African-American students at Pomona College demanded that editors of the conservative Claremont Independent be expelled for committing journalism against "students of marginalized backgrounds."

Still, the demands at Scripps, a private women's school that has recently scaled the U.S. News rankings, stand out. They make no pretense of higher principle—or even manufactured fears. This is a shakedown over money, dressed up in the language of victimhood.

Scripps RAs, most of whom are African-American and Latina, get room and board worth almost $16,000 a year. They feel their work is worth more. In an April 13 letter to new college president Lara Tiedens, the RAs declare that they're on strike to "put pressure on Scripps to fulfill its obligation to students" and to "demonstrate the extent of the labor we perform on campus." That "labor" largely consists of opening dorm doors for residents who forget keys, asking students to turn down music on weekend evenings, and so forth.

The RAs also want more financial aid. They allege that Scripps "discourages students from seeking external support to pay for their education, but does not provide the necessary funding"—but they also admit that "we do not completely understand the complexities of the financial aid system."

Then there are the mental-health problems purportedly generated by the "emotional labor" RAs do. The letter acknowledges that Scripps already subsidizes students' visits to private, off-campus therapy. But the school only pays $75 a session, and even if students can get insurance to cover the rest they must "front" the cost. "This financial burden," the letter complains, "should not be put on any student who seeks to improve their mental health." Should a college provide therapy to RAs whom it pays to be the mature authorities in its dorms?

Resident advisers at the women's school call a strike, and campus tour guides join the action.

Citing "intersectionality," Scripps's "admissions ambassadors"—the student tour guides—joined the strike. "In our act of solidarity, the majority of us will not guide the normal tours beginning Monday, April 17th," they declared in a statement. "As an alternative, we will use our tours as a platform to share with prospective students and families the toxic and frustrating climate that Scripps has created and perpetuates against marginalized students."

Ms. Tiedens quickly caved in. She promised to pay for students' private therapy and to hire a "wellness" administrator. (Harvey Mudd College, another school in the Claremont Consortium, also ratcheted up its shrink budget in response to student tantrums last week.) Ms. Tiedens did refuse one demand—to fire the dean of students, Charlotte Johnson, whom the RAs find insufficiently sympathetic. But Ms. Johnson is African-American. Talk about "intersectionality."

After the victory, the strike continued. The RAs encouraged the tour guides to "engage students critically around issues of mental health, financial aid, emergency preparedness, and the lack of institutional support for students by the Dean of Students office." That is, they suggested telling prospective students that our college is mean and uncaring—never mind that the majority of students consider Scripps a happy community of students seeking to learn and to succeed.

How did these young women, who are receiving an elite liberal arts education at pennies on the $68,000-a-year price, acquire such a deep sense of grievance? Perhaps from Scripps's three required semesters of Core Curriculum, advertised as "interdisciplinary learning," which indoctrinate malleable minds into progressive thought. Freshmen are encouraged to see themselves as permanently oppressed victims of great structural forces—racism, sexism, transphobia, ableism, etc. Radical faculty encourage and enjoy watching their students work themselves into frenzies against their institution.

Perhaps this creates a special burden for women of color, who hear that they are permanently marginalized, a claim echoed endlessly in identity-based campus organizations. It is the precise opposite of "empowering women." Ms. Tiedens's actions guarantee that the airing of the grievances will continue.

Ms. Mann is a junior at Scripps College and senior associate editor of the Claremont Independent.

A Plan to Give Community Banks Relief From Dodd-Frank

By John Kennedy

Every politician says he is for jobs. But you can't be for jobs if you are against business. And you can't be for business if you are against giving job creators access to capital. Yet that is exactly the conundrum Congress legislated when, in 2010, it made the Dodd-Frank Wall Street and Consumer Protection Act applicable to small banks and credit unions. Dodd-Frank has been a loan-killing, anti-job disaster for these vital institutions.

Dodd-Frank was supposed to prevent another 2008-like banking crisis by strengthening federal government regulation of finance. Maybe the law makes sense for too-big-to-fail banks. Maybe not. What surely doesn't make sense is to cripple America's smaller community banks, which did nothing to bring about the 2008 meltdown.

When Federal Reserve Chair Janet Yellen appeared before the Senate Banking Committee on Feb. 14, I asked her the following question: "What did the community banks do wrong in 2008?" Her response: "Well, community banks were not the reason for the financial crisis."

Yet smaller banks are being smothered under the weight of Dodd-Frank. The Federal Reserve Act of 1913 is 32 pages. The Glass-Stegall Act was 37 pages. Dodd-Frank is 2,300 pages, with an astounding 22,000-plus pages of rules and more on the way. That's why so many community banks no longer exist, and those that have survived have seen their costs go up, their profits go down, and their ability to make small-business and consumer loans curtailed. It's all because of the heavy hand of government.

Main Street lending institutions should not have to keep paying for the sins of others. So I am introducing a bill, the Reforming Finance for Local Economies Act, that would exempt community banks and credit unions with assets of less than $10 billion from Dodd-Frank. Community financial institutions could get back to doing what they do best, which is helping local economies grow.

These institutions desperately need regulatory relief. In 2015, the St. Louis Fed estimated that community banks take an annual $4.5 billion punch to the gut in the form of compliance costs. Alan Novotny, CEO of New Orleans-based Eustis Mortgage Co., said that before Dodd-Frank "it cost $2,000 to produce a loan. Now it costs $4,000."

Smaller institutions didn't cause the financial crisis, but are drowning in compliance costs.

More than 1,700 U.S. banks have disappeared since Dodd-Frank. The cost of Dodd-Frank regulation has driven small banks to sell to or merge with larger banks. That eliminates jobs at the community institutions. It reduces lending to Main Street, given that community banks with less than $10 billion in assets provide 48% of small-business loans, 16% of residential mortgages, 44% of loans to purchase farmland, 43% of farm-operations lending, and 35% of commercial real-estate loans.

Forced consolidation in the community-bank sector has caused greater concentration of assets on the books of larger banks. This, in part, is what caused the 2008 debacle that Dodd-Frank is supposed to prevent from happening again.

My bill would help the 5,785 credit unions and the 5,461 community banks in our country survive. They would no longer have to reduce products and services and divert resources to compliance. Their skill in evaluating risk would no longer be reduced to a mathematical exercise. They would be free to concentrate on providing traditional banking services to the customers they know by taking in local deposits and making loans to local borrowers, whose creditworthiness is closely monitored.

Community bankers are relationship bankers. They don't do widespread subprime lending or use derivatives to speculate. Most have fewer than 100 employees. The type of regulation they need, and the risks they take, are different from those of a $700 billion bank.

Community institutions need some regulation to ensure their stability and security. But even after my bill becomes law, community banks will still be subject to a strict regulatory scheme established by dozens of applicable federal statutes—the Banking Secrecy Act, the Electronic Fund Transfer Act, the Truth in Lending Act, and the Equal Credit Opportunity Act, and more. They will remain under the supervision of the Federal Reserve, the Comptroller of the Currency, the Federal Deposit Insurance Corp., and National Credit Union Administration.

But America's smaller lending institutions need relief from the destabilizing consequences of Dodd-Frank. The Reforming Finance for Local Economies Act is a step in that direction.

Mr. Kennedy, a Republican, is a U.S. senator from Louisiana.

Notable & Quotable

Paul Bedard writing at WashingtonExaminer.com, April 23:

A new Washington Post poll that declares President Trump as "the least popular president in modern times," waits until the second to last paragraph to reveal another tidbit: . . . [Hillary] Clinton would still lose to the president, despite the high disapproval ratings and problems with his first 100 days detailed by the paper. It reads:

The new survey finds 46 percent saying they voted for Clinton and 43 percent for Trump, similar to her two-point national vote margin. Asked how they would vote if the election were held today, 43 [percent] say they would support Trump and 40 percent say Clinton.

THE WALL STREET JOURNAL.
PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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BUSINESS & FINANCE

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Becton to Pay $24 Billion for Bard

By Joseph Walker

Becton, Dickinson & Co. said Sunday that it would acquire **C.R. Bard** Inc. for $24 billion, the latest merger of medical-supplies manufacturers.

The deal values C.R. Bard at $317 a share, a 25.2% premium to the company's share price as of Friday's close.

Bard shareholders will receive about $222.93 a share in cash and the balance in Becton Dickinson stock, the companies said.

Becton Dickinson, based in Franklin Lakes, N.J., said the deal would improve its market position in medication management and infection prevention by broadening its product portfolio.

Bard, whose products include catheters and implantable heart-devices, had $3.7 billion in sales last year. It is based in Murray Hill, N.J.

The deal would be the latest merger of medical supplies and devices companies looking to increase their product offerings to gain market share among hospitals and physician practices, which have undergone intense consolidation in recent years. Hospitals are increasingly looking to narrow the number of suppliers they use, in part to negotiate better discounts in exchange for purchasing more volume.

Hospital consolidation has been a factor in several recent deals, including the merger of orthopedic-device makers Zimmer Holdings Inc. and Biomet

Please see BECTON page B2

CRAIG KOHLRUSS/FRESNO BEE/ASSOCIATED PRESS

Becton Dickinson sells diagnostic tools and laboratory supplies.

1MDB Fund Feud Reaches A Truce

By Bradley Hope and Tom Wright

State investment funds in Abu Dhabi and Malaysia struck an agreement to avoid potentially embarrassing arbitration proceedings related to billions of dollars that were allegedly misappropriated by a conspiracy of former executives and advisers to both funds, according to people with direct knowledge of the deal.

The agreement could ease tension between **1Malaysia Development** Bhd., or 1MDB, and Abu Dhabi's **International Petroleum Investment** Co., or IPIC, according to an agreement signed by the parties on Saturday, the people said.

The Malaysian fund agreed to pay $1.2 billion to IPIC and both sides agreed to keep discussing a further $3.5 billion of disputed payments. A formal announcement on the London Stock Exchange, where IPIC bonds are listed, could come as early as Monday, the people added.

Malaysia and Abu Dhabi have been in a dispute since last year over who should foot the bill for billions of dollars that U.S. investigators allege were stolen from 1MDB.

The money was allegedly funneled out with the help of former 1MDB executives and people close to the fund, as well as assistance from former senior executives of IPIC, U.S. prosecutors said in their filings.

The former chairman of IPIC, Khadem Al Qubaisi, is in jail in Abu Dhabi, although he hasn't been formally charged, while many of the alleged Malaysian conspirators are living overseas.

They include Jho Low, a 35-year-old Malaysian who the U.S. Justice Department believes directed the fraud and who has been living in Thailand and China.

Attempts to reach Messrs. Low and Al Qubaisi weren't successful. Both have previously denied wrongdoing.

The Justice Department filed civil lawsuits last summer seeking to seize assets worth more that $1 billion—including mansions in Los Angeles and New York, as well as some of the rights to profits from the movie "The Wolf of Wall Street"—which it claims were financed with money from 1MDB.

The department is building a criminal case against Mr. Low for alleged money laundering among other potential charges, according to people aware of the matter.

Airlines Step Up Class Warfare

Carriers upgrade perks for premium customers, while cutting amenities for low-fare seats

By Robert Wall

The distance between the front of the plane and the back is feeling longer.

Battling it out with discount carriers, the world's biggest airlines are rolling out ultracheap economy-class tickets, or cutting back sharply on basic amenities for their lowest-paying customers. At the same time, they are pulling out the stops to lavish their premium fliers with more perks.

American Airlines Group Inc., **United Continental Holdings** Inc. and **Delta Air Lines** Inc. all now offer superlow fares, dubbed "basic economy," that strip out even once-standard allowances, such as carry-on baggage or a choice of seat before boarding.

Those are now extra for these ticket holders, who also generally board last. But the fares are competitive with discount airlines such as **Southwest Airlines** Co. A United basic economy ticket between Washington and Minneapolis for travel in early May was recently listed as low as $128, $20 less than a regular economy fare. Some of the cheapest fares passengers can get on discount carriers are for seats so basic they don't recline even an inch.

In Europe, British Airways, a unit of **International Consolidated Airlines Group** SA, last year said it was curtailing some onboard economy-class meal service on international flights. On short-haul legs, its economy-class passengers this year have had to start paying for food and seat choice also costs extra.

But at the front of the plane, the same carriers are showering premium passengers with ever more comfort. Middle East and Asian airlines are among those leading the way, with U.S. carriers trying to catch up. American Airlines has upgraded its business class. Delta last year unveiled plans for business-class suites, effectively small cabins that can be closed off from others, with fully reclining seats. The suites should feature on planes this year.

United on intercontinental routes is introducing an upgraded business class, called United Polaris, to try to keep pace with its nearest rivals. The cabin sports fully reclining seats, bedding by Saks Fifth Avenue and noise-canceling headsets. United is rolling it out on its San Francisco-Hong Kong route. A round-trip ticket for a May flight lists at about $5,000.

British Airways, meanwhile, is spending about $500 million to upgrade its premium classes. BA, which popularized the fully reclining business-class seat in the mid-1990s, is planning a new business-class seat design.

What's behind the growing chasm between the air-traveling haves and have-nots? On the low end, legacy carriers are finally caving in and trying to match budget airline prices. That's particularly true on trans-Atlantic journeys, highly profitable routes where they are facing stiff competition.

Norwegian Air Shuttle AS is offering no-frills fares this spring between London and New York for about $610 round-trip. British Airways is matching that (almost) with a $620 fare.

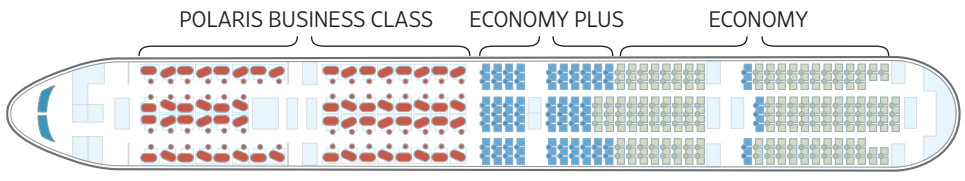
"When we look at economy, we are looking at a commodity product, without a doubt," BA Chief Executive Officer Alex Cruz said in November.

PAUL THOMAS/BLOOMBERG NEWS

How the other half flies: A first-class seat on an Emirates flight. Carriers are showering premium passengers with ever more comfort.

The Haves and Have-Nots

The cabin layout of a Boeing 777-300ER flown by United:



Seats per row	4	10	10
Seat size - pitch, width and recline	6'6" sleeping space 23" 180°	34" 17.05" 4"	31" 17.05" 3"
Price*	$5,769	$1,487	$804
Perks	All classes have Wi-Fi, power outlets, USB ports, meals and beverages.		
	Noise canceling headphones, bedding by Saks Fifth Ave.	More space than Economy	

Source: United Airlines *Prices based on selected round trip travel in mid-May THE WALL STREET JOURNAL.

KEYWORDS | By Christopher Mims

Three Difficult Lessons For Traditional Retailers

With brick-and-mortar stores closing at a record pace, retail in the U.S. feels like it's at a tipping point. Many of the stores that once filled the malls of America have become "zombies," while online retailers capture ever more of the most valuable consumers—the young and affluent.

Legacy retailers are trying to play catch-up, but they're saddled by huge fixed costs, investors who prefer dividends to innovations, and CEOs incentivized to focus on the next quarter, not the next decade. It's only a matter of time before **Amazon.com**'s army of physical retail formats turn into an existential threat to everyone from mom and pop to Kroger and **Wal-Mart**.

That doesn't mean retailers are taking this lying down. As online brands begin to build physical shops, the old guard is taking notes—and in many cases, writing checks. Wal-Mart, for example, has been on an acquisition binge of late. It's now in talks to buy men's clothier Bonobos for $300 million.

After surveying analysts and CEOs, I learned the three biggest lessons physical retailers are grappling with as they face this rocky transition.

Data Is King

When I asked Target, Walgreens and grocery chain Giant Food about loyalty programs and the fate of customers' purchasing data—which is the in-store equivalent of your web browsing history—they all declined to comment. Why so cagey? Perhaps because of the uproar that occurred when Target sent coupons for baby clothes and cribs to the home of a teenage girl, alerting her family she was pregnant, says Michelle Evans, an analyst at consumer research firm Euromonitor.

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BUSINESS & FINANCE

AT&T's Media Strategy in Spotlight

By Drew FitzGerald

Unlimited wireless data plans have made a comeback this year, forcing U.S. carriers to find new ways to set themselves apart from the competition.

AT&T Inc., the No. 2 wireless carrier by subscribers, is answering with other services: home television through its DirecTV and U-verse brands, and, if regulators bless its pending **Time Warner** Inc. takeover, discounted access to entertainment on every screen.

THE WEEK AHEAD

Questions about that strategy will overshadow AT&T's financial results scheduled for release Tuesday, partly because of low expectations for its core wireless business. Average revenue per user, a key measure of phone companies' fundamental health, has slid industrywide for the past three years, according to investment bank **UBS Group** AG.

It follows rivals Verizon Communications Inc., which last Thursday reported its first-ever net subscriber loss, and T-Mobile US Inc., which is expected to report on Monday. Thanks in part to its own all-you-can-eat data plans, T-Mobile has snapped up many former Verizon and AT&T customers.

All three companies, as well as No. 4 carrier Sprint Corp., now offer plans that promise unlimited data usage, a strategy that could force them to boost spending to keep up with customers' voracious online habits.

MARK LENNIHAN/ASSOCIATED PRESS

The company, which reports results Tuesday, has set itself apart from rivals with new services.

AT&T still spends heavily on network upgrades but has been conservative of late to preserve its bottom line. The company bid $910 million in the Federal Communications Commission's latest auction of spectrum licenses, an amount small enough that the company recouped most of the multibillion-dollar down payment it paid to enter the auction.

The auction's end means wireless companies will soon be freed from legal obligations that prevented them from holding deal talks. But AT&T's hands are still tied because of its continuing $85 billion bid for Time Warner, a distraction that could keep it on the sidelines as rivals trade wireless licenses and contemplate larger moves.

U.S. regulators have approved similar combinations of telecom and entertainment in the past. But President Donald Trump has said during his campaign that the deal should be blocked.

His nominee to lead the Justice Department's antitrust division, Makan Delrahim, is awaiting Senate confirmation, so in the meantime the department has begun sending questions to other telecom and media companies potentially affected by the combination, according to people familiar with the matter. That is good news for AT&T, which can get to work marketing its new shows and cutting costs the sooner the merger review ends.

Another bright spot AT&T can count on is its advertising business. The company earlier this year said AdWorks, its ad division, was generating more than $1 billion a year of revenue and growing at a double-digit rate.

That alone is hardly enough to rescue the broader company if customers start to bolt in droves but offers hope for the future.

—Shalini Ramachandran contributed to this article.

BEBETO MATTHEWS/ASSOCIATED PRESS

More shoppers want shopping experiences like those they get online. Customer J.P. Grant at Bonobos store in New York.

MIMS

Continued from the prior page

Data has been a vital part of Amazon's retail revolution, just as it was with Netflix's media revolution and Google and Facebook's advertising revolution.

For brick-and-mortar retailers, purchasing data doesn't just help them compete with online adversaries; it has also become an alternate revenue source when profit margins are razor-thin. For example, Unilever might buy store sales data to figure out which products are in high demand and when people buy them. (Ms. Evans says that when retailers sell data, it's anonymized and not linked to individual consumers.)

Physical retailers must catch up to online retailers in collecting rich data without making it feel so intrusive. Why, exactly, does my grocery store need my phone number?

Personalization and Automation = Profits

There's a debate in the auto industry: Can Tesla get good at making cars faster than Ford, General Motors and Toyota can get good at making self-driving electric vehicles? The same applies to retail: Can physical retailers build intimate digital relationships with their customers—and use that data to update their stores—faster than online-first retailers can learn how to lease property, handle inventory and manage retail workers?

Online retailers know what's popular, and how customers who like one item tend to like certain others. So Amazon's physical bookstores can put out fewer books with more prominently displayed covers. Bonobos doesn't even sell clothes in its stores, which it calls "guideshops." Instead, customers go there to try clothes on, and their selections are delivered through the company's existing e-commerce system.

Amazon's upcoming Go convenience stores, selling groceries and meal kits, don't require cashiers. That's the sort of automation that could position Amazon to reap margins—or slash prices—to a degree unprecedented for retailers in traditionally low-margin categories like food and packaged goods.

While online retailers are accustomed to updating inventory and prices by the hour, physical retailers simply don't have the data or the systems to keep up, and tend to buy and stock on cycles as long as a year, says George Faigen, a retail consultant at Oliver Wyman. Some legacy retailers are getting around this by teaming up with online players.

Target stocks men's shaving supplies from not one but two online upstarts, Harry's and Bevel. Target has said that, as a result, more customers are coming in to buy razors, increasing the sales of every brand on that aisle—even good old Gillette. Retailers have long relied on manufacturers to drive customers to stores by marketing their goods and even managing in-store displays. The difference is this: In the past, new brands had to persuade store buyers to dole out precious shelf space; now the brands can prove themselves online first.

Legacy Tech Won't Cut It

Perhaps the biggest challenge for existing retailers, says Euromonitor's Ms. Evans, is finding the money to transition to this hybrid online-offline model. While Target has announced it will spend $7 billion over the next three years to revamp its stores, investors fled the stock in February after Target reported 2017 profits might be 25% less than expected.

Data has been an important component of Amazon's retailing revolution.

When Warby Parker, the online eyeglasses retailer, set out to launch stores across the U.S., the company looked for in-store sales software that could integrate with its existing e-commerce systems. It couldn't find a system up to the task, so it built one from scratch.

These kinds of systems allow salespeople to know what customers have bought both online and off, and what they might be nudged toward on that day. "We call it the 'point of everything' system," says David Gilboa, co-founder and co-chief executive.

Having this much customer knowledge available instantly is critical, but it's precisely what existing retailers struggle with, Mr. Faigen says.

Even Amazon is experiencing brick-and-mortar difficulties. In March, The Wall Street Journal reported that the Go stores would be delayed because of kinks in the point-of-sale software system.

Andy Katz-Mayfield, co-founder and co-chief executive of Harry's, is skeptical that traditional retailers like Wal-Mart can make the leap, even if they invest heavily in technology.

The problem, he says, is that selling online isn't just about taking orders through a website. Companies that succeed are good at selling direct to consumers—building technology from the ground up, integrating teams skilled at navigating online marketing's ever-shifting terrain and managing the experience through fulfillment and delivery, Mr. Katz-Mayfield says.

That e-commerce startups are so confident about their own future doesn't mean they are right about the fate of traditional retailers, however.

A report from Merrill Lynch argues Wal-Mart is embarking on a period of 20% to 30% growth for its e-commerce business. A spokesman for the company said that in addition to acquisitions, the company is focused on growing its e-commerce business organically.

It isn't hard to picture today's e-commerce companies becoming brick-and-mortar retailers. It's harder to bet on traditional retailers becoming as tech savvy as their e-competition.

BECTON

Continued from the prior page

Inc., and Medtronic PLC's $49.9 billion acquisition of Covidien PLC in 2015.

"Customer consolidation continues in the U.S. marketplace," said Becton Dickinson Chairman and Chief Executive Vince Forlenza in an interview. "It certainly drove what we were thinking about" when considering the Bard deal, said Mr. Forlenza, who added that there were some 100 hospital mergers last year.

Becton Dickinson has been moving over the past several years to offer more comprehensive solutions to its hospital customers, and acquiring "Bard is a continuation of that," Mr. Forlenza said. "It builds upon it and broadens it at the same time."

The transaction is expected to increase Becton Dickinson's adjusted earnings per share and result in $300 million in annual pretax cost savings by 2020, the companies said. Combined, the companies will have about 67,000 employees, according to their most recent annual reports.

Becton Dickinson will create a new unit called BD Interventional from which Bard's businesses will operate and report results. The unit will be managed by Tom Polen, who was promoted to president of Becton Dickinson, the company announced separately on Sunday. Mr. Polen, who was previously president of Becton Dickinson's medical unit, will now oversee all of the company's operating segments.

Becton Dickinson had $12.5 billion in sales last year, with about 45% of the revenue coming from international markets. The company sells products including syringes and needles to hospitals and physicians as well as diagnostic tools and laboratory supplies used by researchers.

The companies said that Becton Dickinson's strong international presence would help Bard to expand overseas, where it has 500 registered products. The combined company will have a large footprint in emerging markets, including $1 billion in annual sales in China, they said.

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Novartis Shifts Approach To Alzheimer's Research

By Denise Roland

Novartis AG thinks its best bet for testing two new Alzheimer's drugs is on people who don't actually have Alzheimer's.

The Swiss drug giant is looking for people whose genes put them at high risk of developing Alzheimer's, but who have yet to fall victim to the mind-robbing disease. It hopes such early treatment proves more successful than past efforts to tackle the disease once it has taken hold.

The history of Alzheimer's research is marked by disappointment. In November, a high-profile **Eli Lilly** & Co. drug called solanezumab was the latest to fail a late-stage clinical trial. That drug aimed to clear clumps of a protein called beta amyloid in the brain, which are closely linked with Alzheimer's. So far, no company has produced a drug that can delay the progression of Alzheimer's.

One of the new Novartis drugs, known as CAD106, is designed to boost the immune system's ability to clear beta amyloid from the blood. The other, which Novartis is developing with **Amgen** Inc. and is called CNP520, aims to stop its formation in the first place.

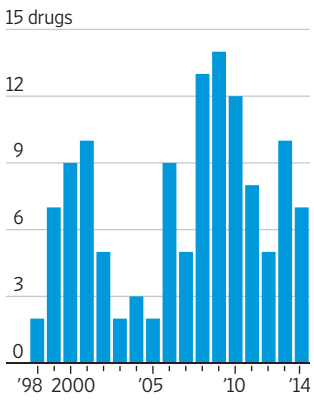
"If an anti-amyloid strategy is going to work, the best way to do so is with prevention," said Steven Arnold, a neurologist at Massachusetts General Hospital in Boston.

Recruiting patients to receive treatment for a disease they don't have—and may never develop—is riven with logistical and ethical challenges.

The company is looking for people with two copies of a gene called APOE4 to participate in its study. Having two copies of the gene doesn't inevitably lead to Alzheimer's, but the roughly 2% of people who fit this profile are around three times as likely to develop dementia as the general population, according to a recent analysis in the scientific journal PLOS Medicine.

A Difficult Path

Annual number of investigational drugs to treat Alzheimer's that proved unsuccessful



123 total unsuccessful drugs between 2008-2014

4 approved over the same period

Source: PhRMA analysis of Adis R&D Insight Database
THE WALL STREET JOURNAL.

The Banner Alzheimer's Institute, a Phoenix nonprofit, is helping Novartis find eligible participants with a campaign launched at the end of 2015 to test people for the APOE4 gene. The institute places TV and newspaper ads, does mass mailings and runs events in clinics to publicize the program, called Genematch.

So far, around 35,000 people have signed up, agreeing to send swabs of their cheek cells for testing. "We seem to have tapped into a very motivated group of people," said Pierre Tariot, director of Banner. "Not surprisingly, a lot of them have a family history of Alzheimer's."

Margaret, a 71-year-old from Virginia, discovered two weeks ago that she has two copies of the APOE4 gene. She signed up for the Genematch program earlier this year after hearing about it through the hospital that is caring for her older sister, who has Alzheimer's.

"It is shocking," said Margaret, who declined to give her last name because she hasn't yet told her family. But "if this works and can prevent or slow it down, then obviously I'd like to participate."

Only a fraction of those who sign up will be eligible for the trial. As well as having two copies of the APOE4 gene, participants in the Novartis study must be healthy, between the ages of 60 and 75, and have no outward signs of Alzheimer's, such as cognitive decline. Fewer than 10% of the 1,300 participants needed for the trial have been recruited so far, Dr. Tariot said.

The Genematch staff doesn't know any individual participant's genetic results. Instead, a computer program provides a list of names—only some of whom are genetic matches—for them to call. On that call, Genematch will tell the person they might be eligible for a trial and tell them about participating hospitals.

Participants are informed of their genetic profile—usually by a genetic counselor—only after a lengthy assessment by staff at the clinical-trial site to determine that they are eligible for, and willing to enroll in, the study.

"The critical thing is that this is done in a highly ethical way," said Vas Narasimhan, global head of drug development at Novartis. "If a patient is not selected for the study, we are not intervening to help them so there is no reason to provide them with this information."

Later this year, Novartis plans to start a further trial that will be open to people who have just one copy of the APOE4 gene, Dr. Narasimhan said. Around a quarter of the population is thought to fit this profile, and they are about 1½ times as likely to develop mild cognitive impairment or dementia as the general population.

PATRICK SISON/ASSOCIATED PRESS

Several Wells Fargo directors are at risk of losing re-election. The bank's annual meeting is Tuesday.

Wells Board Faces Unclear Prospects

By Emily Glazer, David Benoit and Joann S. Lublin

The battle over **Wells Fargo** & Co.'s board is going down to the last possible moment, with uncertainty hanging over the re-election prospects of several directors at Tuesday's annual shareholder meeting, according to people familiar with the matter.

Some large institutional shareholders have yet to weigh in and are expected to place their votes Monday, just ahead of the conclave. But as of Sunday, votes already placed had left several directors at risk of losing re-election, the people familiar with the matter said.

Nonexecutive Chairman Stephen Sanger isn't among those directors, but Enrique Hernandez, head of the bank's board risk committee, is vulnerable, one of the people said.

While it is unclear whether any directors will be voted out, the bank needs decisive victories—especially because directors are running unopposed. If directors get less than 80% of the vote for re-election, it would send a clear message to the San Francisco bank that shareholders are seeking bigger changes after its sales-practices scandal, said Charles Elson, director of the University of Delaware's John L. Weinberg Center for Corporate Governance.

And shareholders, in meetings with the bank in recent weeks, already have been sending the message that more needs to be done to address systemic problems at the bank, according to people familiar with the meetings.

Employees over a five-year period opened as many as 2.1 million accounts using fictitious or unauthorized customer information, leading to a $185 million settlement with regulators last fall. A $142 million settlement over customer class-action lawsuits is also pending.

The bank has said it is cooperating with state and federal investigations into the sales-practices scandal.

In an interview last Wednesday, Chief Executive Timothy Sloan said he doesn't think the bank needs to make any changes to its board risk committee, which comprises chairs from its other board committees. He also said a recent report from the bank's board about the scandal showed that Mr. Hernandez had raised questions with management about aggressive sales tactics.

The independent board report largely placed blame on two executives who are no longer with the bank. The bank named two new directors to the board earlier this year.

Some institutional investors briefed by Wells Fargo executives and directors said the bank tried to reassure them that the board's makeup will change in coming years because of mandatory retirements. Some investors said they were told that six members will hit the maximum age of 72 and will leave over the next four years.

While bank officials also made no promises to rotate committee memberships or chairmen, an official from an institutional shareholder said "there needs to be a thoughtful but accelerated response to constitute a new board."

Meanwhile, proxy-advisory firm Institutional Shareholder Services Inc. has recommended that shareholders vote against Mr. Sanger and 11 of his colleagues on Wells Fargo's 15-member board.

Twitter Summons Triggers Probe

By Deepa Seetharaman

A recent attempt by federal officials to pressure **Twitter** Inc. to unmask the identity of those behind an account critical of the Trump administration has triggered an internal investigation into whether those officials abused their power, according to a letter released Friday.

U.S. Department of Homeland Security Inspector General John Roth confirmed the investigation in a letter to Sen. Ron Wyden of Oregon.

Mr. Wyden earlier called for an internal review of the U.S. Customs and Border Protection's decision to issue an administration summons to Twitter on March 14 asking for information associated with the account @ALT_USCIS. The action prompted Twitter to sue the department.

The user or users behind @ALT_USCIS purport to reflect the dissenting views of some federal officials. Tweets sent from this account have been critical of the Trump administration's officials and immigration policies.

In a letter dated April 21, Mr. Roth said his office was investigating whether the probe by customs officials "was improper in any way." Mr. Roth's office is "also reviewing potential broader misuse of summons authority at the Department and/or its components."

The U.S. Customs and Border Protection is a unit of the Department of Homeland Security. On March 14, an agent of the U.S. Customs and Border Protection's Office of Professional Responsibility, which investigates employee misconduct, faxed the summons to Twitter.

On April 6, Twitter sued the Department of Homeland Security in federal court, alleging the agency's summons was unlawful. The department rescinded the summons the next day and Twitter dropped the lawsuit.

Piracy Returns Off Somalia

ABDIQANI HASSAN/REUTERS

Piracy has made a return to the waters off Somalia after a five-year hiatus, U.S. defense officials said, prompting commercial shippers, the military and others to revisit the issue.

In the past two months, there have been as many as six incidents of piracy, according to Gen. Tom Waldhauser, head of the U.S. military's Africa Command, speaking to reporters at Camp Lemonnier in Djibouti Sunday. They are the first incidents since about 2012, Gen. Waldhauser said. Pirates seized food, oil and other commodities from smaller boats, he said.

Gen. Waldhauser appeared with Defense Secretary Jim Mattis, who is on a trip through the Middle East and North Africa. Gen. Waldhauser attributed the return of piracy partly to famine and drought, adding that private security measures should be kept in place.

"Some of the reasons piracy went down to zero here is because of the security measures the shipping industry has taken. We want to make sure the industry continues not to be lax in that," Gen. Waldhauser said.

Above, maritime police aboard oil tanker Aris-13, which was released by pirates, in northern Somalia in March.

—Gordon Lubold

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Special Advertising Feature

Wanted: More Multi-Unit Franchisees

Successful brands are encouraging experienced operators to expand, with potential for bigger profits

By Julie Bennett

Franchisees are getting bigger. While the majority of franchisees still run a single business, research firm FRANdata in Arlington, Va., reports that almost one-fifth of franchisees now own two or more units and the largest operate hundreds of restaurants, stores or hotels. "More significantly," says FRANdata CEO Darrell Johnson, "that 20% control more than 55% of all the franchised units in the U.S."

Franchisers are encouraging their current franchisees to keep growing, because multi-unit franchisees have the financing to build additional units faster and more efficiently than newcomers, says Mr. Johnson. Rob Goggins, chief operating officer of Great Clips, Inc., in Minneapolis, says that almost half of that concept's 1200 franchisees have multiple units.

GREAT CLIPS, INC

PHOTO BY GRIFFIN HART DAVIS

Growing franchisers like Great Clips hair salons and Golden Corral restaurants offer multiple units to operators.

LEARN THE BUSINESS

In 2009, corporate banker Tamara Bitticks and her engineer husband, Bryan, for example, purchased two Great Clips hair salons from an existing franchisee in Los Angeles, but kept their day jobs. "We were attracted to Great Clips because we could operate them without being in our salons every day," Mrs. Bitticks says. "The first year, learning the business took up all our free time, but it was worth it."

Today the couple, who live in Carmel, Calif., own six salons in Los Angeles, plus four in Oregon, and plan to open more. Mr. Bitticks, who retired from his corporate job last year, says owning multiple units provides efficiencies in recruiting and managing labor. "Once you've learned the system, it's easier to keep track of what's happening in each salon," says Mrs. Bitticks, "and you can operate them more profitably."

The skills learned running one franchise transfer to other concepts. Mike Browning, of Lexington, Ky., says he grew to be the largest franchisee of a tax-preparation brand, with 61 tax centers in six states, before selling all his units back to the franchiser in 2015. Today he's building two Dogtopia canine day-care centers in Lexington and Louisville.

"I never knew such places existed until a franchise consultant told me about Dogtopia," Mr. Browning says. "But what I learned from the tax center franchise, from organizing large territories to hiring qualified managers, will help me be a good multi-unit owner for Dogtopia."

> "ALMOST ONE-FIFTH OF FRANCHISEES NOW OWN TWO OR MORE UNITS."

Like many franchise companies, Dogtopia, based in Phoenix, is marketing directly to multi-unit franchisees of other concepts. "We're aggressively seeking top franchise operators from other industries who are looking to diversify their portfolios and tap into the booming $65 billion pet industry," says Alex Samios, vice president of franchise development.

FRANdata reports that the largest number of multi-unit franchisees is in the restaurant sector, where competition is so stiff that franchisers are designing new programs to attract them. Bob McDevitt, senior vice president of franchise development for 495-unit Golden Corral in Raleigh, N.C., says, "For the last 20 years, it was our policy to never sell more than one franchise at a time. But in January we loosened up a bit and agreed to sell three units at once to experienced multi-unit operators of non-competing restaurant concepts. If they can look for three sites simultaneously, we think they'll open units faster."

Last month, la Madeleine, the French-themed bakery café brand based in Dallas, launched a campaign to sell off 38 corporate restaurants in five U.S. markets. Only experienced multi-unit restaurant franchisees need apply. Olivier Poirot, the CEO of parent company Le Duff America, says, "We are seeking franchisees who are now running a large number of restaurants, who can take over these stores and build new units quickly."

NEW BUSINESS MODEL

Great Harvest Bread Company, in Dillon, Mont., designed a whole new business model to encourage current franchisees to expand and to attract new multi-unit players. "In our old model," says CEO Mike Ferretti, "we trained each franchisee as an owner-operator who ground flour and baked breads and other products. But you can't expect a multi-unit franchisee to be doing baking. Our new design is a hub-and-spoke model. Franchisees will open single-hub bakeries that provide baked goods to their smaller spoke cafés."

Franchisee Gregg Green, who operates a Great Harvest bakery in Greenville, N.C., says the new design will allow him to maximize his equipment, labor and marketing costs and enable him to open smaller units in areas where the rent is high.

Mr. Johnson says, "Not that long ago, people entered franchising hoping to earn a livelihood. Now the balance is shifting to 'How much growth can I realize?' Multi-unit owners are becoming the darlings of franchising."

Julie Bennett is a freelance writer specializing in franchising matters.

The Wall Street Journal news organization was not involved in the creation of this content

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Waymo, Uber Clash in Court Over Tech

Self-driving car unit at Alphabet alleges effort to hide work it says copies its design

By Tim Higgins

Waymo LLC, the self-driving car unit of Google parent **Alphabet** Inc., accused **Uber Technologies** Inc. of intentionally hiding a key project from a federal court that Waymo says shows the ride-hailing company copied its design plans for a laser sensor used in autonomous vehicles.

The court document on Friday, filed to support Waymo's previous request to halt Uber's development of laser sensors, includes a new accusation that Uber concealed a second program to design so-called lidar during the court proceedings. It also asks the federal court to block its former star hardware engineer from working on Uber's self-driving car program.

"Uber has taken, copied and used Waymo's technology," the company said in records filed in the U.S. District Court for the Northern District of California. "This along with Uber's subsequent cover-up and violations of this court's orders, show the need for an injunction in this case."

An Uber spokeswoman didn't immediately respond to a request for comment.

The fight between Waymo and Uber comes as tech companies and auto makers around the world are rushing to develop self-driving car technology, aiming to be among the first to figure out a way to earn money. An estimated $2 trillion of annual revenue tied to the U.S. automotive industry is a stake, according to a Deloitte Consulting study.

Waymo has logged the most publicly traveled test miles since the self-driving car project began under Google in 2009. Uber is trying to catch up with technology that its chief executive, Travis Kalanick, has called a key to its survival.

In February, Waymo surprised the industry with a lawsuit against Uber, accusing the San Francisco startup, which is valued at $68 billion, of using allegedly stolen trade secrets to jump start its own self-driving program. In the suit, Waymo claimed Anthony Levandowski, who left the Google self-driving car program in January 2016, took 14,000 files with him before departing to create a self-driving tech startup eventually known as Otto. Uber acquired Otto in August 2016 in a deal valued at as much as $680 million.

Uber has denied wrongdoing. Two weeks ago, Uber struck back against Waymo by saying that its lidar technology is different and that the claims are a ploy to stifle its own self-driving car efforts.

Newly revealed records show that Mr. Levandowski, under oath in a deposition, refused to answer all but a few basic questions, such as his name. A transcript of the April 14 deposition shows him invoking the Fifth Amendment and refusing to answer what role he plays at Uber, where he is vice president of engineering.

Waymo argues that Uber is wrongly relying on the Fifth Amendment to block production of evidence, though it says that through a recent deposition of an Uber engineer it learned of a second laser-sensor project designed by Mr. Levandowski. The record of the project's name was redacted.

"Levandowski, while in possession of 14,000+ Waymo's proprietary documents, designed [it] himself," Waymo's filing said. "So it is no surprise that it is a copy of Waymo's [lidar] design, infringes Waymo's patents and copies Waymo's trade secrets."

ERIC RISBERG/ASSOCIATED PRESS

A Waymo self-driving car on display in San Francisco last year.

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Concert Promoter Alleges Fraud in Prince Tribute Plan

By Hannah Karp

The concert promoter first hired to produce a Prince tribute concert sued the late pop star's estate and former administrator and advisers for alleged fraud, the latest cloud over the deals the estate has signed since Prince's death a year ago.

The New York-based promoter, **Jobu Presents** LLC, alleged in a complaint that the advisers to the estate's former administrator, Bremer Trust, systematically misrepresented key details about the planned show, falsely claiming that several high-profile acts had committed to perform and that proceeds from ticket sales would go to charity, which would have helped Jobu book talent without paying big fees.

Instead, a month after Jobu signed on, one of the advisers, Londell McMillan, indicated in an email submitted with the complaint that the purported charity that would share proceeds with the estate was actually Prince's Paisley Park home, a for-profit museum operated by the same entity that manages Elvis Presley's estate, Graceland, according to the suit.

$2M

Size of loan made to concert promoter Jobu Presents.

But Paisley Park is unable to accept donations as a for-profit entity and was never contacted about participating financially in the concert, a Paisley Park representative said.

The concert eventually took place on Oct. 13 in Minneapolis and was produced by Mr. McMillan and local promoter Randy Levy.

The lawsuit—filed in a Minnesota court Thursday, the day before the first anniversary of the musician's death—seeks unspecified damages. The suit also alleges that Bremer Trust—part of **Bremer Financial** Corp of St. Paul, Minn.—participated in the misrepresentations. Prince, born Prince Rogers Nelson, had used the bank.

A Bremer spokeswoman said that "Bremer Trust is confident that it acted at all times in the best interests of the Nelson Estate to preserve and monetize its assets, and that all agreements and entertainment contracts were properly reviewed, authorized and approved by the court" overseeing the estate.

Jobu's lawyer and Mr. McMillan declined to comment on the lawsuit.

Mr. McMillan and Bremer's other adviser—entertainment executive Charles Koppelman—is no longer advising the estate, now being administered by Comerica Bank & Trust, part of **Comerica**, Inc. of Dallas.

However, Mr. McMillan has remained involved recently as a business adviser to three of Prince's half siblings, according to their attorney.

Two of Prince's other heirs—half-brothers Omarr Baker and Alfred Jackson—filed a complaint Wednesday, in the same Minnesota court as the Jobu suit, alleging Bremer may have breached its fiduciary duty in failing to disclose a $2 million loan made by Mr. Koppelman to Jobu so that Jobu would pay a $2 million guarantee to the estate to secure its participation for the tribute show.

Mr. Koppelman's attorney, Marc Kasowitz, said that "Jobu's claims against Mr. Koppelman are frivolous and an attempt to distract from the fact that it owes him $2 million. We will defend against these claims vigorously, and will get Mr. Koppelman's money back from Jobu."

According to Jobu's lawsuit, Mr. Koppelman allegedly approached Jobu about producing the concert a month after Prince died last April of an opioid overdose and promised it would have a charitable component and "A-list" musical acts.

Messrs. Koppelman and McMillan indicated that they had already secured the participation of singer Sheila E and members of Prince's former bands including the Revolution, which wasn't true, the complaint alleges.

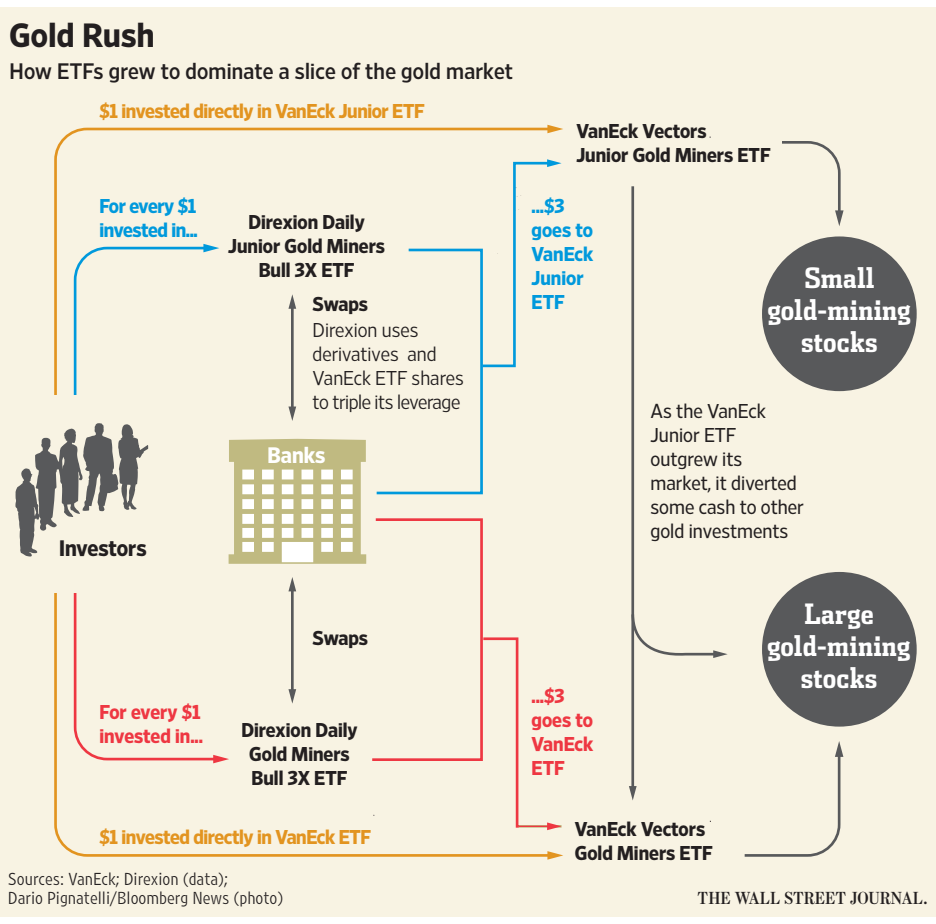
The musical acts couldn't be reached for comment.

Jobu's lawsuit included an August letter from a representative for the Revolution asking to remove mention of the band from correspondence or solicitation related to the tribute event.

Tony Berg, the musician who wrote the letter, didn't respond to a request for comment.

Meanwhile, Bremer allegedly had negotiated a multi-million-dollar deal with **Graceland Holdings** Inc. to turn Prince's home into a for-profit venture to benefit the estate, information that was withheld from Jobu until more than a month after it had signed a contract to promote the show, according to the lawsuit.

Jobu calculated its production costs based on the premise that the show would be a charitable endeavor, for which performers typically charge much less than their usual fees, according to the complaint.



ETF Stampede Hits Gold

Turmoil from Sydney to Toronto shows a potential side effect of rise in index investing

By Asjylyn Loder And Chris Dieterich

Unruly trading in the shares of some small gold companies is rekindling investor concern about the pressure that fast-growing passive funds can exert on the stocks they are meant to track.

In the past six months, waves of money rushed into a $20 billion complex of interlinked exchange-traded funds that invest in gold-mining companies. The flows prompted the ETFs to amass ever-larger stakes in dozens of small firms. Efforts to check the funds' growth triggered price gyrations in gold stocks from Sydney to Toronto, at a time when the price of gold was largely flat.

The turmoil illustrates how the rise of index investing could rattle trading in the years ahead, especially as the $4.8 trillion ETF industry sprawls into smaller markets, investors said.

"ETFs can move stocks, and that is what's going to happen when investors flock into funds that hold small- and microcaps," said Neil Leeson, research director at Spyglass Trading in Dallas.

In the past decade, ETFs have been blamed for unusual price swings in oil, utility stocks and high-yield debt. Just this month, a flood of cash into a new Canadian ETF jolted trading in the nascent marijuana industry, and in September, the Bank of Japan curbed its purchases of ETFs pegged to the Nikkei 225 index after its stimulus efforts distorted prices.

The most recent example of an ETF knocking prices out of whack centers on the **VanEck Vectors Junior Gold Miners ETF**, which invests in small gold companies. The ETF has taken in $1.4 billion since September, forcing VanEck to snap up mining shares.

Juicing its growth was the **Direxion Daily Junior Gold Miners Index Bull 3X ETF**, which uses the VanEck ETF to give investors a triple-leveraged bet. For each $1 Direxion took in, it funneled $3 into the VanEck fund.

VanEck plowed that cash back into gold stocks, becoming the largest investor in two-thirds of the 54 companies the ETF owns shares in, according to FactSet. In some cases, VanEck owned 16% or more of the available shares of those companies, bringing it into the range of a Canadian securities law that requires firms that exceed a 20% stake to offer a buyout to the remaining shareholders.

"We continuously monitor the portfolio," said Ed Lopez, head of ETF product management for VanEck. "Our primary concern is that we're meeting our investment objective."

With more money coming in than it could invest in its roster of gold miners, the VanEck junior ETF directed some of the overflow into the **VanEck Vectors Gold Miners ETF**, which invests in larger firms. That ETF swelled to $12.5 billion amid the combined inflows from its smaller sibling and the **Direxion Daily Gold Miners Index Bull 3X ETF**, another leveraged copycat.

As the ETFs overran the market, more traders piled in. On April 12, Direxion received orders for $113 million in new shares of its leveraged junior ETF, the largest inflow in its history. The next day, Direxion closed the fund to new investors "until further notice." The ETF's share price rose higher than the value of its assets, reflecting the imbalance of demand over suddenly finite supply.

The turmoil shows how index investing could rattle trading in the years ahead.

"We wanted to be sure we weren't exacerbating the issue of the products growing too fast," said Sylvia Jablonski, managing director of capital markets for Direxion.

VanEck simultaneously came out with its own fix. On April 13, its indexing arm announced that it will expand its lineup to larger companies. The change will force the junior ETF to buy some stocks and pare down others.

But those trades won't happen for months because passive funds are obliged to follow the investment strategy outlined in their prospectus. Shareholders must wait for the next scheduled rebalancing in June.

With the ETFs paralyzed, traders began bidding up the stocks being added to the index and selling those that the ETF must later shed. Gold prices barely budged the day VanEck announced the change, but stock prices of gold-related companies diverged. For example, Canadian mining company **Novagold Resources** Inc. dropped 4.7% while **Northern Star Resources** Ltd., an Australian rival, shot up 6.8%, according to FactSet. The junior ETF, stuck holding the falling stocks, dropped 3.5%.

Benjamin Chiu, a quantitative equity trader at BMO Capital Markets, estimates that approximately half of the VanEck Junior Gold Miners ETF will need to be liquidated when the index makes its changes.

An Active Move To Passive Funds

Encouraged by lower fees and subpar performance by active managers, investors have pulled $304.7 billion from active U.S. funds in the past 15 months as passive products gained $735.5 billion, according to Morningstar Inc.

Whether the shift to passive investing helps or hurts markets is a hot-button issue in the financial industry. Some studies suggest stocks included in popular indexes sport higher valuations and tend to move in lockstep with one another instead of responding to fundamentals. Others contend exchange-traded funds buffer markets in times of stress.

"There's definitely the possibility for some issues to arise, but in the vast majority of cases we're a long way off," said Ben Johnson, head of ETF research at Morningstar, pointing out that ETFs in larger markets don't come close to dominating trading the way the gold-mining ETFs did recently.

'Furious' Cruises Again to Top

Associated Press

LOS ANGELES—"The Fate of the Furious" sped into first place at the box office again, leaving new thriller "Unforgettable" and historical drama "The Promise" in the dust.

Universal Pictures' eighth installment in "The Fast and the Furious" franchise earned $38.7 million over the weekend, down 61% from its debut, according to studio estimates Sunday.

The new competition didn't stand a chance against the high-octane film, which had the biggest world-wide opening of all time last weekend. It is expected to cross $1 billion globally this week.

Holdovers dominated the charts on this quiet weekend in theaters. "The Boss Baby" took second place with $12.8 million, and "Beauty and the Beast" landed in third with $10 million.

Disney's animal documentary "Born in China" opened in fourth place, with $5.1 million from 1,508 locations. The two other new movies fared worse.

Warner Bros. thriller "Unforgettable," starring Katherine Heigl as a jealous ex-wife and Rosario Dawson as the new fiancée, opened at No. 7 with just $4.8 million. Critics were tough on the film, and audiences gave it a deathly C CinemaScore rating.

Meanwhile, the historical epic "The Promise," starring Oscar Isaac and Christian Bale, bombed with a mere $4.1 million from 2,251 theaters.

KAREN BALLARD/WARNER BROS

The thriller 'Unforgettable' opened at No. 7 over the weekend.

Estimated Box-Office Figures, Through Sunday

		SALES, IN MILLIONS		
FILM	DISTRIBUTOR	WEEKEND*	CUMULATIVE	% CHANGE
1. Fate of the Furious	Universal	$38.7	$163.6	-61%
2. The Boss Baby	Twentieth Century Fox	$12.8	$137	-20%
3. Beauty and the Beast	Disney	$10	$471	-27%
4. Born in China	Disney	$5.1	$5.1	--
5. Going in Style	Warner Bros.	$5	$31.8	-20%

*Friday, Saturday and Sunday Source: comScore

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BANKRUPTCIES

***The Debtors filed these chapter 11 cases on 03/29/2017**
UNITED STATES BANKRUPTCY COURT, SOUTHERN DISTRICT OF NEW YORK

In re WESTINGHOUSE ELECTRIC COMPANY LLC, *et al.*, Debtors.[1]	**Chapter 11 Case No. 17-10751 (MEW) Jointly Administered**

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, if any, are: Westinghouse Electric Company LLC (0933), CE Nuclear Power International, Inc. (8833), Fauske and Associates LLC (8538), Field Services, LLC (2550), Nuclear Technology Solutions LLC (1921), PaR Nuclear Holding Co., Inc. (7944), PaR Nuclear, Inc. (6586), PCI Energy Services LLC (9100), Shaw Global Services, LLC (0436), Shaw Nuclear Services, Inc. (6250), Stone & Webster Asia Inc. (1348), Stone & Webster Construction Inc. (1673), Stone & Webster International Inc. (1586), Stone & Webster Services LLC (5448), Toshiba Nuclear Energy Holdings (UK) Limited (N/A), TSB Nuclear Energy Services Inc. (2348), WEC Carolina Energy Solutions, Inc. (8735), WEC Carolina Energy Solutions, LLC (2002), WEC Engineering Services Inc. (6759), WEC Equipment & Machining Solutions, LLC (3135), WEC Specialty LLC (N/A), WEC Welding and Machining, LLC (8771), WECTEC Contractors Inc. (4168), WECTEC Global Project Services Inc. (8572), WECTEC LLC (6222), WECTEC Staffing Services LLC (4135), Westinghouse Energy Systems LLC (0328), Westinghouse Industry Products International Company LLC (3909), Westinghouse International Technology LLC (N/A), and Westinghouse Technology Licensing Company LLC (5961). The Debtors' principal offices are located at 1000 Westinghouse Drive, Cranberry Township, Pennsylvania 16066.

Notice of Chapter 11 Bankruptcy Case

For the debtor listed above, a case has been filed under chapter 11 of the Bankruptcy Code. An order for relief has been entered.

This notice has important information about the case for creditors, debtors, and trustees, including information about the meeting of creditors and deadlines. Read both pages carefully.

The filing of the case imposed an automatic stay against most collection activities. This means that creditors generally may not take action to collect debts from the debtor or the debtor's property. For example, while the stay is in effect, creditors cannot sue, assert a deficiency, repossess property, or otherwise try to collect from the debtor. Creditors cannot demand repayment from the debtor by mail, phone, or otherwise. Creditors who violate the stay can be required to pay actual and punitive damages and attorney's fees.

Confirmation of a chapter 11 plan may result in a discharge of debt. A creditor who wants to have a particular debt excepted from discharge may be required to file a complaint in the bankruptcy clerk's office within the deadline specified in this notice. (See line 11 below for more information.)

To protect your rights, consult an attorney. All documents filed in the case may be inspected at the bankruptcy clerk's office at the address listed below or through PACER (Public Access to Court Electronic Records at www.pacer.gov). In addition, such documents can be viewed and/or obtained from the Debtors' claims and noticing agent, Kurtzman Carson Consultants LLC, at https://www.kccllc.net/westinghouse or by calling (877) 634-7177 (toll free in the U.S. or Canada) or (424) 236-7223 for international parties or by e-mail at westinghouseinfo@kccllc.com. Note that you need a PACER password and login to access documents on the Bankruptcy Court's website (a PACER password is obtained by accessing the PACER website, www.pacer.gov).

The staff of the bankruptcy clerk's office cannot give legal advice.

Do not file this notice with any proof of claim or other filing in the case.

1. Debtors' full names: Westinghouse Electric Company LLC, CE Nuclear Power International, Inc., Fauske and Associates LLC, Field Services, LLC, Nuclear Technology Solutions LLC, PaR Nuclear Holding Co., Inc., PaR Nuclear, Inc., PCI Energy Services LLC, Shaw Global Services, LLC, Shaw Nuclear Services, Inc., Stone & Webster Asia Inc., Stone & Webster Construction Inc., Stone & Webster International Inc., Stone & Webster Services LLC, Toshiba Nuclear Energy Holdings (UK) Limited, TSB Nuclear Energy Services Inc., WEC Carolina Energy Solutions, Inc., WEC Carolina Energy Solutions, LLC, WEC Engineering Services Inc., WEC Equipment & Machining Solutions, LLC, WEC Specialty LLC, WEC Welding and Machining, LLC, WECTEC Contractors Inc., WECTEC Global Project Services Inc., WECTEC LLC, WECTEC Staffing Services LLC, Westinghouse Energy Systems LLC, Westinghouse Industry Products International Company LLC, Westinghouse International Technology LLC, Westinghouse Technology Licensing Company LLC

2. All other names used in the last 8 years: CB&I Nuclear Technology Solutions LLC, CB&I Stone & Webster Asia Inc., CB&I Stone & Webster Construction Inc., CB&I Stone & Webster International Inc., CB&I Contractors, Inc., CB&I Stone & Webster Inc., StaffCo

3. Address: 1000 Westinghouse Drive, Cranberry Township, Pennsylvania 16066

4. Debtor's attorney: Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153-0119, 212-310-8000, Gary T. Holtzer, Robert Lemons, Garrett A. Fail, David N. Griffiths, Contact phone: 212-310-8000, Email: gary.holtzer@weil.com, robert.lemons@weil.com, garrett.fail@weil.com, david.griffiths@weil.com

5. Bankruptcy clerk's office: Clerk of the United States Bankruptcy Court, One Bowling Green, New York, NY 10004-1408. Hours open: 8:30 a.m. - 5:00 p.m., Contact phone: 212-668-2870. Documents in this case may be filed at this address. You may inspect all records filed in this case at this office or online at www.pacer.gov.

6. Meeting of creditors. Date and Time: June 20, 2017 at 2:30 p.m. **Location:** United States Bankruptcy Court, SDNY, One Bowling Green, Room 511, Fifth Floor, New York, NY 10004-1408. The debtor's representative must attend the meeting to be questioned under oath. Creditors may attend, but are not required to do so. The meeting may be continued or adjourned to a later date. If so, the date will be on the court docket.

7. Proof of claim deadline. Deadline for filing proof of claim: Not yet set. If a deadline is set, the court will send you another notice. A proof of claim is a signed statement describing a creditor's claim. A proof of claim form may be obtained at www.uscourts.gov or any bankruptcy clerk's office.

8. Exception to discharge deadline. You must start a judicial proceeding by filing a complaint if you want to have a debt excepted from discharge under 11 U.S.C. §1141(d)(6)(A). The bankruptcy clerk's office must receive a complaint and any required filing fee by the following deadline. **Deadline for filing the complaint:** Notice of deadline will be sent at a later time.

9. Creditors with a foreign address. If you are a creditor receiving notice mailed to a foreign address, you may file a motion asking the court to extend the deadlines in this notice. Consult an attorney familiar with United States bankruptcy law if you have any questions about your rights in this case.

10. Filing a Chapter 11 bankruptcy case. Chapter 11 allows debtors to reorganize or liquidate according to a plan. A plan is not effective unless the court confirms it. You may receive a copy of the plan and a disclosure statement telling you about the plan, and you may have the opportunity to vote on the plan. You will receive notice of the date of the confirmation hearing, and you may object to confirmation of the plan and attend the confirmation hearing. Unless a trustee is serving, the debtor will remain in possession of the property and may continue to operate its business.

11. Discharge of debts. Confirmation of a chapter 11 plan may result in a discharge of debts, which may include all or part of your debt. See 11 U.S.C. § 1141(d). A discharge means that creditors may never try to collect the debt from the debtor except as provided in the plan. If you want to have a particular debt owed to you excepted from the discharge under 11 U.S.C. § 1141(d)(6)(A), you must start a judicial proceeding by filing a complaint and paying the filing fee in the bankruptcy clerk's office by the deadline.

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CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets.
Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange.
a-The NAV and market price are ex dividend. **b**-The NAV is fully diluted. **c**-NAV is as of Thursday's close. **d**-NAV is as of Wednesday's close. **e**-NAV assumes rights offering is fully subscribed. **f**-Rights offering in process. **g**-Rights offering announced. **h**-Lipper data has been adjusted for rights offering. **j**-Rights offering has expired, but Lipper data not yet adjusted. **l**-NAV as of previous day. o-Tender offer in process. **v**-NAV is converted at the commercial Rand rate. **w**-Convertible Note-NAV (not market) conversion value. **y**-NAV and market price are in Canadian dollars. NA signifies that the information is not available or not applicable. NS signifies fund not in existence of entire period.
12 month yield is computed by dividing income dividends paid (during the previous twelve months for periods ending at month-end or during the previous fifty-two weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions.

Source: Lipper

Friday, April 21, 2017

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Adams Divers Equity Fd **ADX**	16.32	13.79	-15.5	16.2
Boulder Growth & Income **BIF**	11.16	9.32	-16.5	22.6
Central Securities **CET**	28.97	24.10	-16.8	29.1
CohSteer Opprtnty Fd **FOF**	13.68	12.74	-6.9	24.8
Cornerstone Strategic **CLM**	13.19	16.40	+24.3	34.8
EtnVnc TaxAdvDiv **EVT**	22.08	21.60	-2.2	18.2
Gabelli Dividend & Incm **GDV**	22.59	21.10	-6.6	20.0
Gabelli Equity Trust **GAB**	6.09	6.02	-1.1	22.7
Genl American Investors **GAM**	39.69	33.58	-15.4	17.6
HnckJohn TxAdv **HTD**	26.13	25.36	-2.9	15.9
Liberty All-Star Equity **USA**	6.41	5.49	-14.4	17.3
Royce Micro-Cap **RMT**	9.62	8.50	-11.6	26.5
Royce Value Trust **RVT**	16.07	14.28	-11.1	28.5
Source Capital **SOR**	42.19	37.66	-10.7	0.5
Tri-Continental **TY**	26.95	23.43	-13.1	20.7
Specialized Equity Funds				
Adams Natural Rscs Fd **PEO**	22.39	19.22	-14.2	5.7
AllnzGl NFJ Div Interest **NFJ**	14.47	13.17	-9.0	16.1
AlpnGlblPrProp **AWP**	6.74	5.92	-12.2	16.9
ASA Gold & Prec Metals **ASA**	14.09	12.54	-11.0	3.9
BlkRk Enh Cap Inco **CII**	15.58	14.48	-7.1	14.1
BlkRk Engy Res Tr **BGR**	14.87	13.40	-9.9	2.4
BlackRock Enh Eq Div Tr **BDJ**	9.25	8.52	-7.9	19.5
Blackrock Global Trust **BOE**	14.00	12.71	-9.2	15.5
BlkRk Health Sci **BME**	33.57	34.18	+1.8	0.2
BlkRk Intl Grwth&Inco **BGY**	6.49	5.89	-9.2	7.5
BlackRck Rscs Comm Str Tr **BCX**	9.63	8.56	-11.1	21.3
BlackRock Science & Tech **BST**	22.68	21.03	-7.3	36.8
BlackRock Utility & Infr **BUI**	20.32	20.57	+1.2	24.7
CBREClarionGlblRlEstIncm **IGR**	8.80	7.70	-12.5	6.6
Central Fund of Canada **CEF**	13.92	13.10	-5.9	2.9
ClearBridge Amer Engy **CBA**	10.56	9.68	-8.3	34.9
ClearBridge Engy MLP Fd **CEM**	17.16	16.71	-2.6	25.0
Clearbridge Engy MLP Opp **EMO**	14.37	13.34	-7.2	19.5
Clearbridge Engy MLP TR **CTR**	14.49	13.42	-7.4	24.6
Cohen & Steers Infr Fd **UTF**	24.07	22.14	-8.0	24.3
C&S MLP Incm & Engy Opp **MIE**	12.36	11.27	-8.8	32.3
Cohen & Steers Qual Inc **RQI**	13.75	12.82	-6.8	14.0
CohnStrsPfdInco **RNP**	22.51	19.81	-12.0	14.0
Cohen & Steers TR **RFI**	13.61	12.65	-7.1	6.7
CLSeligmn Prem Tech Gr Fd **STK**	20.04	21.67	+8.1	40.6
Divers Real Asset Incm Fd **DRA**	19.14	17.46	-8.8	19.4
Duff & Phelps **DNP**	9.98	10.95	+9.8	16.8
Duff&PhelpsGblUtilIncFd **DPG**	18.75	16.69	-11.0	10.2
Eaton Vance Eqty Inco Fd **EOI**	13.97	13.15	-5.9	11.4
Eaton Vance Eqty Inco II **EOS**	14.47	13.83	-4.4	14.5
EtnVncRskMngd **ETJ**	9.89	9.17	-7.3	7.8
Etn Vnc Tax Mgd Buy-Write **ETB**	15.66	16.41	+4.8	9.9
Eaton Vance BuyWrite Opp **ETV**	14.24	15.40	+8.1	13.9
Eaton Vance Tax-Mng Div **ETY**	11.58	11.12	-4.0	15.3
Eaton Vance Tax-Mngd Opp **ETW**	11.00	11.03	+0.3	15.7
EtnVncTxMngGlDvEqInc **EXG**	9.10	8.60	-5.5	10.1
Fiduciary/Clymr Opp Fd **FMO**	14.99	15.53	+3.6	38.5
FT Energy Inc & Growth Fd **FEN**	25.40	27.29	+7.4	22.3
FstTrEnhEqtIncFd **FFA**	15.79	14.53	-8.0	19.6
First Tr Engy Infr Fd **FIF**	19.82	19.15	-3.4	27.4
First Tr MLP & Engy Incm **FEI**	15.66	16.35	+4.4	21.6
Gabelli Utility Tr **GUT**	5.46	6.71	+22.9	23.3
GAMCOGlblGoldNatRscs&Inc **GGN**	5.62	5.76	+2.5	-0.7
Goldman Sachs MLP Inc Opp **GMZ**	11.26	10.39	-7.7	26.3
Goldman Sachs MLP Energy **GER**	8.28	7.83	-5.4	31.9
John Hancock Finl Opps Fd **BTO**	34.04	34.34	+0.9	42.1
Kayne Anderson Engy TR Fd **KYE**		12.23	NA	43.1
Kayne Anderson MLP Invt **KYN**		20.06	NA	25.3
Kayne Andrsn Midstr Engy **KMF**		15.86	NA	41.5
Macquarie Glbl Infrstrctr **MGU**	26.13	23.38	-10.5	21.3
Neuberger Berman MLP Incm **NML**	10.79	9.93	-8.0	43.4
Neubrgr Brm Rl Est Sec Fd **NRO**	6.06	5.46	-9.9	15.5
Nuveen Dow 30 Dynamic **DIAX**	16.85	15.86	-5.9	19.4
Nuveen Diversified Div **JDD**	12.82	12.15	-5.2	22.1
Nuveen Engy MLP Fd **JMF**	13.32	13.37	+0.4	29.3
Nuv NASDAQ 100 Dyn Over **QQQX**	20.53	21.21	+3.3	25.9
Nuveen Real Est Incm Fd **JRS**	11.69	11.46	-2.0	16.0
Nuv S&P 500 Dyn Overwrite **SPXX**		15.09	NA	19.8
Nuveen S&P 500 Buy-Write **BXMX**	13.78	13.68	-0.7	14.4
Reaves Utility Fund **UTG**	33.97	34.03	+0.2	27.4
Salient Midstream & MLP **SMM**		13.15	NA	51.8
Tekla Hlthcr Investors **HQH**	24.55	24.26	-1.2	-0.4
Tekla Healthcare Opps Fd **THQ**	18.69	17.35	-7.2	12.2
Tekla Life Sciences **HQL**	20.22	19.54	-3.4	8.0
Tekla World Hlthcr Fd **THW**	14.99	14.22	-5.1	6.5
Tortoise Engy Ind Fd **NDP**	15.19	15.85	+4.3	35.4
Tortoise Energy **TYG**	30.58	34.28	+12.1	32.0
Tortoise MLP Fund **NTG**	20.13	19.81	-1.6	20.1
Tortoise Pipeline & Engy **TTP**	22.96	21.51	-6.3	32.0
Voya Gl Equity Div **IGD**	7.93	7.29	-8.1	16.5
Income Preferred Stock Funds				
Calamos Strat Fd **CSQ**	11.95	11.32	-5.3	25.8
Cohen & Steers Dur Pfd **LDP**	26.38	25.90	-1.8	19.1
Cohen & Strs Sel Prf Inco **PSF**	27.00	26.76	-0.9	12.9
FT Interm Duration Pfd **FPF**	24.21	23.57	-2.6	13.8
Flaherty & Crumrine Dyn **DFP**	25.70	25.03	-2.6	16.7
Flaherty & Crumrine Pfd **FFC**	19.79	20.81	+5.2	8.6
John Hancock Pfd Income **HPI**	21.73	21.68	-0.2	6.0
John Hancock Pfd II **HPF**	21.47	21.32	-0.7	7.0
John Hancock Pfd Inc III **HPS**	19.13	18.73	-2.1	7.1
JHancock Pr Div **PDT**	16.01	16.22	+1.3	15.2
LMP Cap & Inco Fd **SCD**		14.38	NA	25.0
Nuveen Preferred & Incm **JPI**	25.11	24.77	-1.4	13.3
Nuveen Pfd Incm Opps Fd **JPC**	10.57	10.00	-5.4	9.97
Nuveen Pfd Secs Incm Fd **JPS**	9.94	9.69	-2.5	16.6
TCW Strategic Income Fund **TSI**	5.87	5.50	-6.3	10.6
Virtus Global Dividend **ZTR**	12.55	12.06	-3.9	14.2
Convertible Sec's. Funds				
AdvntClymrFd **AVK**	17.07	15.58	-8.7	21.4
AllianzGl Conv & Incm **NCV**	6.68	6.92	+3.6	33.7
AllianzGl Conv & Incm II **NCZ**	5.98	6.09	+1.8	33.7
AllianzGl Equity & Conv **NIE**	21.60	19.51	-9.7	15.8
Calamos Conv Hi Inco Fd **CHY**	11.64	11.42	-1.9	21.9
Calamos **CHI**	11.04	11.09	+0.5	26.5
World Equity Funds				
Alpine Tot Dyn Div **AOD**	9.36	8.34	-10.9	20.1
Calamos Glbl Dyn Inc **CHW**	8.51	7.95	-6.6	24.7
Cdn Genl Inv **CGI**	29.03	20.85	-28.2	24.1
China Fund **CHN**	19.14	17.12	-10.6	19.1
Clough Global Opp Fd **GLO**		10.40	NA	22.1
EtnVncTxAdvGblDiv **ETG**	16.66	15.98	-4.1	17.6
EatonVance TxAdv Opport **ETO**	22.92	23.13	+0.9	14.6
First Trust Dynamic Eur **FDEU**	18.44	17.13	-7.1	15.3
India Fund **IFN**	28.49	25.88	-9.2	20.8
Japan Sml Cap **JOF**	12.18	10.75	-11.7	20.4
Korea Fund **KF**	41.63	37.83	-9.1	16.7
Mexico Fund **MXF**	18.46	16.63	-9.9	-1.0
MS China a Shr Fd **CAF**	23.26	19.52	-16.1	19.3
MS Emerging Fund **MSF**	17.07	15.04	-11.9	13.9
MS India Invest **IIF**	36.05	32.57	-9.7	33.4
New Germany Fund **GF**	16.57	14.81	-10.6	14.2
Swiss Helvetia Fund **SWZ**	12.72	11.59	-8.9	15.4
Templeton Dragon **TDF**	21.07	18.76	-11.0	17.8
Templeton Emerging **EMF**	15.67	14.07	-10.2	30.9
Voya Infr Indls & Matls **IDE**	15.35	14.52	-5.4	29.8
Wells Fargo Gl Div Opp **EOD**		5.88	NA	9.5

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
BlackRock Income Trust **BKT**	6.76	6.25	-7.5	5.1
Nuveen Mtg Opp Term Fd **JLS**	25.80	24.86	-3.6	5.5
Investment Grade Bond Funds				
Blackrock Core Bond Tr **BHK**	14.55	13.64	-6.3	5.9
BlkRk Credit Alloc Incm **BTZ**	14.61	13.22	-9.5	6.6
John Hancock Income Secs **JHS**	15.36	14.34	-6.6	6.0
MFS Inc Tr **MIN**	4.61	4.36	-5.4	9.2
WstAstClymr InfLnkd Fd **WIW**	12.53	11.13	-11.2	3.5
WstAsstClymr InflLnk Sec **WIA**	12.78	11.35	-11.2	3.3
Loan Participation Funds				
Apollo Sr Fltg Rate Fd **AFT**	18.10	17.35	-4.1	7.0
BlackRock FR Incm Strat **FRA**	14.99	14.38	-4.1	5.6
Blkrk FltRt InTr **BGT**	14.48	14.60	+0.8	5.3
BlackstoneGSO Strat Cred **BGB**	NA	16.09	NA	8.4
Blackstone GSO Sr Float **BSL**	NA	18.15	NA	6.4
Eagle Point Credit **ECC**	NA	19.55	NA	9.5
Eaton Vance FR Incm Tr **EFT**	15.51	15.06	-2.9	5.8
EatonVnc SrFltRate **EFR**	15.17	14.84	-2.2	6.0
Eaton Vance Sr Incm Tr **EVF**	7.15	6.78	-5.2	5.8
First Trust Sr FR Fd II **FCT**	14.24	13.56	-4.8	6.0
Invesco Credit Opps Fund **VTA**	13.13	12.16	-7.4	7.2
Invesco Senior Income Tr **VVR**	4.90	4.68	-4.5	6.2
Nuveen Credit Strt Inc Fd **JQC**	9.37	8.86	-5.4	7.1
NuvFloatRteInco Fd **JFR**	11.77	11.55	-1.9	6.6
Nuv Float Rte Opp Fd **JRO**	11.73	11.79	+0.5	6.8
Nuveen Senior Income Fund **NSL**	6.97	6.94	-0.4	6.6
Pioneer Floating Rate Tr **PHD**	12.55	12.17	-3.0	5.9
Voya Prime Rate Trust **PPR**	5.75	5.41	-5.9	5.9
High Yield Bond Funds				
AllianceBernstein Glbl **AWF**	13.92	12.74	-8.5	7.5
Barings Glbl Short Dur HY **BGH**	21.31	19.81	-7.0	9.3
BlackRock Corp Hi Yd Fd **HYT**	12.10	11.14	-7.9	8.1
BlkRk Debt Strat Fd **DSU**	12.61	11.57	-8.2	6.5
BlackRockDurInco Tr **BLW**	16.85	15.61	-7.4	9.4
Brookfield Real Assets **RA**	25.45	NA	NA	NS
Credit Suisse High Yld **DHY**	2.77	2.77	0.0	10.4
DoubleLine Incm Solutions **DSL**	NA	20.37	NA	8.9
Dreyfus Hi Yd Strat Fd **DHF**	3.55	3.47	-2.3	9.5
Fst Tr Hi Inc Lg/Shrt Fd **FSD**	17.99	16.92	-5.9	6.7
Guggenheim Strat Opps Fd **GOF**	19.61	20.63	+5.2	10.7
Ivy High Income Opps Fund **IVH**	16.23	15.40	-5.1	9.9
Neuberger Berman HYS **NHS**	13.35	11.89	-10.9	8.0
NexPoint Credit Strat Fd **NHF**	24.96	22.73	-8.9	11.7
Nuveen Gl Hi Incm Fd **JGH**	18.34	16.56	-9.7	9.1
Nuveen High Incm Dec18 **JHA**	10.13	10.18	+0.5	5.8
Nuveen High Incm Dec19 **JHD**	10.27	10.29	+0.2	NS
Nuveen Hi Incm Nov 2021 **JHB**	10.10	10.05	-0.5	NS
Pioneer High Income Trust **PHT**	10.68	9.91	-7.2	9.8
Prud Gl Shrt Dur Hi Yd **GHY**	16.50	15.08	-8.6	8.3
Prudentl Sh Dur Hi Yd Fd **ISD**	16.73	15.46	-7.6	8.2
Wells Fargo Incm Opps Fd **EAD**	NA	8.47	NA	9.6
Wstrn Asset Glbl Hi Inco **EHI**	NA	10.15	NA	10.7
Wstrn Asset High Inco II **HIX**	7.72	7.30	-5.5	9.7
Wstrn Asset Opp Fd **HIO**	NA	5.19	NA	8.0
West Asst HY Def Opp Fd **HYI**	NA	15.39	NA	8.3
Other Domestic Taxable Bond Funds				
Apollo Tactical Incm Fd **AIF**	17.44	16.54	-5.2	9.0
Ares Dynamic Credit Alloc **ARDC**	NA	16.19	NA	7.8
Barings Corp Investors **MCI**	NA	15.43	NA	5.8
BlackRock Multi-Sector IT **BIT**	18.98	17.64	-7.1	11.0
BlackRock Taxable Mun Bd **BBN**	22.89	22.50	-1.7	7.0
Doubleline Oppor Credit **DBL**	NA	24.13	NA	8.4
Duff & Phelps Util & Cp Bd **DUC**	9.92	9.33	-5.9	6.5
EtnVncLtdFd **EVV**	NA	13.95	NA	8.0
Franklin Ltd Duration IT **FTF**	NA	11.98	NA	7.7
Guggenheim Taxable Muni **GBAB**	23.23	22.40	-3.6	7.0
John Hancock Investors **JHI**	18.41	17.31	-6.0	7.8
KKR Income Opps Fund **KIO**	NA	NA	NA	9.3
MFS Charter **MCR**	9.39	8.61	-8.3	8.6
MFS Multimkt **MMT**	6.71	6.16	-8.2	8.7
Nuveen Build Am Bd Fd **NBB**	21.60	20.70	-4.2	6.1
PIMCO Corporate & Incm **PTY**	NA	15.85	NA	11.0
PIMCO Corporate & Incm **PCN**	NA	16.25	NA	11.0
PIMCO Hilnco **PHK**	NA	8.60	NA	13.7
PIMCO Inco Str Fd **PFL**	NA	11.34	NA	9.6
PIMCO Incm Strategy Fd II **PFN**	NA	10.26	NA	9.5
Putnam Mas Inco **PIM**	5.00	4.72	-5.6	6.6
Putnam Premier Income Tr **PPT**	5.52	5.20	-5.8	5.8
Wells Fargo Multi-Sector **ERC**	NA	13.44	NA	8.5
World Income Funds				
Abeerden Asia-Pacific **FAX**	5.46	4.95	-9.3	7.3
Etn Vnc Short Dur Fd **EVG**	NA	14.06	NA	7.6
Legg Mason BW Glbl Incm **BWG**	14.88	13.01	-12.6	8.7
MS EmMktDomDebt **EDD**	8.73	7.86	-10.0	9.3
MS Emerging Mkts Debt **MSD**	10.95	9.72	-11.2	6.6
PIMCO Dynamic Credit **PCI**	NA	21.64	NA	12.1
PIMCO Dynamic Income Fund **PDI**	NA	29.09	NA	14.2
PIMCO Income Opportunity **PKO**	NA	25.33	NA	10.5
PIMCO Strat Income Fund **RCS**	7.71	9.85	+27.8	9.9
Stone Harbor Em Mkts Fd **EDF**	14.80	16.42	+10.9	13.6
Templeton Emerging **TEI**	12.88	11.37	-11.7	6.2
Templeton Global **GIM**	7.54	6.66	-11.7	6.8
Wstrn Asset Gl Def Opp Fd **GDO**	18.90	17.49	-7.5	7.8
National Muni Bond Funds				
AllianceBrnstn NtlMun **AFB**	14.79	13.57	-8.2	5.0
Blackrock Invest **BKN**	15.52	14.81	-4.6	5.8
BlackRock Mun 2030 Target **BTT**	23.46	22.94	-2.2	4.2
BlackRock Municipal Trust **BFK**	14.32	14.13	-1.3	6.1
BlackRockMuni **BLE**	15.00	15.03	+0.2	6.0
BlackRockMuni Tr **BYM**	15.02	14.08	-6.3	5.7
BlkRk MuniAssets Fd **MUA**	14.11	14.60	+3.5	4.9
BlkRk Munienhanced **MEN**	11.84	11.70	-1.2	5.8
BlkRk MuniHldgs Inv **MFL**	14.74	14.52	-1.5	5.9
BlkRk MuniHldgs Qlty II **MUE**	14.13	13.45	-4.8	5.8
BlkRk MuniHldgs **MHD**	16.93	16.74	-1.1	5.9
BlkRk MuniVest **MVF**	9.68	9.73	+0.5	6.2
BlkRk MuniVest II **MVT**	15.26	15.57	+2.0	6.2
BlkRk MuniYield **MYD**	14.78	14.73	-0.3	6.0
BlkRk MuniYld Quality **MQY**	15.65	15.20	-2.9	5.8
BlkRk MuniYld Qlty II **MQT**	13.76	13.04	-5.2	5.9
BlRkMunyldQltyIII **MYI**	14.32	14.11	-1.5	5.9
Deutsche Mun Income Tr **KTF**	12.64	13.39	+5.9	6.3
Dreyfus Mun Bd Infr Fd **DMB**	13.88	12.99	-6.4	5.5
Dreyfus Municipal Income **DMF**	9.32	9.02	-3.2	5.6
Dreyfus Strat Muni Bond **DSM**	8.41	8.40	-0.1	6.0
Dreyfus Strategic Munis **LEO**	8.62	8.77	+1.7	6.0
Eaton Vance Mun Bd Fd **EIM**	13.67	12.66	-7.4	5.3
Eaton Vance Mun Income **EVN**	13.24	13.01	-1.7	5.6
EV National Municipal Opp **EOT**	21.82	21.65	-0.8	4.7
Invesco Adv Mun Incm II **VKI**	12.15	11.38	-6.3	6.3
Invesco Mun Incm Opps Tr **OIA**	7.53	7.79	+3.5	5.3
Invesco Mun Opportunity **VMO**	13.52	13.08	-3.3	6.4
Invesco Municipal Trust **VKQ**	13.51	12.68	-6.1	6.1
Invesco Qlty Mun Inco **IQI**	13.56	12.48	-8.0	6.0
Invesco Inv Grade Muni **VGM**	14.01	13.19	-5.9	6.1
Invesco Value Mun Incm Tr **IIM**	16.14	14.89	-7.7	5.3
MainStay DefinedTerm **MMD**	19.83	19.50	-1.7	5.7
MFS Munl Inco **MFM**	7.32	7.02	-4.1	5.4
Nuveen AMT-Free Mun Value **NUW**	16.86	16.92	+0.4	4.4
Nuveen AMT-Free Quality **NEA**	14.84	13.63	-8.2	5.6
Nuveen AMT-Free Mun **NVG**	15.94	14.92	-6.4	6.0
Nuveen Mun Credit Incm Fd **NZF**	15.61	14.73	-5.6	6.2
Nuveen Enhncd Mun Val Fd **NEV**	14.91	14.31	-4.0	6.3
Nuveen Intermed Dur Mun **NID**	13.56	13.08	-3.5	5.2
NuveenMuniIncoOpp Fd **NMZ**	13.14	13.28	+1.1	6.5
Nuveen Muni Value Fund **NUV**	10.19	9.94	-2.5	3.9
Nuveen Qual Mun Incm Fd **NAD**	15.18	13.88	-8.6	6.0
Nuveen Sel Tax Free **NXP**	15.14	14.26	-5.8	3.9
Nuveen Sel TF **NXQ**	14.61	13.71	-6.2	3.8
PIMCO MuniFd **PMF**	12.75	13.43	+5.3	7.0
Pimco Muni Inc II **PML**	12.12	12.77	+5.4	6.2
PIMCO Muni Inc III **PMX**	10.97	11.44	+4.3	6.5
Pioneer Mun Hi Inc Adv Tr **MAV**	11.99	11.32	-5.6	6.6
Pioneer Mun Hi Incm Tr **MHI**	12.80	11.80	-7.8	6.1
Putnam Tr **PMM**	7.83	7.42	-5.2	5.8
Putnam Muni Opportunities **PMO**	13.04	12.25	-6.1	5.7
Wstrn Asset Mngd Muni **MMU**	13.86	13.86	0.0	5.6
Western Asset Mun Tr Fund **MTT**	21.45	22.37	+4.3	4.8
Single State Muni Bond				
BlackRock CA Municipal Tr **BFZ**	15.22	14.31	-6.0	5.6
BlkRk MuniHldgs CA Qlty **MUC**	15.40	14.36	-6.8	5.2
Blkrck MunHl NJ Qlty **MUJ**	15.39	14.43	-6.2	5.7
BlRk MuHldg NY Qlty **MHN**	14.67	13.77	-6.1	5.2
BlkRk MuniYld CA Fd **MYC**	15.42	15.17	-1.6	5.6
BlkRk MuniYld CA Quality **MCA**	15.56	14.96	-3.9	5.3
BlkRk MuniYld MI Qlty **MIY**	15.33	13.78	-10.1	5.7
BlkRk MuniYld NJ Fd **MYJ**	15.71	15.71	0.0	5.8
BlRk Muyld NY Qlty **MYN**	14.08	13.07	-7.2	5.1
Eaton Vance CA Mun Bd **EVM**	12.40	11.57	-6.7	5.5
Invesco CA Value Mun Incm **VCV**	13.42	12.53	-6.6	5.4
Invesco PA Value Mun Incm **VPV**	13.96	12.39	-11.2	5.6
Invesco Inv Grade NY Muni **VTN**	14.58	13.66	-6.3	5.5
Nuveen CA AMT-Free Qual **NKX**	15.54	14.89	-4.2	5.6
Nuveen CA Muni Value **NCA**	10.33	10.24	-0.9	4.3
Nuveen CA Quality Muni **NAC**	15.49	14.67	-5.3	5.9
Nuveen MD Qual Muni **NMY**	14.44	12.90	-10.7	5.2
Nuveen MI Qual Muni **NUM**	15.30	13.57	-11.3	5.3
Nuveen NC Qual Muni **NNC**	14.81	13.12	-11.4	4.3
Nuveen NJ Qual Muni **NXJ**	15.45	13.61	-11.9	5.6
Nuveen NY AMT-Free **NRK**	14.42	13.07	-9.4	5.1
Nuveen NY Qual Muni **NAN**	15.03	13.82	-8.1	5.5
Nuveen OH Qual Muni **NUO**	16.52	15.00	-9.2	5.0
Nuveen PA Qual Muni **NQP**	14.99	13.31	-11.2	5.6
Nuveen VA Qual Muni **NPV**	14.28	13.16	-7.8	4.7
PIMCO California Muni **PCQ**	14.12	16.59	+17.5	5.6
PIMCO California Mun II **PCK**	8.61	9.98	+15.9	5.9

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Specialized Equity Funds				
Griffin Inst Access RE:A	26.66	NA	NA	6.2
Griffin Inst Access RE:C	26.34	NA	NA	5.4
Griffin Inst Access RE:I	26.78	NA	NA	6.5
Griffin Inst Access RE:M	26.61	NA	NA	NS
NexPointRlEstStrat;A	21.15	NA	NA	NS
NexPointRlEstStrat;C	21.09	NA	NA	NS
NexPointRlEstStrat;Z	21.11	NA	NA	NS
Resource RE Div Inc:A	10.34	NA	NA	14.0
Resource RE Div Inc:C	10.34	NA	NA	13.3
Resource RE Div Inc:D	10.50	NA	NA	13.5
Resource RE Div Inc:I	10.78	NA	NA	12.9
Resource RE Div Inc:T	10.32	NA	NA	13.3
Resource RE Div Inc:U	10.35	NA	NA	14.1
Resource RE Div Inc:W	10.50	NA	NA	13.7
SharesPost 100	25.31	NA	NA	0.7
Versus Cap MMgr RE Inc:F	27.36	NA	NA	5.9
Versus Cap MMgr RE Inc:I	27.41	NA	NA	6.2
Wildermuth Endwmnt Str	12.17	NA	NA	10.5
Wildermuth Endwmnt S:C	12.07	NA	NA	9.7
Income Preferred Stock Funds				
MultiStrat Gro & Inc:A	15.72	NA	NA	8.1
MultiStrat Gro & Inc:C	15.45	NA	NA	7.4
MultiStrat Gro & Inc:I	15.90	NA	NA	9.0
MultiStrat Gro & Inc:L	15.54	NA	NA	7.7
Convertible Sec's. Funds				
Calmos Dyn Conv and Inc **CCD**	20.20	19.59	-3.0	13.1
World Equity Funds				
BMO LGM Front ME	9.59	NA	NA	14.9

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
Vertical Capital Income	12.66	NA	NA	2.9
Loan Participation Funds				
504 Fund	9.81	NA	NA	3.3
FedProj&TrFinanceTender	10.03	NA	NA	NS
Invesco Sr Loan A	6.67	NA	NA	4.7
Invesco Sr Loan B	6.67	NA	NA	4.7
Invesco Sr Loan C	6.68	NA	NA	4.0
Invesco Sr Loan IB	6.67	NA	NA	4.9
Invesco Sr Loan IC	6.67	NA	NA	4.8
Invesco Sr Loan Y	6.67	NA	NA	4.9
RiverNorth MP Lending **RMPLX**	25.21	NA	NA	NS
Voya Senior Income:A	12.75	NA	NA	5.4
Voya Senior Income:B	12.69	NA	NA	4.9
Voya Senior Income:C	12.73	NA	NA	4.9
Voya Senior Income:I	12.72	NA	NA	5.7
Voya Senior Income:W	12.76	NA	NA	5.6
High Yield Bond Funds				
Griffin Inst Access Cd:A	NA	NA	NA	NS
Griffin Inst Access Cd:C	NA	NA	NA	NS
Griffin Inst Access Cd:I	NA	NA	NA	NS
PIMCO Flexible Cr I;Inst	NA	NA	NA	NS
PionrLSInterval	10.42	NA	NA	9.7
WA Middle Mkt Dbt	NA	NA	NA	8.1
WA Middle Mkt Inc **WMF**	NA	NA	NA	8

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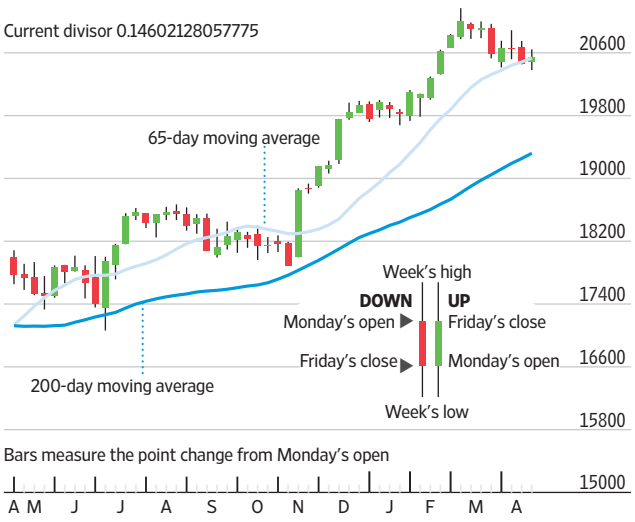
MARKETS DIGEST

Dow Jones Industrial Average

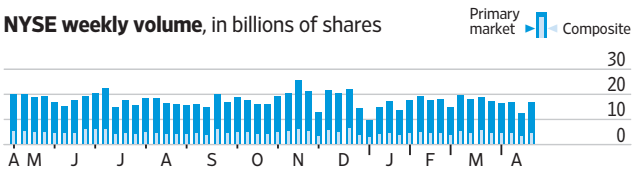
20547.76 ▲94.51, or 0.46% last week

High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio *	20.57	18.83
P/E estimate *	17.60	17.15
Dividend yield	2.40	2.56
All-time high	21115.55, 03/01/17	



NYSE weekly volume, in billions of shares



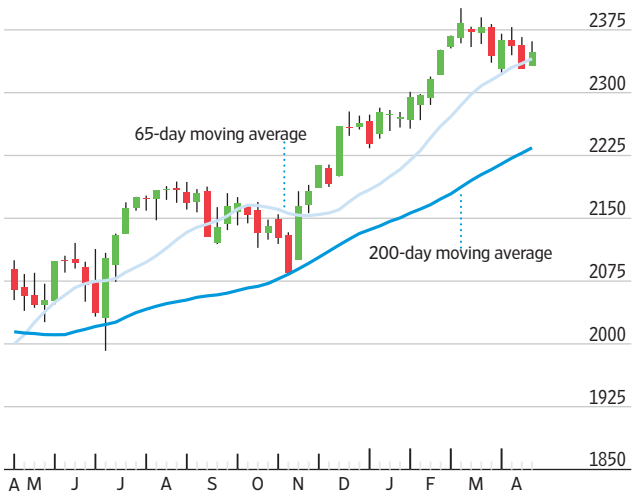
* P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2348.69 ▲19.74, or 0.85% last week

High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio *	24.39	24.11
P/E estimate *	18.24	17.80
Dividend yield	1.98	2.17
All-time high:	2395.96, 03/01/17	



Financial Flashback

The Wall Street Journal, April 24, 2002

Enron Corp. said it could write down the value of its assets by about $14 billion and raised further questions about the auditing work done by Arthur Andersen LLP.

Major U.S. Stock-Market Indexes

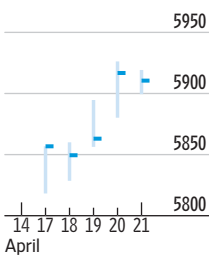
	Latest Week High	Low	Close	Net chg	% chg	52-Week Low	Close (●)	High	% chg	% chg YTD	3-yr. ann.
Dow Jones											
Industrial Average	20644.41	20379.55	**20547.76**	94.51	0.46	17140.24		21115.55	14.1	4.0	7.7
Transportation Avg	9157.86	8876.88	**9133.81**	259.25	2.92	7093.40		9593.95	13.0	1.0	5.9
Utility Average	709.11	696.00	**706.01**	2.86	0.41	625.44		720.45	10.4	7.0	9.2
Total Stock Market	24500.76	24158.89	**24380.42**	255.22	1.06	20583.16		24868.78	13.1	4.7	7.5
Barron's 400	630.03	611.65	**627.79**	16.89	2.77	491.89		635.07	18.3	4.3	6.9
Nasdaq Stock Market											
Nasdaq Composite	5926.23	5818.20	**5910.52**	105.37	1.82	4594.44		5916.78	20.5	9.8	12.8
Nasdaq 100	5455.88	5367.59	**5442.05**	88.46	1.65	4201.05		5443.53	21.6	11.9	15.2
Standard & Poor's											
500 Index	2361.37	2332.51	**2348.69**	19.74	0.85	2000.54		2395.96	12.3	4.9	7.9
MidCap 400	1722.83	1681.36	**1717.66**	36.62	2.18	1416.66		1758.27	16.3	3.4	8.2
SmallCap 600	842.37	816.66	**839.36**	23.74	2.91	670.90		862.21	19.5	0.2	8.4
Other Indexes											
Russell 2000	1384.58	1345.36	**1379.85**	34.61	2.57	1089.65		1413.64	20.3	1.7	6.5
NYSE Composite	11449.15	11327.22	**11389.14**	64.61	0.57	9973.54		11661.22	8.4	3.0	2.6
Value Line	519.25	508.37	**517.27**	8.90	1.75	435.06		529.13	11.2	2.2	2.0
NYSE Arca Biotech	3534.16	3457.72	**3480.26**	-45.29	-1.28	2818.70		3642.3	6.1	13.2	12.0
NYSE Arca Pharma	506.47	497.22	**499.09**	-6.25	-1.24	463.78		554.66	-4.8	3.6	-0.1
KBW Bank	90.69	87.80	**89.63**	1.62	1.84	60.27		99.33	27.8	-2.4	9.1
PHLX§ Gold/Silver	90.19	85.26	**86.84**	-2.56	-2.86	73.03		112.86	7.4	10.1	-1.1
PHLX§ Oil Service	165.19	155.69	**157.02**	-7.30	-4.44	148.37		192.66	-11.2	-14.6	-19.4
PHLX§ Semiconductor	999.18	964.66	**992.94**	32.93	3.43	630.77		1012.29	48.4	9.5	19.4
CBOE Volatility	16.28	13.46	**14.63**	-1.33	-8.33	10.58		25.76	10.7	4.2	3.4

§Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

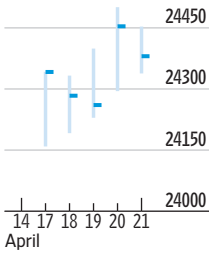
Nasdaq Composite

▲ 105.37, or 1.82% last week



DJ US TSM

▲ 255.22, or 1.06% last week



International Stock Indexes

Region/Country	Index	Latest Week Close	% chg	52-Week Range Low	Close	High	YTD % chg
World	**The Global Dow**	2660.42	0.43	2197.91		2704.60	5.1
	DJ Global Index	345.52	0.58	293.27		348.71	6.0
	DJ Global ex U.S.	229.08	0.16	194.95		232.07	7.1
	Global Dow Euro	2343.80	-0.16	1885.53		2398.98	3.7
DJ TSM	**Global**	3557.76	0.63	3015.61		3589.89	5.9
	Global ex U.S.	2313.86	0.17	1969.71		2343.58	7.1
	Developed ex U.S.	2240.62	0.21	1921.04		2275.06	6.0
	Global Small-Cap	4881.31	1.16	4057.70		4892.30	5.6
	Global Large-Cap	3370.88	0.54	2866.49		3405.53	5.9
Americas	**DJ Americas**	566.72	0.80	480.83		577.52	4.9
Brazil	**Sao Paulo Bovespa**	63760.62	1.49	48471.71		69052.03	5.9
Canada	**S&P/TSX Comp**	15614.48	0.51	13563.84		15922.37	2.1
Mexico	**IPC All-Share**	48967.83	0.02	44282.03		49637.93	7.3
Chile	**Santiago IPSA**	3710.82	-1.05	3054.30		3782.66	15.1
Europe	**Stoxx Europe 600**	378.12	-0.65	308.75		381.90	4.6
	Stoxx Europe 50	3115.47	-0.99	2636.71		3163.46	3.5
Eurozone	**Euro Stoxx**	368.84	-0.25	288.98		373.88	5.3
	Euro Stoxx 50	3440.27	-0.23	2697.44		3500.93	4.6
Belgium	**Bel-20**	3770.45	-0.54	3141.13		3822.08	4.6
France	**CAC 40**	5059.20	-0.23	3984.72		5135.28	4.0
Germany	**DAX**	12048.57	-0.50	9268.66		12312.87	4.9
Israel	**Tel Aviv**	1393.14	1.05	1378.66		1496.56	-5.3
Italy	**FTSE MIB**	19741.75	-0.16	15104		20493	2.6
Netherlands	**AEX**	512.19	-0.69	411.62		519.16	6.0
Spain	**IBEX 35**	10377.00	0.49	7645.5		10529.0	11.0
Sweden	**SX All Share**	564.02	0.18	445.00		564.02	5.5
Switzerland	**Swiss Market**	8553.99	-0.87	7593.20		8704.39	4.1
U.K.	**FTSE 100**	7114.55	-2.91	5923.53		7429.81	-0.4
Asia-Pacific	**DJ Asia-Pacific TSM**	1549.34	0.65	1324.15		1569.47	8.9
Australia	**S&P/ASX 200**	5854.10	-0.61	5103.3		5934.0	3.3
China	**Shanghai Composite**	3173.15	-2.25	2806.91		3288.97	2.2
Hong Kong	**Hang Seng**	24042.02	-0.91	19694.33		24593.12	9.3
India	**S&P BSE Sensex**	29365.30	-0.33	25101.73		29974.24	10.3
Japan	**Nikkei Stock Avg**	18620.75	1.56	14952.02		19633.75	-2.6
Singapore	**Straits Times**	3139.83	-0.93	2729.85		3187.51	9.0
South Korea	**Kospi**	2165.04	1.41	1925.24		2178.38	6.8
Taiwan	**Weighted**	9717.41	-0.16	8053.69		9972.49	5.0

Source: SIX Financial Information; WSJ Market Data Group

Commodities and Currencies

	Last Week Close	Net chg	% Chg	YTD % chg
DJ Commodity	**559.87**	-17.49	**-3.03**	-1.30
TR/CC CRB Index	**181.87**	-5.90	**-3.14**	-5.53
Crude oil, $ per barrel	**49.62**	-3.98	**-7.43**	-7.63
Natural gas, $/MMBtu	**3.101**	-0.126	**-3.90**	-16.73
Gold, $ per troy oz.	**1287.40**	1.50	**0.12**	11.95
U.S. Dollar Index	**99.75**	-0.77	**-0.76**	-2.41
WSJ Dollar Index	**89.72**	-0.39	**-0.44**	-3.47
Euro, per dollar	**0.9323**	-0.0099	**-1.05**	-1.93
Yen, per dollar	**109.07**	0.43	**0.40**	-6.78
U.K. pound, in dollars	**1.28**	0.03	**2.29**	3.78

	52-Week Low	Close (●)	High	% Chg
DJ Commodity	498.06		589.81	**10.64**
TR/CC CRB Index	177.04		195.82	**1.23**
Crude oil, $ per barrel	39.51		54.45	**13.47**
Natural gas, $/MMBtu	1.96		3.93	**44.91**
Gold, $ per troy oz.	1127.80		1364.90	**4.78**
U.S. Dollar Index	92.57		103.25	**4.87**
WSJ Dollar Index	84.64		93.56	**3.41**
Euro, per dollar	0.87		0.96	**4.66**
Yen, per dollar	99.88		118.18	**-2.43**
U.K. pound, in dollars	1.20		1.49	**-11.03**

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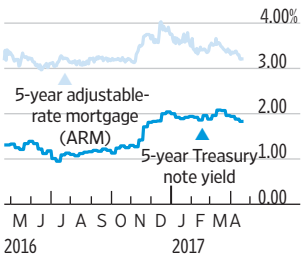
Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

Five-year ARM, Rate

Bankrate.com avg†:	**3.21%**
Third Federal Savings and Loan	**2.79%**
Cleveland, OH	844-245-1150
Foxboro Federal Savings	**2.88%**
Foxboro, MA	(877) 369-3331
Family Federal Savings	**2.99%**
Fitchburg, MA	(978) 353-0000
Best Rate USA	**3.00%**
Newtown Square, PA	888-998-2451
Pinnacle Mortgage Solutions Inc.	**3.00%**
Henderson, NV	702-966-8216

Interest rate	Yield/Rate (%) Last (●)	Week ago	52-Week Range (%) Low	0 2 4 6 8	High	3-yr chg (pct pts)
Federal-funds rate target	**0.75-1.00**	0.75-1.00	0.25		1.00	**0.75**
Prime rate*	**4.00**	4.00	3.50		4.00	**0.75**
Libor, 3-month	**1.16**	1.16	0.62		1.16	**0.93**
Money market, annual yield	**0.32**	0.30	0.22		0.34	**-0.09**
Five-year CD, annual yield	**1.31**	1.30	1.17		1.31	**-0.07**
30-year mortgage, fixed†	**3.98**	3.98	3.43		4.33	**-0.51**
15-year mortgage, fixed†	**3.18**	3.19	2.70		3.50	**-0.40**
Jumbo mortgages, $424,100-plus†	**4.53**	4.51	4.02		4.88	**-0.24**
Five-year adj mortgage (ARM)†	**3.21**	3.30	2.97		4.03	**-0.38**
New-car loan, 48-month	**3.11**	3.23	2.87		3.36	**0.20**
HELOC, $30,000	**4.88**	4.89	4.57		4.96	**0.07**

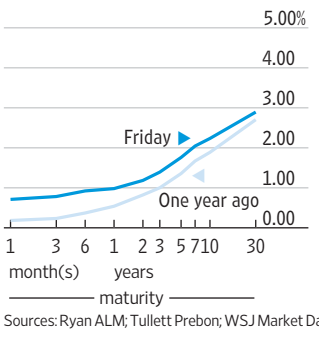
Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks.† Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

Benchmark Yields and Rates

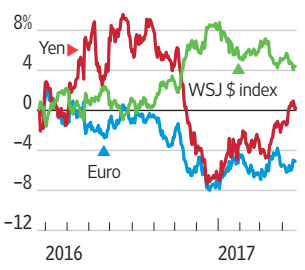
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Corporate Borrowing Rates and Yields

Bond total return index	Yield (%) Last	Wk ago	Spread +/- Treasurys, in basis pts, 52-wk Range Last	Low	High	Total Return 52-wk	3-yr
10-yr Treasury, Ryan ALM	**2.234**	2.237				-1.44	3.55
DJ Corporate	**3.062**	3.050				2.18	3.94
Aggregate, Barclays Capital	**2.490**	2.490	44	41	57	1.34	2.88
High Yield 100, Merrill Lynch	**5.367**	5.464	360	316	575	11.396	3.280
Fixed-Rate MBS, Barclays	**2.790**	2.770	28	10	33	0.94	2.85
Muni Master, Merrill	**1.987**	2.017	12	-6	12	0.407	2.929
EMBI Global, J.P. Morgan	**5.560**	5.592	332	322	435	8.556	5.662

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

New to the Market
Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/ primary exchange	Shares (mil.)	Pricing Range($) Low/High	Bookrunner(s)
4/26	3/31	China Rapid Finance Provider of consumer finance services.	**XRF** N	**10.0**	9.50/ 11.50	MS, Credit Suisse, Jefferies
4/26	2/10	Floor & Decor Holdings Retailer of hard surface flooring.	**FND** N	**8.8**	16.00/ 18.00	BofA ML, Barclays, Credit Suisse, UBS, GS, Jefferies, Piper Jaffray, WFS
4/27	3/31	Carvana Software company operating a platform for used car dealing.	**CVNA** N	**15.0**	14.00/ 16.00	WFS, BofA ML, Citi, DB
4/27	3/31	Cloudera Software company providing analytic tools to enterprises.	**CLDR** N	**15.0**	12.00/ 14.00	MS, JPM, Allen & Co, BofA ML, Citi, DB
4/27	3/31	Emerald Expositions Events Operator of business-to-business tradeshows.	**EEX** N	**15.5**	18.00/ 20.00	BofA ML, Barclays, GS, Citi, Credit Suisse, DB, RBC Cptl Mkts
4/27	3/9	NCS Multistage Holdings Provider of site preparation activities including excavating, grading & demolition of buildings.	**NCSM** Nq	**9.5**	15.00/ 18.00	Credit Suisse, Citi, WFS, JPM, Piper Jaffray, Raymond James & Assoc, RBC Cptl Mkts
4/27	4/3	Zymeworks Computational biotechnology company.	**ZYME** Intl	**4.5**	13.00/ 16.00	Citi, Barclays, WFS, Canaccord Genuity

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Issuer	Symbol	Offer price($)	Offer amt ($ mil.)	Through Friday (%)	Lockup provision
April 25	Oct. 27, '16	Acushnet Holdings	**GOLF**	17.00	378.0	**6.5**	180 days
	Oct. 27, '16	Myovant Sciences	**MYOV**	15.00	217.5	**-18.5**	180 days
	Oct. 27, '16	Quantenna Communications	**QTNA**	16.00	108.4	**9.8**	180 days
	Oct. 27, '16	ZTO Express (Cayman)	**ZTO**	19.50	1406.0	**-33.3**	180 days
April 26	Oct. 28, '16	BlackLine	**BL**	17.00	168.1	**92.9**	180 days
April 30	Nov. 1, '16	GDS Holdings	**GDS**	10.00	200.7	**-19.8**	180 days

Sources: Dealogic; WSJ Market Data Group

IPO Scorecard

Performance of IPOs, most-recent listed first

Company **SYMBOL** IPO date/Offer price	Friday's close ($)	% Chg From Offer price	1st-day close	Company **SYMBOL** IPO date/Offer price	Friday's close ($)	% Chg From Offer price	1st-day close
Select Energy Svcs **WTTR** April 21/$14.00	14.02	**0.1**	...	Netshoes **NETS** April 12/$18.00	13.05	**-27.5**	-18.9
Cadence Bancorporation **CADE** April 13/$20.00	22.22	**11.1**	3.1	Azul **AZUL** April 11/$20.12	23.00	**14.3**	7.0
Tocagen **TOCA** April 13/$10.00	13.27	**32.7**	6.6	Okta **OKTA** April 7/$17.00	24.29	**42.9**	3.3
Warrior Met Coal **HCC** April 13/$19.00	18.41	**-3.1**	2.3	Elevate Credit **ELVT** April 6/$6.50	8.11	**24.8**	4.5
Yext **YEXT** April 13/$11.00	13.44	**22.2**	0.2	Schneider National **SNDR** April 6/$19.00	18.80	**-1.1**	-1.1

Sources: WSJ Market Data Group; FactSet Research Systems

Other Stock Offerings

Secondaries and follow-ons expected this week in the U.S. market

Expected	Issuer/Business	Symbol/ Primary exchange	Amount ($mil.)	Friday's price ($)	Bookrunner(s)
April. 26	**Verona Pharma** Healthcare	**VRNA** Nq	7.7	n.a.	Jefferies, Stifel

Off the Shelf

"Shelf registrations" allow a company to prepare a stock or bond for sale, without selling the whole issue at once. Corporations sell as conditions become favorable. Here are the shelf sales, or takedowns, over the last week:

Issuer/Industry	Takedown date/ Registration date	Deal value ($ mil.)	Registration (mil.)	Bookrunner(s)
Gramercy Property Trust Real Estate/Property	April 21 Dec. 23,'15	**$248.4**	...	MS, JPM, BofA ML, Citi, SunTrust, WFS, Stifel
Adamis Pharmaceuticals Healthcare	April 21 June 23,'14	**$15.0**	$50.0	Raymond James & Assoc
Onconova Therapeutics Healthcare	April 21 Oct. 8,'14	**$5.2**	$101.0	Laidlaw & Co (UK)
Whitestone REIT Real Estate/Property	April 20 April 29,'15	**$91.0**	$750.0	SunTrust, BMO Cptl Mkts, JMP Secs
Diana Shipping Transportation	April 20 Feb. 7,'15	**$70.0**	$500.0	WFS, Clarkson
Uniti Group Real Estate/Property	April 19 June 15,'16	**$517.5**	...	Citi, JPM, RBC Cptl Mkts, Barclays, Credit Suisse, DB, GS, BofA ML, MS
TCP Capital Finance	April 19 May 29,'15	**$96.8**	$600.0	WFS, BofA ML, Raymond James & Assoc, DB, RBC Cptl Mkts
Great Ajax Real Estate/Property	April 19 Feb. 12,'16	**$76.3**	$150.0	Raymond James & Assoc, JMP Secs
Agios Pharmaceuticals Healthcare	April 18 Dec. 9,'14	**$250.0**	...	JPM, GS
Galapagos Healthcare	April 17 June 1,'16	**$337.5**	...	MS
Arena Pharmaceuticals Healthcare	April 17 June 14,'16	**$79.4**	$250.0	Citi, Leerink Prtnrs

Public and Private Borrowing

Treasurys

Monday, April 24

Auction of 13-week bills; announced on April 20; settles on April 27

Auction of 26-week bills; announced on April 20; settles on April 27

Tuesday, April 25

Auction of 52-week bills; announced on April 20; settles on April 27

Auction of two-year notes; announced on April 20; settles on May 1

Auction of four-week bills; announced of April 24; settles on April 27

Wednesday, April 26

Auction of two-year Frns; announced on April 20; settles on May 1

Auction of five-year notes; announced on April 20; settles on May 1

Thursday, April 27

Auction of seven-year notes; announced on April 20; settles on May 1

Public and Municipal Finance

Deals of $150 million or more expected this week

Sale	Final maturity	Issuer	Total ($mil.)	Rating Fitch	Moody's	S&P	Bookrunner/ Bond Counsel(s)
April 25	May 1, 2037	Rhode Island & Providence Plan	158.9	N.R.	N.R.	N.R.	Preliminary/ Hinckley Allen Snyder&Come
April 26	May 1, 2032	Maryland Dept of Transportation	285.0	AA+	Aa1	AAA	Preliminary/ Miles & Stockbridge
April 27	March 1, 2047	University of Kansas Hosp Auth	190.2	AA-	N.R.	AA-	Piper Jaffray /Gilmore & Bell
April 28 prelim.		Atlanta City-Georgia	226.8	N.R.	N.R.	N.R.	Siebert Cisneros Shank & Co
April 28 prelim.		Los Angeles Dept of Wtr & Power	530.0	N.R.	N.R.	N.R.	BoA Merrill/—
April 28 prelim.		Port Authority of NY & NJ	994.7	N.R.	N.R.	N.R.	Wells Fargo & Co/—
April 28 prelim.		Washington (Beaverton) SD #48J	272.8	N.R.	N.R.	N.R.	Piper Jaffray

Source: Thomson Reuters/Ipreo

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Bond Maven Puts Money on Europe

Chief of H2O Asset made investments in Italy, Portugal, Greece; an acceptance of risk

By Christopher Whittall

As bonds were plummeting at the height of the eurozone's 2011 debt crisis, Bruno Crastes's brand-new fund suffered steep losses and fleeing investors.

Mr. Crastes gathered his executives in **H2O Asset Management**'s new boardroom. "Let's invest," the chief executive told them, suggesting they plow money into research. When visiting clients, he had another message: Now is the time to take on risk.

It worked. Markets calmed down, and the low-profile Frenchman's returns from bonds and currencies have since matched those of some of the world's best-performing managers.

Today, he and other investors potentially face another pivotal moment—whether accelerating growth and inflation are a threat to the 35-year bull market in bonds.

Mr. Crastes is set to fall back on his old playbook, basing trades on his analysis of investor behavior and his willingness to stomach losses to win in the longer term.

"How can you get richer if you don't accept to get poorer?" he said in an interview from the fund's central London offices.

Mr. Crastes has sold U.S. and U.K. government bonds, which he expects to be hit by higher inflation, and bought debt elsewhere in Europe, where he sees more subdued consumer-price rises. In funds that allow it, he has also bought stocks that tend to fare better in inflationary environments. H2O had £10.3 billion ($13.2 billion) under management at the end of March.

"We think that investors are not prepared at all for more inflation," and even a small rise in consumer prices will have consequences, Mr. Crastes said.

The 51-year-old analyzes what he believes are investors' biases and constraints to look for mispricing in the market. Many other large bond investors rely more on forecasting markets, by parsing data on the global economy, central-bank decisions and politics.

Mr. Crastes takes views on such fundamentals, but he also tries to predict how other investors will react and then looks for opportunities where he says they have it wrong.

"I like understanding people and I think people are full of biases," he said.

He adds that investors have a low tolerance for risk and, ahead of several key European elections, are unnecessarily scared of another eurozone crisis.

In February, Mr. Crastes watched a sharp rise in the cost of the futures contracts investors use to bet against Italian government debt. He went against the tide and bought Italian, Portuguese and Greek bonds—securities that had been hit by jitters over the elections.

"We think that the European project [goes far] beyond the French elections," he said, speaking of the presidential vote that began Sunday, in which far-right candidate Marine Le Pen has threatened to pull France out of the euro.

H2O's flagship Multibonds euro fund notched an average annual return of 24% after fees in the five years that ended in 2016, according to Morningstar Inc., outstripping comparable bond funds by over 19 percentage points.

Mr. Crastes's investments primarily focus on widely traded global bonds and currencies. Still, H2O does make bets elsewhere, again displaying risk appetite.

A review of fund filings shows H2O holds bonds in companies either owned or funded by Sapinda Group, a firm run by German businessman Lars Windhorst. Mr. Windhorst has been seeking to sell assets after big losses at some of those companies, and Sapinda bonds have plummeted in value.

An H2O spokeswoman declined to comment on the investment. Mr. Windhorst declined to comment.

Colleagues and clients describe Mr. Crastes as engaging and driven, but playful. He wore a Donald Duck costume to The Ivy, an upmarket London restaurant, for H2O's 2016 office Christmas party—a reference to Donald Trump's election as U.S. president, a vote that helped shake up bond markets.

H2O's offices are full of personal touches. The boardroom has four glass-fronted refrigerators crammed with vintage French wines.

An animal lover, Mr. Crastes has a miniature leather Chesterfield sofa in his corner office for his Yorkshire terrier, Elsa.

He and a team that followed him from previous jobs have been through rocky patches. At Crédit Agricole Asset Management, they suffered heavy losses around the time of the 2008 financial crisis.

Mr. Crastes had built up the firm's London business from $4 billion to $100 billion in assets under management. Assets shrank to $60 billion as clients pulled out.

Despite those losses, Natixis Asset Management, then led by Mr. Crastes's former boss, Pascal Voisin, agreed in 2010 to seed him in return for a 50.01% stake in H2O. Within a year, crisis had engulfed European bond markets and clients pulled $500 million out of the newly formed fund.

As some left, Mr. Crastes looked for more.

In July 2011, Andrew Spence, who manages 7.2 billion Australian dollars (US$5.4 billion) as chief investment officer for the pension plan of Australia's Qantas Airways Ltd., asked to meet.

With bond markets wobbling, Mr. Crastes got on a plane for the 50-hour round trip from London to Sydney and what would be a three-hour meeting. For Mr. Spence, this was someone who wasn't afraid to take risks. He invested A$300 million and, as European bond markets began to tank, allowed Mr. Crastes to invest in riskier securities.

"There were times when it was uncomfortable, given the extreme market volatility," Mr. Spence said, but "that's how you make money."

Mr. Voisin, who is now working on a biotech startup, describes Mr. Crastes as a "real, active portfolio manager."

"You have to be able to bear the short-term volatility associated with that," he said.

—Margot Patrick contributed to this article.

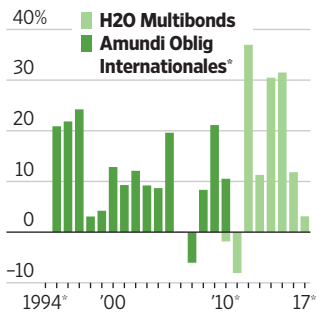
ALI KATE CHERKIS FOR THE WALL STREET JOURNAL

Bruno Crastes tries to predict how other investors will react and then looks for opportunities where he says they have it wrong.

Big Risks, Big Gains

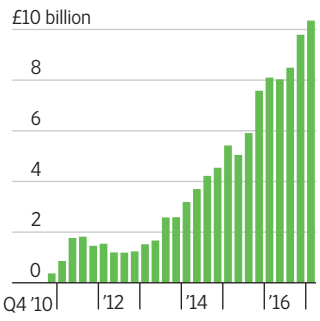
Bond funds managed by Bruno Crastes have had largely positive returns...

Returns after fees, annual except where noted



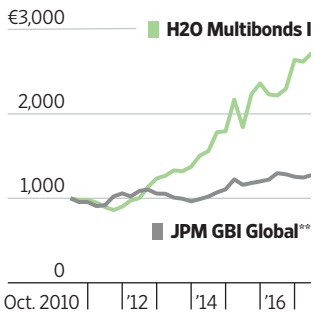
...H2O funds' assets under management have risen steadily over the past five years...

Assets under management in H2O funds, quarterly data



...and H2O Multibonds I is leaving its bond-fund benchmark in the dust.

Value of €1,000 invested Aug. 23, 2010; fund returns after fees



*The Amundi fund managed by Mr. Crastes changed names several times over the years as a result of mergers. The 1994 return of 0.005% is since September of that year. The 2010 return for the Amundi fund is through April. Mr. Crastes founded H2O Asset Management in 2010. The 2010 return on the H2O fund is since Aug. 23. The 2017 return is through April 18. **Total return, in euros, through April 18

Sources: Morningstar; H2O Asset Management (assets)

THE WALL STREET JOURNAL.

SEC Rule On Advice Backed by Piwowar

By Dave Michaels

WASHINGTON—Wall Street's top regulator should craft its own rule governing the advice that stockbrokers provide to retail investors, the Securities and Exchange Commission's acting chairman said.

Michael Piwowar's comments indicate he favors the brokerage industry's call to replace a rule issued last year by the Labor Department with one, written by the SEC, that businesses would find less onerous. The Labor Department rule, issued under the Obama administration, imposed restrictions on conflicts of interest that affect investment advice. The Trump administration has postponed the measure, known as the fiduciary rule, as it considers how to modify or repeal it.

"We at the SEC need to take the opportunity now to fill that space," Mr. Piwowar, a Republican, said at a conference sponsored by the Mutual Fund Directors Forum.

Mr. Piwowar's opposition to the Labor Department's rule is well known. He blasted the measure in March, calling it a "highly political" effort guided by the Obama administration. He repeated that criticism Friday, saying the rule wasn't written to protect investors but to make it easier for trial lawyers to sue brokers.

"It was meant to be unworkable," he said.

The Securities Industry and Financial Markets Association, which represents many brokerage firms, said it welcomed Mr. Piwowar's embrace of a new rule written by the SEC. The SEC's rule would cover all types of investment accounts, not just those used to save for retirement, which the Labor Department regulates.

"As has been our longstanding position, we welcome acting Chairman Piwowar's comment that the SEC, not the DOL, should adopt a rule providing for a best interest standard for all retail brokerage accounts," said Kenneth Bentsen, Sifma's president and chief executive.

Supporters of the Labor Department's restrictions said they are worried that an SEC rule would be weaker. The law that governs retirement-savings plans takes a much stricter view of conflicts of interest than do the securities laws enforced by the SEC.

"The beauty of the Labor Department rule is that it requires firms to rein in the toxic incentives that reward and encourage advisers to work against their clients' best interest," said Micah Hauptman, financial-services counsel for the Consumer Federation of America.

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA gained 94.51 points, or 0.46%, on the week. A $1 change in the price of any DJIA stock = 6.85-point change in the average. To date, a $1,000 investment on Dec. 31 in each current DJIA stock component would have returned $31,481, or a gain of 4.90%, on the $30,000 investment, including reinvested dividends.

The Week's Action: Pct chg (%)	Stock price change	Point chg in average	Company	Symbol	Close	$1,000 Invested (year-end '16) $1,000
5.00	3.79	25.96	**American Express**	AXP	$79.59	$1,084
3.76	6.20	42.46	**UnitedHealth Group**	UNH	171.16	1,074
3.04	1.07	7.33	**Intel**	INTC	36.32	1,009
2.80	4.09	28.01	**Home Depot**	HD	150.00	1,126
2.71	4.76	32.60	**Boeing**	BA	180.38	1,169
2.59	2.90	19.86	**United Technologies**	UTX	114.99	1,055
2.57	2.28	15.61	**Visa**	V	91.15	1,171
2.45	1.79	12.26	**Wal-Mart Stores**	WMT	74.94	1,092
2.23	1.45	9.93	**Microsoft**	MSFT	66.40	1,075
2.03	2.65	18.15	**McDonald's**	MCD	133.41	1,105
1.56	1.21	8.29	**DuPont**	DD	78.65	1,077
1.51	2.85	19.52	**3M**	MMM	191.50	1,080
1.31	1.22	8.35	**Caterpillar**	CAT	94.32	1,034
1.23	0.40	2.74	**Cisco Systems**	CSCO	32.82	1,106
1.10	1.24	8.49	**Walt Disney**	DIS	114.44	1,098
0.92	0.51	3.49	**Nike**	NKE	55.85	1,103
0.86	1.22	8.35	**Apple**	AAPL	142.27	1,234
0.65	0.28	1.92	**Coca-Cola**	KO	43.07	1,048
0.14	0.12	0.82	**J.P. Morgan Chase**	JPM	84.52	991
–0.03	–0.01	–0.07	**General Electric**	GE	29.55	942
–0.71	–0.24	–1.64	**Pfizer**	PFE	33.64	1,046
–1.14	–1.21	–8.29	**Chevron**	CVX	104.89	899
–1.15	–0.72	–4.93	**Merck**	MRK	61.89	1,060
–1.19	–1.43	–9.79	**Travelers**	TRV	119.10	978
–1.22	–1.00	–6.85	**Exxon Mobil**	XOM	80.69	901
–1.57	–1.41	–9.66	**Procter & Gamble**	PG	88.62	1,071
–2.58	–3.23	–22.12	**Johnson & Johnson**	JNJ	121.76	1,064
–2.82	–1.37	–9.38	**Verizon**	VZ	47.25	905
–2.89	–6.46	–44.24	**Goldman Sachs**	GS	216.86	908
–5.40	–9.15	–62.66	**IBM**	IBM	160.38	974

Sources: WSJ Market Data Group; S&P Dow Jones Indices. For more information on the Dow Jones Industrial Average and the 30 industrials, please visit www.djindexes.com

FINANCE WATCH

MORGAN STANLEY

Ousted Arconic CEO Leaves Bank's Board

Klaus Kleinfeld, the ousted chief executive of **Arconic** Inc. who left the aluminum-parts maker this week after a sending a bizarre letter to an activist shareholder, will step off the board of **Morgan Stanley**.

Mr. Kleinfeld, a director since 2012, has resigned from the board and won't stand for re-election at Morgan Stanley's annual meeting next month, the firm said in a regulatory filing.

Mr. Kleinfeld left Arconic last week following a monthslong fight with activist hedge fund **Elliott Management** Corp., which had called for his ouster. Mr. Kleinfeld sent Elliott chief Paul Singer a letter that referenced Mr. Singer's alleged partying during the 2006 World Cup, a letter the Arconic board didn't approve and that the company said showed poor judgment.

Mr. Kleinfeld is also on the board of **Hewlett Packard Enterprise** Co., the software business spun out of Hewlett-Packard Co.

Morgan Stanley's board includes big names in finance and politics, including Democratic politico Erskine Bowles and Alistair Darling, the U.K. chancellor of the exchequer during the financial crisis.

—Liz Hoffman

JASON ALDEN/BLOOMBERG NEWS

Ousted Arconic Chief Executive Klaus Kleinfeld is leaving Morgan Stanley's board.

VISA

Debit-Card Practices Are Probed in Ohio

Visa Inc.'s debit-card practices are under new scrutiny. The card network disclosed in a company filing that it received a civil investigative demand from Ohio Attorney General Mike DeWine's office in January. The demand request documents and information pertaining to several debit-card practices, including the company's rules related to the acceptance of its debit cards.

A spokeswoman for Mr. DeWine said the probe is focused on chip-enabled debit cards.

Other practices also related to chip-enabled debit cards that the attorney general's office is looking into include Visa's card-holder-verification methods and the routing of its debit-card transactions. Visa said in the filing that it is cooperating with the attorney general. The card networks' debit-card practices have been at issue for decades. They have been a source of friction and litigation between merchants and the large card networks, Visa and Mastercard Inc., for issues including the prices the networks set for swipe fees. A federal law that went into effect in 2011 set government price caps on those fees.

—AnnaMaria Andriotis

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The Rise of Indexing Powers S&P Global

Rating firm criticized during financial crisis now rides high, helped by passive investing

By Ben Eisen And Alexander Osipovich

Once vilified for its role in the financial crisis, **S&P Global** Inc. is emerging as one of the biggest beneficiaries of the rise of passive investing.

The New York-based financial-information giant collects a tiny fee from every investor that buys an exchange-traded fund tied to one of its market indexes.

Total assets in those products topped $1 trillion in December, the firm said, doubling from just three years earlier. S&P is now roughly twice as large an indexer as its next biggest rival, MSCI Inc., according to data from ETFGI, a London-based research and consultancy firm on ETF trends.

Just seven years ago, S&P was in the hot seat. Former executives were grilled on Capitol Hill over why the firm gave top-notch AAA ratings to toxic mortgage-backed securities.

Congress passed the Dodd-Frank Act, partly in a bid to dislodge the big debt-rating firms from their position at the heart of the U.S. financial system.

Those efforts failed. S&P still doles out nearly half of the debt ratings issued in the U.S., according to the latest Securities and Exchange Commission data. A boom in corporate-debt issuance has helped power S&P Global's stock up 27% over the past year, to $131.52 on Friday, including a 22% rise so far in 2017 that has topped the benchmark S&P 500 index that bears the company's name. In October 2008, the stock traded as low as $17.15.

Critics fault regulators for failing to do more to shake up the clubby ratings industry, where the Big Three firms of S&P, Moody's Corp. and Fitch Ratings Inc. are paid by the companies whose debt they rate. Rating fees have helped underpin S&P's expansion in recent years.

"For the SEC to have let it sit there for all these years is beyond disgraceful," said Alan Blinder, who was vice chairman of the Federal Reserve in the 1990s.

S&P Global says that the "issuer pays" model allows them to make ratings available for public scrutiny free of charge, and that conflicts are addressed by separating analysis from business activities. An SEC report from December cites improved processes for firms' oversight of credit ratings, such as increased documentation.

The company has also restructured and rebranded itself, spinning off its education unit in 2012 and shedding its old name, McGraw Hill Financial Inc., in April 2016.

Ratings, along with commodities, data and analytics, account for the lion's share of S&P Global's revenue. But indexing has grown the fastest since 2012.

The unit, known as S&P Dow Jones Indices, and owned in part by CME Group Inc., boasted adjusted operating margins of 65% last year. The firm is scheduled to report earnings for the first three months of the year on April 25.

Indexes have been around since 1896, when the Dow Jones Industrial Average, now an S&P-owned index, was introduced. But S&P Global wasn't predestined to be an index giant.

In 2011, when Jana Partners LLC and the Ontario Teachers' Pension Plan called for changes at the company, then named McGraw-Hill Cos., the activist investors proposed turning the index unit into a stand-alone company. S&P held on to the business.

Dow Jones & Co., a unit of Wall Street Journal parent company News Corp, completed a sale of its stake in S&P's index business in 2013. Two representatives of the Journal still help determine the composition of the Dow industrials, one of S&P's indexes.

Indexes have gained a higher profile in the past few years as ETFs have surged in popularity. The world's largest ETF, the S&P 500 tracking SPDR fund, now has more than $230 billion in assets. S&P Dow Jones Indices collects a licensing fee that averages out to 0.0303% of the assets that an investor holds in the fund each year, which is around a third of the fund's net expenses, according to its prospectus.

S&P Dow Jones Indices collects licensing fees from exchanges such as CME and CBOE Holdings Inc. that offer futures and options based on S&P indexes. It also makes money by calculating the value of indexes and developing custom benchmarks.

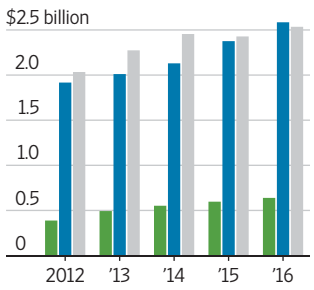
Competition is heating up as upstart index providers offer cheaper alternatives for ETF issuers that don't need a highly recognizable brand like S&P's.

Solactive AG, for example, has a flat rate for its indexes, typically seeking to charge smaller fees than its larger competitors.

"Globally you have, let's say 20 big, massive, branded indices that are really hard to replace," such as the S&P 500, said Steffen Scheuble, chief executive at Solactive. "We don't go after them. Nevertheless, everything beyond that, of course we are trying to get that business."

Ratings Rise

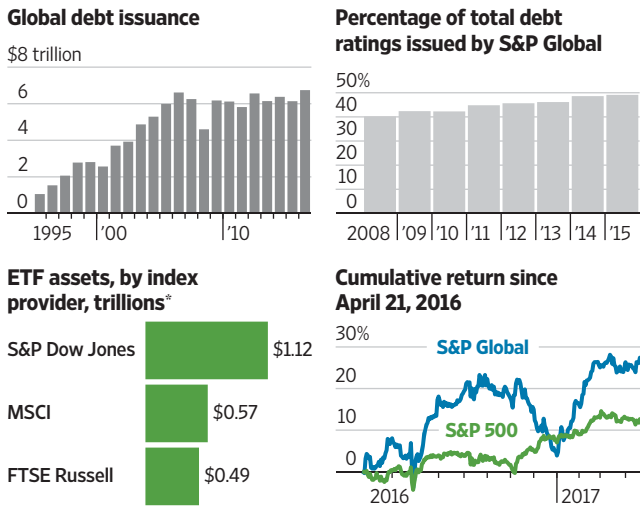
Revenue by unit



Source: S&P Global
THE WALL STREET JOURNAL.

Giving Credit

S&P Global's ratings business, buoyed by recent strong debt issuance, has helped underpin its stock. But its indexing business has been growing rapidly as money flows into ETFs tracking its indexes.



*As of March 2017
Sources: Dealogic (global issuance); Securities and Exchange Commission (ratings); ETFGI (assets); FactSet (stock, index) THE WALL STREET JOURNAL.

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Fri in US$	Fri per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0646	15.4760	–2.5
Brazil real	.3176	3.1483	–3.3
Canada dollar	.7409	1.3497	0.4
Chile peso	.001531	653.30	–2.5
Colombia peso	.0003477	2875.83	–4.2
Ecuador US dollar	1	1	unch
Mexico peso	.0532	18.8098	–9.3
Peru new sol	.3084	3.243	–3.3
Uruguay peso	.03515	28.4500	–3.1
Venezuela b. fuerte	.100150	9.9851	–0.1
Asia-Pacific			
Australian dollar	.7544	1.3256	–4.5
China yuan	.1452	6.8848	–0.9
Hong Kong dollar	.1286	7.7754	0.3
India rupee	.01547	64.639	–4.9
Indonesia rupiah	.0000752	13299	–1.7
Japan yen	.009169	109.07	–6.8
Kazakhstan tenge	.003192	313.28	–6.1
Macau pataca	.1244	8.0399	1.6
Malaysia ringgit	.2273	4.3995	–1.9
New Zealand dollar	.7032	1.4221	–1.5
Pakistan rupee	.00954	104.800	0.4
Philippines peso	.0201	49.849	0.5
Singapore dollar	.7158	1.3970	–3.5
South Korea won	.0008814	1134.57	–6.1
Sri Lanka rupee	.0065600	152.44	2.7
Taiwan dollar	.03294	30.354	–6.5
Thailand baht	.02910	34.360	–4.0
Vietnam dong	.00004401	22723	–0.2
Europe			
Czech Rep. koruna	.03983	25.107	–2.3
Denmark krone	.1442	6.9333	–1.9
Euro area euro	1.0727	.9323	–1.9
Hungary forint	.003430	291.54	–0.9
Iceland krona	.009153	109.25	–3.3
Norway krone	.1153	8.6703	0.3
Poland zloty	.2516	3.9743	–5.1
Russia ruble	.01771	56.462	–7.8
Sweden krona	.1111	9.0012	–1.2
Switzerland franc	1.0039	.9961	–2.2
Turkey lira	.2747	3.6401	3.3
Ukraine hryvnia	.0374	26.7050	–1.4
UK pound	1.2812	.7805	–3.6
Middle East/Africa			
Bahrain dinar	2.6524	.3770	–0.04
Egypt pound	.0553	18.0980	–0.2
Israel shekel	.2717	3.6799	–4.4
Kuwait dinar	3.2823	.3047	–0.3
Oman sul rial	2.5975	.3850	0.01
Qatar rial	.2747	3.641	0.02
Saudi Arabia riyal	.2666	3.7503	–0.01
South Africa rand	.0762	13.1227	–4.2

	Close	Net Chg	% Chg	YTD %Chg
WSJ Dollar Index	89.72	–0.08	–0.09	–3.47

Sources: Tullett Prebon, WSJ Market Data Group

AHEAD OF THE TAPE | By Steven Russolillo

Moment of Truth for Alcoa, Arconic

Say what you want about the vogue for splitting companies apart, but in the case of **Alcoa** Corp. and **Arconic** Inc., it has been followed by impressive gains.

That is a stark reversal from what longtime investors in the old Alcoa had grown accustomed to over the past decade. As both companies report earnings this week, sustaining the good times won't be easy.

Shares of Alcoa—the spinoff that contains the raw-aluminum mining and smelting operations—have surged almost 50% since the split on Nov. 1 of last year.

Arconic, the renamed parent company that supplies the aerospace and automotive markets, is up 20%.

Alcoa, which is set to report first-quarter results Monday, has climbed on hopes that large-scale infrastructure projects promised by President Donald Trump will boost aluminum demand. But the big rally already has lost some steam since mid-February, coinciding with doubts over if or how these plans will come to fruition. And a flood of cheap Chinese aluminum continues to weigh on the company. Analysts surveyed by FactSet expect first-quarter earnings of 50 cents a share, down from 63 cents a year earlier.

Workers at a loading dock at the Arconic facility in Alcoa, Tenn.

LUKE SHARRETT/BLOOMBERG NEWS

Then there is Arconic, scheduled to report Tuesday. It is grappling with its abrupt divorce from chief Klaus Kleinfeld after he sent an unauthorized, vaguely threatening letter to the president of shareholder **Elliott Management** Corp. The activist investor, which has been critical of the company's missed profit forecasts and inefficient spending on advertising, has wanted a big overhaul of management.

Under Mr. Kleinfeld's tenure before he broke up the company, Alcoa shares fell 70% from May 2008 through Nov. 1 of last year. Over the same time period, the S&P 500 rose 80%.

Elliott charges that Arconic hasn't been focused enough on the bottom line. It has touted how the stock could more than double if the company invests more in its higher-return business lines and slashes corporate overhead costs to improve margins. The tension remains following Mr. Kleinfeld's departure as the hedge fund still wants four additional board seats at the May 16 shareholder meeting. The stock has traded more on the activist fight and less on fundamentals. The spinoff occurred at a time when one of Arconic's bright spots, aerospace, has been less so of late. Arconic cut its profit forecast twice last year, with aerospace weighing on performance.

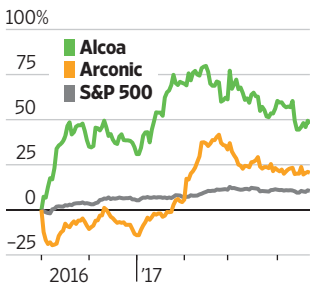
Even if Arconic embarks on what Elliott wants, the stock's easy gains might already have been made. Shares are already up 40% this year, making it the third-best performer in the S&P 500.

That raises the risk that the stock's fans are getting ahead of themselves, whatever changes are made. Analysts at J.P. Morgan Chase & Co. warned last week that Elliott's targets "look very challenging to us" to achieve.

Breaking up is easy to do. Consistently outperforming the market is a lot harder.

Clean Break

Share and index performance



Source: FactSet
THE WALL STREET JOURNAL.

32%

Percentage of S&P 500 companies that have reported first-quarter results that discussed the Trump administration or its policies during conference calls this earnings season

Trump Isn't Talk of Town

Just as enthusiasm for the Trump administration's pro-growth policies has waned with investors, so, too, has discussion of the president and his agenda among corporate executives and Wall Street analysts.

Just eight out of the first 25, S&P 500 companies that reported first-quarter results, or 32%, have mentioned or discussed the new administration, according to an analysis by John Butters, senior earnings analyst at FactSet.

MONEYBEAT

That compares with 67%, that did so at same point during the fourth-quarter reporting period.

Investor optimism spiked after Election Day for the Trump administration's plans to cut taxes, reduce regulations and spend on infrastructure.

Shares of small stocks, financials and industrials, groups thought to benefit the most from such policies, surged into the end of 2016. That excitement made its way on fourth-quarter earnings calls. Analysts, trying to determine what impact the Trump administration's agenda would have corporate bottom lines, peppered executives with questions. In recent months, however, those corners of the stock market that initially took off have fallen to the back of the pack.

Taxes remain the most talked about policy in earnings calls, though the topic has come up four times this earnings season, compared with seven at this point during the fourth quarter's reporting period. Infrastructure spending, or the word "stimulus," has yet to come up at all.

—*Chris Dieterich*

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THE TICKER | Market events coming this week

Monday

Earnings expected*

	Estimate/Year Ago($)
Crown Castle	**0.28**/0.11
Express Scripts	**1.32**/1.22
Halliburton	**0.03**/0.07
Illinois Tool Works	**1.45**/1.29
Kimberly-Clark	**1.54**/1.53
T-Mobile US	**0.34**/0.56

Tuesday

Short-selling reports
Ratio, days of trading volume of current position, at March 31

NYSE	4.6
Nasdaq	4.3

Consumer confidence

March, previous	125.6
April, expected	122.0

New-home sales

Feb., previous	592,000
March, expected	580,000

Earnings expected*

	Estimate/Year Ago($)
3M	**2.07**/2.05
AT&T	**0.74**/0.72
Coca-Cola	**0.44**/0.45
Eli Lilly	**0.96**/0.83
McDonald's	**1.34**/1.23
Texas Instruments	**0.83**/0.65

Wednesday

Mort. bankers indexes

Purch., previous	down 3%
Refinan., prev.	up 0.2%

EIA status report
Previous change in stocks in millions of barrels

Crude oil	down 1
Gasoline	up 1.5
Distillates	down 2

Earnings expected*

	Estimate/Year Ago($)
Amgen	**2.99**/2.90
Boeing	**1.91**/1.74
PepsiCo	**0.92**/0.89
Procter & Gamble	**0.94**/0.86
Thermo Fisher Scientific	**2.02**/1.80
United Technologies	**1.39**/1.47

Thursday

Initial jobless claims

Previous	244,000
Expected	242,000

EIA report: natural gas
Previous change in stocks in billions of cubic feet
up 54

Durable-goods orders

Feb., previous	up 1.8%
March, expected	up 1.2%

Earnings expected*

	Estimate/Year Ago($)
AbbVie	**1.26**/1.15
Alphabet	**7.39**/7.50
Amazon.com	**1.08**/1.07
Comcast	**0.44**/0.42
Intel	**0.65**/0.54
Microsoft	**0.70**/0.62

Friday

GDP Deflator

4th qtr., final	up 2.1%
1st qtr. adv. est.	up 2.2%

Chicago PMI

March, previous	57.7
April, expected	56.5

Employment cost index

4th qtr., previous	up 0.5%
1st qtr., expected	up 0.6%

Gross domestic product:
Percentage change, annual rate

4th qtr., final	up 2.1%
1st qtr. adv. est.	up 1.1%

U.Mich. consumer index

April, prelim.	98
April, final	97.8

Earnings expected*

	Estimate/Year Ago($)
Chevron	**0.87**/(0.22)
Colgate-Palmolive	**0.66**/0.63
Exxon Mobil	**0.84**/0.43
GM	**1.46**/1.26
LyondellBasell	**2.36**/2.30
Phillips 66	**0.05**/0.67

* FACTSET ESTIMATES EARNINGS-PER-SHARE ESTIMATES DON'T INCLUDE EXTRAORDINARY ITEMS (LOSSES IN PARENTHESES) ◆ ADJUSTED FOR STOCK SPLIT
NOTE: FORECASTS ARE FROM DOW JONES WEEKLY SURVEY OF ECONOMISTS

Soft-drink makers Coca-Cola Co. and PepsiCo both report their quarterly results this week.

LUKE SHARRETT/BLOOMBERG

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MARKETS

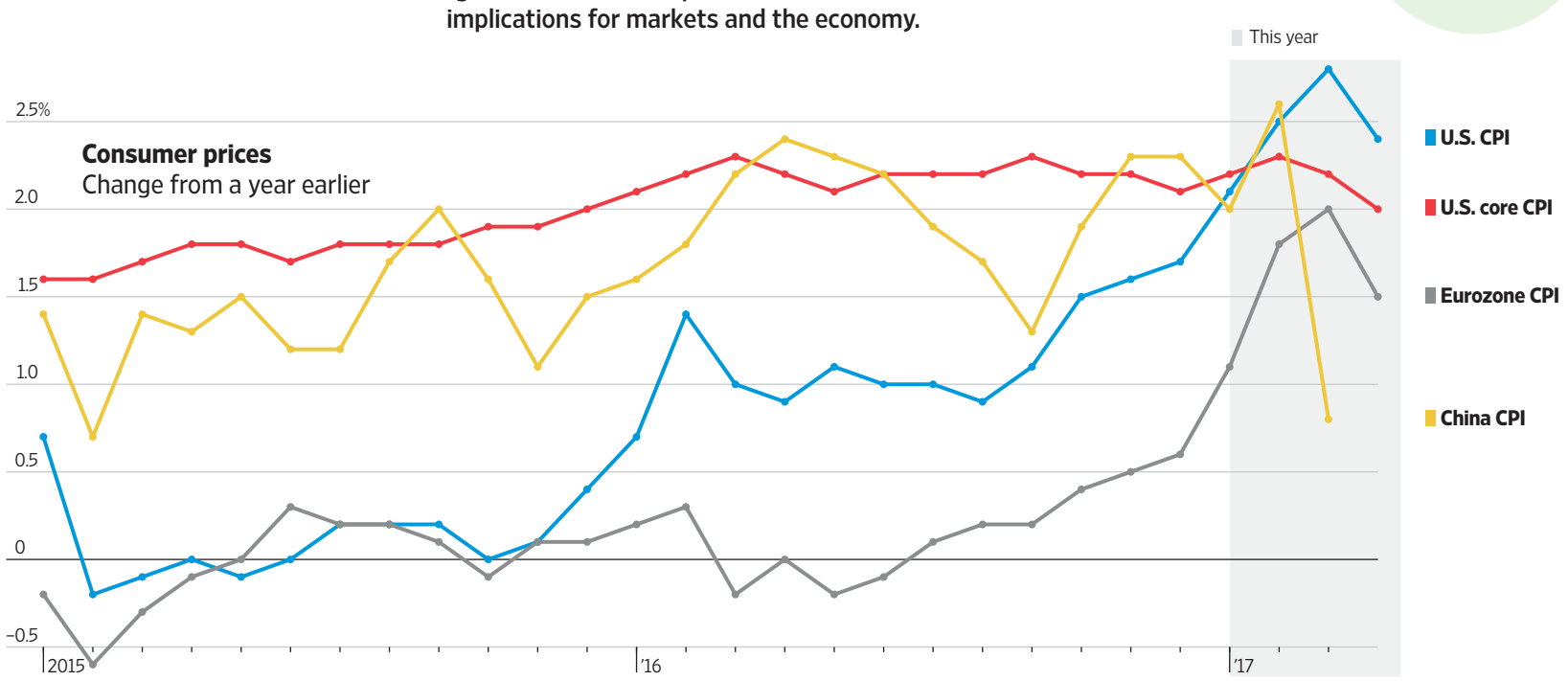
THE DAILY SHOT | By Lev Borodovsky

The Case for Peak Inflation

Have we hit peak inflation? Investors are certainly acting like we have. It's a potential shift with broad implications for markets and the economy.

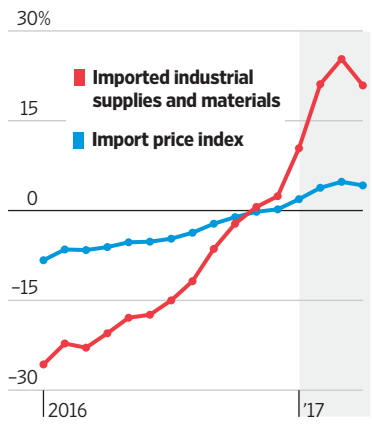
WSJ subscribers can get **The Daily Shot**—a chart-by-chart briefing on markets and economics—sent to their email each morning. Subscribe at **wsj.com/newsletters**

From South Africa to Slovakia, we see the same pattern of inflation falling after a rise over the past year.



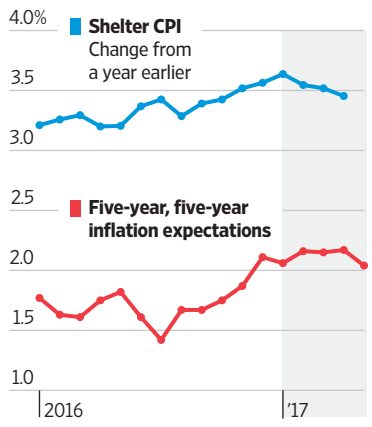
Much of it is driven by China, the manufacturer to the world.

Import prices, change from a year earlier



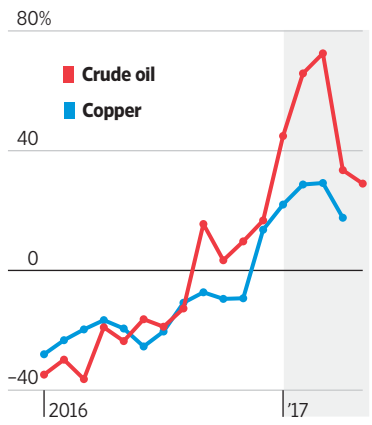
Shelter CPI, which includes rent, seems to have peaked and market inflation expectations are now declining.

Shelter CPI and inflation expectations



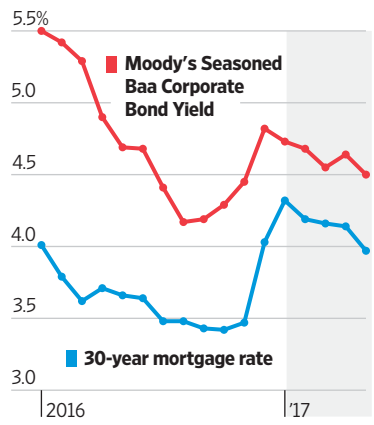
Prices for oil and other industrial commodities such as iron ore and copper have declined after long rallies.

Prices, change from a year earlier



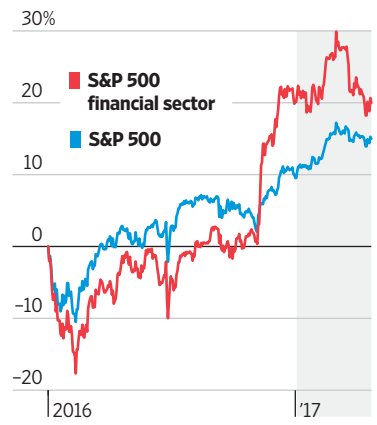
It's not all bad. Lower yields have trimmed corporate funding costs and pushed mortgage rates lower.

Corporate bond yield and mortgage rate



But if they stay low, it could throw more cold water on once-hot sectors like the banks.

Performance since 2015



Sources: Federal Reserve Bank of St. Louis; Bureau of Labor Statistics (CPI, core CPI, import prices, shelter CPI); OECD (China CPI); U.S. Energy Information Administration (crude); International Monetary Fund (copper); Eurostat (eurozone CPI); Moody's (bond yield); Freddie Mac (mortgage rate); FactSet (S&P 500, S&P 500 Financials)

THE WALL STREET JOURNAL.

HEARD ON THE STREET

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More Chips to Play in This Sector

Good news for the party raging in the semiconductor-manufacturing-gear business: Last call still seems to be a ways off.

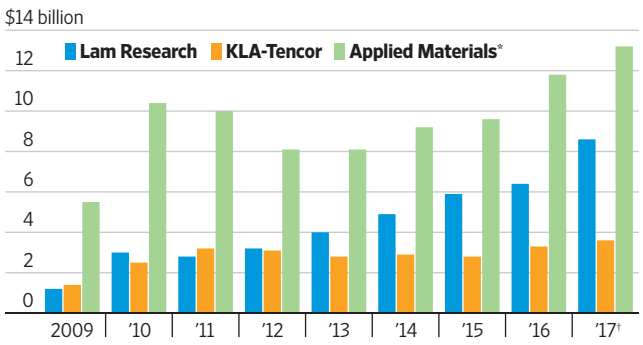
Investors have good reason to wonder. A cyclical industry that depends mostly on a few big customers to foot the bill, semiconductor capital equipment has been on a tear of late.

The two largest companies by market value, **Applied Materials** and **Lam Research**, have increased sales steadily over the past three years and are expected to deliver double-digit growth this year. Their share prices are up 90% and 73%, respectively, over the past 12 months. **KLA-Tencor** has risen 40% since its merger with Lam was called off in October due to opposition from regulators.

For those accustomed to the boom-and-bust cycles of this industry, gains like these might seem a good time to take some chips off the table. But the chip-making business is in the midst of a somewhat unprecedented up cycle—one that looks to last well into next year at least.

Chipper

Revenue per calendar year



*Applied's fiscal quarters end one month later †Projections

Source: Capital IQ; FactSet

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Most different this time is the market for flash memory, which is shifting to a new production process called 3D NAND. This has caused a supply shortage that has boosted NAND spot prices by 42% over the past 12 months, according to DRAMeXchange.

It also has spurred demand for equipment as memory makers upgrade their fabs. Wes Twigg of Pacific Crest projects that capital expenditures for Flash memory production will jump 25% this year. Atif Malik of Citigroup said he expects the current supply-demand balance to "remain tight" through 2018, which will likely keep pricing strong through then.

Last week, Lam Research reported a 64% jump in revenue year over year for its fiscal third quarter ended March 26. That is the biggest gain seen by the company in six years. Demand for 3D NAND gear was credited as a major reason. Applied Materials is expected to see a 43% jump in revenue for the fiscal quarter that ends this month. KLA-Tencor, which has less exposure to the flash market, is still expected to post a 26% jump in sales for the March quarter when it reports results later this week.

Demand for 3D NAND gear should extend well beyond the near term. In Lam's earnings call, CEO Martin Anstice said he expects just a little over half the installed base of NAND production equipment to be converted to 3D NAND by the end of the year—thus leaving plenty of upside for next year.

And despite their recent gains, shares of Lam and Applied Materials are still trading at slight discounts to the peer-weighted PHLX Semiconductor Index as a multiple of forward earnings. This rally still has some flash left in it. *—Dan Gallagher*

OVERHEARD

Exchange-traded funds have been by far the fastest-growing part of the financial-services industry.

It was only a matter of time, then, before there was an ETF designed to benefit from the boom.

Dubbed the **ETF Industry Exposure & Financial Services ETF** (yes, ETF appears in the name twice), the fund follows a booming sector of the industry.

According to Merrill Lynch, $2.9 trillion has flowed into ETFs in the past decade at the expense of traditional active mutual funds.

The fund includes shares of big ETF companies like **BlackRock**, but also names like **Nasdaq**, **Goldman Sachs** and **Morningstar** that only have a small portion of their businesses tied to ETFs.

But rest assured, the index that was created for the ETF to track was designed by a group of "finance industry thought leaders."

Merrill is less confident, dubbing the fund's launch as "Peak ETF."

French Vote Result Lets Market Calm

No French nightmare for markets: Centrist Emmanuel Macron looks set to face far-right euroskeptic Marine Le Pen in a runoff for the presidency May 7. Polls suggest Mr. Macron will emerge victorious, although some anxiety may persist. How much markets rally in response will be a measure not just of how scared investors were about France but could reveal what deeper worries remain on the horizon.

The euro gained sharply after the results took shape late Sunday. French bonds, which have underperformed their German peers sharply, should bounce, also giving a lift to Italy and Spain.

The bigger picture for Europe—and the euro—is more positive under a possible Macron presidency.

For global markets, a key development to watch will be the behavior of German debt markets as much as their French peers. Yields on haven bonds like U.S. Treasurys and German bunds have fallen sharply in the past six weeks, a development that might raise concerns about the economic outlook.

If, however, part of the decline has reflected jitters about an extremist winning in France, then some of that should now unwind. With yields determined more globally than nationally, a rise in German yields could push up U.S. yields, too.

After the shocks of 2016, investors have been right to be cautious about politics. A market-friendly outcome in France should calm fears for the time being. With economic data proving resilient and politics on the back burner, Europe will look more attractive for investors than it has for some time. *—Richard Barley*

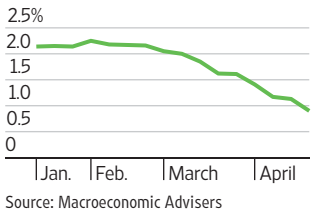
Confidence Game: American Data Fall Short of Huge Hopes

In the months since President Donald Trump was elected, consumer and business confidence have soared, but the economy has slowed. The split has rarely been so stark and while optimists have been hoping the economy will soon catch up with sentiment, it is looking more likely that sentiment will roll over.

Following a string of weak sales, spending and production data, economists have cut their expectations of economic growth for the first quarter. Forecasters polled by Macroeconomic Advisers now expect Friday's gross-domestic-product report will show the economy grew at a 0.9% annual rate in the first quarter. At the start of the year, they had estimated growth of 2.1%.

The Letdown

Economists' forecasts for the annualized change in first-quarter gross domestic product



Source: Macroeconomic Advisers

Some of the apparent weakness in GDP is likely due to quirks in the data caused by factors such as unusual winter weather and a swing in business inventories. Still, the divergence between "hard data"—tangible measures such as car sales—and "soft data," such as confidence and other survey-based measures, is unusual. Research firm Cornerstone Macro calculates that the confidence data would normally imply GDP growth of about 5%.

The bullish case is that newly optimistic consumers and business owners will soon start spending, boosting economic data. This is generally what happens when the economy is coming out of recession, with the hard data following the soft data higher.

But the economy isn't coming out of a recession—the last one ended nearly eight years ago. Instead, the country has experienced a long period of rising employment and disappointing but steady growth. The pent-up demand that exists in the aftermath of a downturn isn't there. And the mere possibility of lower taxes and faster growth hasn't changed the caution that consumers and businesses learned since the financial crisis.

The clock is ticking, says **Bank of the West** economist Scott Anderson. Historically, when the hard data don't pick up within a month or two of the move higher in the soft data, the soft data tend to tumble.

There are signs the souring in the soft data has begun.

Last week, regional manufacturing surveys from the Federal Reserve banks of Philadelphia and New York registered slowing activity. So did U.S. private-sector surveys conducted by Markit.

Barring proof that the White House and Republican-controlled Congress are about to deliver on tax cuts and stimulus, investors would be better off expecting the economy Mr. Trump inherited rather than the one he has promised. *—Justin Lahart*

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LINDSAY HOLMES

When Good Money Habits Turn Against You

The mind-set that works so well as people are building their nest eggs can damage their quality of life in retirement

BY MEIR STATMAN

IMAGINE SPENDING A LIFETIME ACQUIRING HABITS THAT OFFER the promise of a longer, happier and more fulfilling life. Then imagine that to have that fulfilling life, you suddenly must abandon all those habits.

Not easy, is it? But that's what happens when people go from work to retirement, from saving money to spending it. Too often, the same personality traits that facilitate saving for retirement become impediments when it is time to spend that money. The mental tricks we employ while working become mental mistakes when we move into the next phase of our lives.

The result isn't merely a nuisance. It can lead to a much less satisfying retirement—one in which people spend too little money and spend it on the wrong things, as well as take on too much investment risk. It can greatly reduce the happiness of later life, a time when many people have the time and money (and wisdom) to enjoy their lives in a way they never could before.

So, how can we recognize and conquer those old habits when they're no longer working in our favor?

CONSCIENTIOUSNESS IS A DOUBLED-EDGED SWORD

Who doesn't want to be conscientious? Conscientious people are likely to say they don't buy things on impulse, or spend too much money, or buy things they don't really need. Conscientiousness is the personality trait most closely related to academic achievement, job performance, marital stability and longevity. Conscientious people accumulate more wealth than less conscientious people, even after accounting for differences in income, education and cognitive ability.

Dr. Statman is the Glenn Klimek professor of finance at Santa Clara University's Leavey School of Business and the author of "Finance for Normal People: How Investors and Markets Behave." Email: reports@wsj.com.

This all sounds great. And it is—until it collides with retirement. Conscientiousness then threatens to keep people who have enough money to enjoy life from spending that money. As one man wrote in a blog about retirement saving and spending: "I bought in early to the idea of saving for retirement over consumption, perhaps without really thinking much about it. Along the way...I became frugal. Changing now would be traumatic for me."

The lesson here is as difficult as it is obvious: We should beware of crossing the line from frugality to miserliness.

IT'S ALL HOW YOU FRAME IT

The mental tools of framing and accounting help us accumulate savings during our working years. We frame money into distinct mental accounts of "capital" and "income," and follow the rule of "spend income but don't dip into capital." We set automatic transfers from our income mental accounts (wages and salary) to capital mental accounts (401(k)s and the like).

Yet these mental tools can backfire in retirement when it is time to spend. Think of a retired 65-year-old with a $1 million stock portfolio. He needs an annual $40,000 in addition to Social Security benefits to maintain his standard of living. Assume he earns $20,000 a year from a 2% dividend yield on his stocks, and $20,000 a year from a 2% increase in the value of his stocks. He can comfortably spend $40,000 a year during 30 years of life expectancy. But such spending requires crossing the boundary that separates income from capital mental accounts and dropping the rule against dipping into capital.

Many retirees can't cross that boundary. So they spend much less than they can afford to, or they attempt to increase income, which means greater risk. They may buy high-yield bonds—which have a higher default rate—or stocks promising high dividends—which are concentrated in particular industries, especially banking and utilities, raising risk by decreasing diversification.

There are better ways to ensure prudent spending in retirement while allowing investors to maintain the psychological comfort of a wall between capital and income. One is by "managed payout" funds that pay a percentage of their value, such as an annual 4% "income," in installments specified by investors. This "income," in reality, is composed of a combination of dividends and capital.

Another method involves required minimum distributions, or RMDs. These government-mandated withdrawals from defined-contribution retirement accounts start at age 70½. The annual RMD rate at age 70½ is 3.65%, increasing to 5.35% at age 80, 8.77% at age 90, and 15.87% at age 100.

By absolving people of the responsibility for deciding when to cash in their savings, RMDs can serve as prescriptions for spending more than our mental barriers would otherwise allow.

THE PAIN OF REGRET

There's another reason so many retirees find it difficult to draw on capital, however much they can afford to. It's because spending capital—as opposed to income—increases the likelihood that they'll suffer the searing pain of regret.

Compare John, who buys a laptop computer for $1,399 with dividends received today from shares of his stock, with Jane, who buys the same laptop today with $1,399 in proceeds from the sale of shares of the same stock. Now suppose that the share price rises 3% tomorrow. Jane is much more likely to suffer the pain of regret because she chose to sell her shares. For John the company's decision as to when to pay dividends was out of his hands.

Of course, Jane would feel pride if the shares' price fell by 3% tomorrow rather than rose, but the pain of regret that accompanies a 3% loss exceeds the joy of pride that accompanies a 3% gain.

To get around this emotional block, retirees should find alternative ways to tap their capital—ways that won't burden them with the potential pain of bad choices. They could, for instance, set up a strict schedule of investment sales, such as at the end of each month, removing the responsibility for choosing the right times for sales. Or they can use the managed-payout funds mentioned earlier.

YOU'LL DIE SOONER THAN YOU THINK

People don't judge their lifespans very well—a miscalculation that can leave them once again underspending in retirement.

According to data from the Social Security Administration, a man reaching age 65 today can expect to live, on average, until age 84.3. A woman turning age 65 today can expect to live, on average, until age 86.6. About one out of every four 65-year-olds today will live past age 90, and one out of 10 will live past age 95.

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ASK ENCORE | GLENN RUFFENACH

GLOBAL VOLUNTEERS

Global Volunteers tackles hunger, poverty and educational needs.

Where to Find Great Volunteer Vacations

Also: Answering reader questions on IRAs, disability

My husband and I are approaching retirement, and we are interested in volunteer vacations. Any guidance about some of the better or best organizations?

We have been fortunate, through the years, to hear from a number of retirees who enjoy "voluntourism," which is a combination of travel and volunteer work. These vacations run the gamut, from day trips to excursions overseas. Among the recommendations:

Biosphere Expeditions | The focus here is on wildlife conservation. Among the group's current offerings: tracking the wolf population in northern Germany, studying elephants in the hills of Thailand and a diving expedition to Tioman Island Marine Park in Malaysia where divers will study the coral reefs.

Cross-Cultural Solutions | This New Rochelle, N.Y.-based group seeks to improve "health, education and economic opportunities" for women, children and the elderly. You can travel to, and volunteer in, Central and South America, Europe, Asia and Africa.

Earthwatch Institute | With an emphasis on environmental research, Earthwatch describes its volunteers as "citizen scientists." Among the current expeditions: protecting whooping cranes and coastal habitats in Texas, and studying killer whales (and their prey) off the coast of Iceland.

Global Volunteers | A pioneer in volunteer travel. The group tackles "hunger, poverty and educational needs" around the world. Among other activities for participants: provide prenatal education, build and repair community buildings, teach English classes, tutor students in math and science, plant school and household gardens and assist with diabetes screening and eye exams. The organization is based in St. Paul, Minn.

Sierra Club | This venerable environmental group (founded in 1892) sponsors dozens of service trips each year, with more projects offered through local chapters. Among the offerings in 2017: restoring a Civil War battlefield in Virginia's Shenandoah Valley; helping preserve Monhegan Island, off the coast of Maine; building and repairing backcountry trails in Idaho; and exploring the Manta Ray population in the waters of Hawaii.

A final note: Tell us about any volunteer-travel groups that you think we should highlight. Your thoughts may be used in a future column.

* * *

I am currently taking a required distribution annually from my individual retirement account and 401(k). I believe I can make tax-free withdrawals for charitable contributions. Can I also make tax-free withdrawals from my IRA/401(k) plans to pay college expenses for my grandchildren?

Sorry, you can't do this.

You can take a required minimum distribution and invest the money in a 529 college savings account for a grandchild. (A number of states offer residents—including grandparents—a tax deduction or credit for contributions to 529 plans. That is worth checking.) Or you could use an RMD to pay directly for a grandchild's tuition—or you could simply "gift" the money to a grandchild. But in all these cases, you would still have to include the required distribution as income on your tax return.

* * *

I am 55 years old and recently my wife and I relocated for my job. My new mortgage is on a $335,000 home, and we owe $260,000 on a 30-year mortgage at 3.5%. I have $300,000 in a rollover IRA and $100,000 in a Roth. I have $375,000 in other savings. So should I liquidate an account and pay off the mortgage now or when I retire at 62?

If you're determined to pay off your mortgage before retiring (and more about this in a moment) you should do so in the most tax-efficient way possible, says Mark Maisonneuve, a chartered financial analyst in Berkley, Mich. As such, you might want to pursue a third option: chipping away at this liability over, say, the next decade, rather than writing a very large check now or at age 62.

If you were to pay off the loan in one fell swoop, you could end up—depending on which account or accounts you tap for the funds—with a nasty tax bill. At the same time, you could lose your mortgage interest deduction, which could affect your ability to itemize deductions on your tax returns, Mr. Maisonneuve notes. By contrast, annual withdrawals from savings (again, over the course of 10 years or so) would give you better control over your income levels and taxes.

This is an instance where a good tax adviser and/or certified public accountant can be invaluable. You also can run scenarios yourself using tools like TurboTax's TaxCaster Calculator and H&R Block's Tax Calculator.

The larger question, of course, is whether paying off a mortgage before retiring is the right decision. There is no single, correct answer. For instance, you note that your mortgage rate is 3.5%. Some financial advisers would urge you to invest your money rather than pay off debt with a low interest rate.

What we *do* know is that debt levels among older Americans are rising. And that can be tough on nest eggs, as well as your emotional health. Clearly, says Mr. Maisonneuve, there's a "real psychic benefit to moving into retirement mortgage-free."

* * *

I am receiving disability benefits via a private insurance policy. Does that preclude me from getting (and/or does it decrease the size of) disability benefits from Social Security?

Disability payments from private sources, such as private pensions or insurance benefits, don't affect a person's Social Security disability benefits, says Darren Lutz, a public-affairs specialist with the Social Security Administration.

That said, there are payments—such as workers' compensation, or state government retirement benefits based on disability—that might affect one's Social Security benefits. To learn more, visit socialsecurity.gov and search for: disability publications.

Mr. Ruffenach is a former reporter and editor for The Wall Street Journal. His column examines financial issues for those thinking about, planning and living their retirement. Send questions and comments to ***askencore@wsj.com.***

When Good Habits Turn Against You

Continued from the prior page

A study of people's beliefs reveals, however, that while young people underestimate their longevity, older people overestimate it. For instance, 68-year-old men have a 71% chance of living to 78 but believe, on average, that they have an 82% chance of reaching that age. Such overestimation means that people also overestimate how much money they will need in retirement—and underestimate how much they can spend.

I'm not suggesting people spend every penny they have by age 95. But most people have a lot more leeway to spend than they realize, and their misunderstanding of longevity only exacerbates their underspending.

DON'T LEAVE THE BEST FOR LAST

We have a tendency to put off spending for enjoyment, thinking both that it is financially prudent and that delaying will increase our gratification.

That is wrong in both cases. Take a cruise when you are 70 if you wish, but don't delay it. Evidence indicates a pronounced tendency for diminished consumption beyond age 70, even among those with ample financial resources. A household headed by an 80-year-old spends 43% less than a household headed by a 50-year-old. Older people suffer physical limitations that make them less capable of spending money. And for personal reasons, such as the death of a spouse, they are less inclined to spend.

SPENDING ISN'T JUST ABOUT THE PRICE

We often get advice from family and friends to spend more while we can. Spend at fancy restaurants, they say. Go on a cruise. But the better advice is to identify what can bring us joy, even if it departs from what brought us benefits in the past.

A couple I know never flew business class unless upgraded or paid with frequent-flier miles, because tickets cost as much as five times coach fare. That made sense when they were younger and trying to accumulate savings. But they hated traveling coach, especially as they got older. Eventually, they realized they could afford to fly business class for international trips. For them, that extra fare was worth much more than, say, going out 10 times for $100 meals at a pricey restaurant.

In contrast, another couple recently bought a new car. They easily could have afforded a luxury car, but chose an ordinary one and donated the difference to a favorite charity. They saw the purchase of a luxury car as a kind of status-seeking they didn't want. Instead, they derived expressive and emotional benefits from their donation.

Similarly, for many people during their work years, some spending is motivated by social status—"keeping up with the Joneses." When we're saving for retirement, such comparisons make sense, because it pushes us to strive to get ahead.

But that kind of comparison hangs on way too long into our retirement years. It only makes us spend too much, and on things that don't give us true happiness. At this point, we shouldn't be striving to make more, to achieve status. We should be striving to get the most joy out of what we already have accumulated.

IT IS BETTER TO GIVE WITH A WARM HAND THAN WITH A COLD ONE

Many people believe that the time to bequeath the majority of their estate is when they die. Part of it is out of fear of running out of money (often irrationally). Part of it is simply habit. But waiting deprives them of the joy of giving.

A father asked me for advice whether to forgive a substantial loan he and his wife made to their son for law-school tuition. He is at the beginning of his career and at the beginning of forming a family. They could easily forgive that loan without imposing hardship on themselves. It is money that would be going to their son in any event.

Why, I asked, would they insist on having him pay it back now, when he probably needs it the most, and they could enjoy the act of giving it the most?

DON'T TRY TO BEAT THE MARKET

A lot of people look ahead to retirement and think: I'll have so much free time, I'll finally be able to manage my investment portfolio and not pay somebody to do it.

Resist that temptation. For one thing, trading by amateur investors is akin to baking by amateur bakers: You'll never bake a good loaf, because you'll be opening the oven door every few minutes.

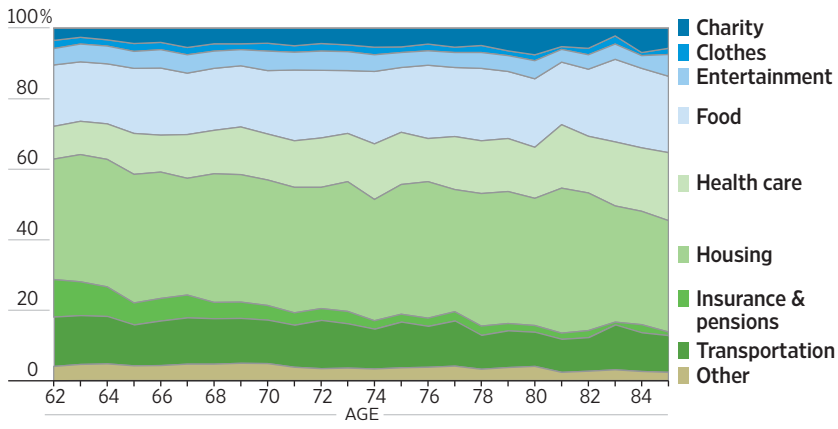
What's more, investors are notoriously bad at evaluating the risk they are taking with their portfolios. That's because they are still thinking the way they did when they were in the workforce. They don't realize that the wealth of young people is mostly in "human capital"—the income they are likely to earn during their working years. Younger people can take more risk with their retirement savings because human capital will cushion their fall.

The wealth of retired people, however, is mostly in retirement savings. They can't afford much risk, because they have no human capital to fall back on. Placing part of their retirement savings into a well-diversified portfolio of broad-based mutual funds is prudent because such a portfolio isn't likely to lose all its value. But placing all retirement savings into a venture, such as a retail store or new franchise, is less than prudent because all its value can be lost.

As an old commercial advised, you don't have time to earn it anymore. Buy an occasional lottery ticket instead.

How Spending in Retirement Changes Over Time

The relative amount spent on insurance and pensions, which includes premiums and contributions, declines, while the relative amount spent on health care increases.



Source: Morningstar; Bureau of Labor Statistics

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SECOND ACTS

ACTING WAS HER PASSION. AND IS AGAIN.

SUZANNE M. BRACKEN

Judi Schindler

Age: 75
Hometown: Chicago
Primary career: Started her own public relations firm
Current path: Professional actress
Why this path: "It was the road not taken."

BY JULIE HALPERT

Judi Schindler vividly recalls her first big moment on the stage, playing the lead role in "Pinocchio" when she was 12 years old.

"The hardest part was in the carnival scene," she says. "I had to transform myself into a donkey while hiding behind a piece of scenery."

Now she is again on the stage as an actress in Chicago. There was a detour of roughly five decades, three spent running her own public-relations firm, before she returned to her original love.

But it's almost better it turned out this way, she says. "In my 20s, I would have been in competition with hundreds, maybe thousands, of young women who come to Chicago seeking careers in theater," she says. Now, "there are maybe a couple dozen old ladies."

Ms. Schindler's detour began in college, when she decided not to major in theater, despite attending acting school as a child. She chose a career in public relations, she says, because of her writing and communication skills. She got her first job in 1965, and in 1978 she started her own firm.

Her company was successful. But as time wore on, she grew less enamored of the administrative aspects. She also came to see the public-relations business as more of a "young person's game," she says, especially with the advent of social media.

So, in 2006, she sold her business to a competitor. She stayed on for a few years. But after a while, no longer being the owner left "a void," she says, which she tried to fill by returning to acting.

She knew it wouldn't be easy. She took acting lessons again while still working full time, and got parts in a few shows for which she rehearsed at night.

"Memorizing at my age is a flat-out bitch," Ms. Schindler says. "It takes me three or four times longer to memorize a passage than someone in their 30s."

There are physical challenges, too. "A lot of times when you're in a show, they like to start out with theater games," she says. "Sometimes they get on their hands and knees. If I get on my hands and knees, I tell them that somebody has to help me back up. And they do."

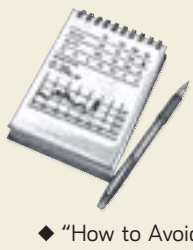
She cut back her hours at the firm after two years and hired an agent. Then job offers for television commercials and voice-overs started to come. In her first TV ad, for a local hospital, she played a woman persuading her husband to get a knee replacement. After that, she continued to act in plays and got parts in independent films.

This month, she begins a run in a piece of original theater, "Circle House," in Chicago's historic Berger Park North Mansion. The audience will move through the house, interacting with the cast, to see the story unfold.

"I am proud of myself," she says.

"There is no show that I've been in or class that I've taken that anyone was as old as me," she says. But "as long as you can memorize lines, you can still do this. It probably helps my mind. The more you use it, the better."

Second Acts looks at the varied paths people are taking in their 50s and beyond. The profiles are by **Julie Halpert,** a writer in Michigan. You can reach her, and let us know how you're starting over, at **reports@wsj.com**.



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FINANCING YOUR FUTURE

As Rates Rise, It's Time To Tweak the Portfolio

Among the suggestions from investing professionals: Go stodgy but steady with stocks, and look outside the U.S.

BY MICHAEL POLLOCK

MANY OLDER INVESTORS longing for the days when they could earn reasonable returns from relatively safe certificates of deposit and money-market funds have cheered what appears to be the beginning of a more rapid rise in interest rates.

But for those in that group who are trying to carefully manage retirement portfolios, the situation could end up being a double-edged sword.

Rising rates could reduce appetites for already overvalued stocks well before returns on CDs and money-market funds reset to levels that would allow today's retirement savers, like those of generations before them, to use such investments as the sturdy legs of their portfolios. These days, stocks have taken on the role of workhorse in many retirement accounts, meaning some retirees could get pinched if the rewards they receive for risking capital in equities get smaller.

As a result, many financial professionals believe today's retirement savers need to continue to invest in stocks to preserve capital and generate enough growth to stay ahead of inflation—but with some fine-tuning.

Here are a few of their ideas, along with a few caveats, for navigating this shifting investment landscape.

1. Don't swing for the fences

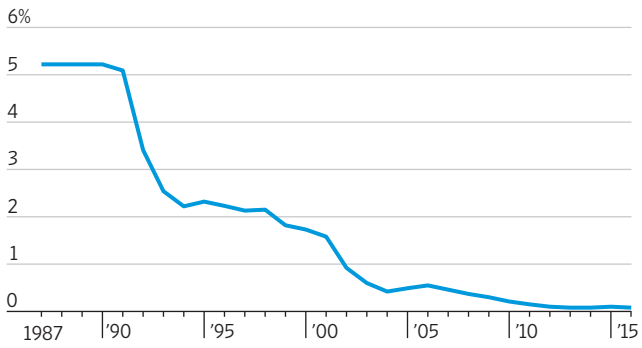
After lifting rates twice since last fall, the Federal Reserve is expected to boost its rate target five or six more times through next year. Juggernaut stocks, or those that investors have bid up to expensive valuations because of their perceived high growth potential, could take a big hit if higher rates trigger a market pullback. Instead, investors should consider stodgy but steady stocks such as **Procter & Gamble** Co. or **Johnson & Johnson**, which tend to hold up better when the market heads lower, says Scott Clemons, chief investment strategist at Brown Brothers Harriman.

"Investors who want to preserve and grow capital patiently don't need to hit home runs," says Mr. Clemons.

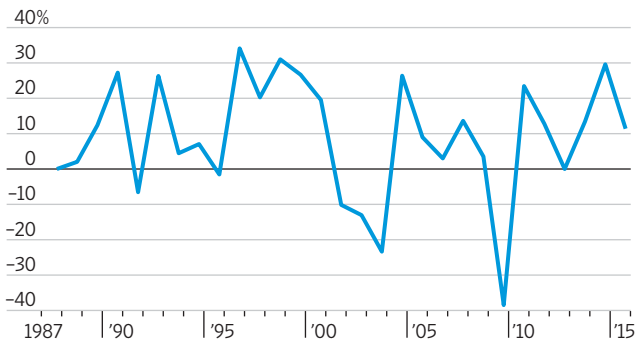
Companies with strong cash flows that consistently boost dividends offer a buffer against rising rates, says Dennis Notchick, an adviser at Safeguard Investment Advisory Group, San Diego. Mr. Notchick uses the **Vanguard Dividend Appreciation** ETF (VIG), which he says has held up well in broad market downdrafts. Another ETF that follows a similar approach is the **iShares Core Dividend Growth** ETF (DGRO).

Squeezed for Returns

Average interest for U.S. savings accounts has all but vanished...



...but returns on equities, as seen in the S&P 500, can be choppy.



Sources: Bankrate.com; Dow Jones Market Data Group

THE WALL STREET JOURNAL.

MATTHEW HOLLISTER

2. Stay really diversified

As market sentiment shifts, there's always a risk that investors could find themselves holding stocks that have fallen out of favor. Avoid making major bets on one sector or asset class, says Michael Macke, president of Jacksonville, Fla.-based Petros Advisory Services. A very broad portfolio "should give you the highest odds of growing and protecting your wealth in retirement," he says.

One way to get diversified exposure is through a fund such as **Vanguard Total Stock Market index** (VTSMX), which holds nearly 3,600 securities of varying market capitalization. The **iShares Core S&P Total US Stock Market** ETF (ITOT) and **Schwab U.S. Broad Market** ETF (SCHB) offer broad U.S. equity exposure and charge very low fees.

3. Beware rate-sensitive stocks

As some investors have sought lower volatility and better income, they've flocked to high-yielding stocks such as utilities. If bond yields continue to rise, those stocks might be hit by selling as investors switch to relatively safer fixed-income investments paying comparable yields, says Doug Ramsey, chief investment officer at Leuthold Group.

But as long as the economy continues to grow, investors could see reasonable returns from funds or ETFs that focus on consumer discretionary, energy and information technology, sectors that historically have performed well despite rising rates, says Todd Rosenbluth, director of ETF and Mutual Fund Research at CFRA, New York.

Mr. Rosenbluth suggests **Fidelity Dividend** ETF for Rising Rates (FDRR), which owns **Apple** Inc. and J&J, or **PowerShares S&P 500 Ex-rate Sensitive Low Volatility** (XRLV), which holds J&J and **3M** Co. among larger positions.

4. Find growth outside the U.S.

Because valuations are lower overseas, some professionals believe foreign markets offer better growth prospects than U.S. stocks. **Research Affiliates** sees emerging markets appreciating 9% a year in the coming decade, in part because of cheaper valuations, says Chris Brightman, chief investment officer at the firm.

Mr. Macke of Petros says that he is putting about half of the non-U. S. portion of portfolios he oversees into developed markets such as Europe and half into emerging-markets. He uses **Vanguard Developed Markets Index Fund** (VDVIX), a multi-cap fund that is available also as an ETF, and **Vanguard Emerging Markets Stock Index** Fund (VEIEX), another with an ETF counterpart.

"The opportunities I see come more from global markets," says Mr. Macke.

5. Watch investing costs—they may matter even more

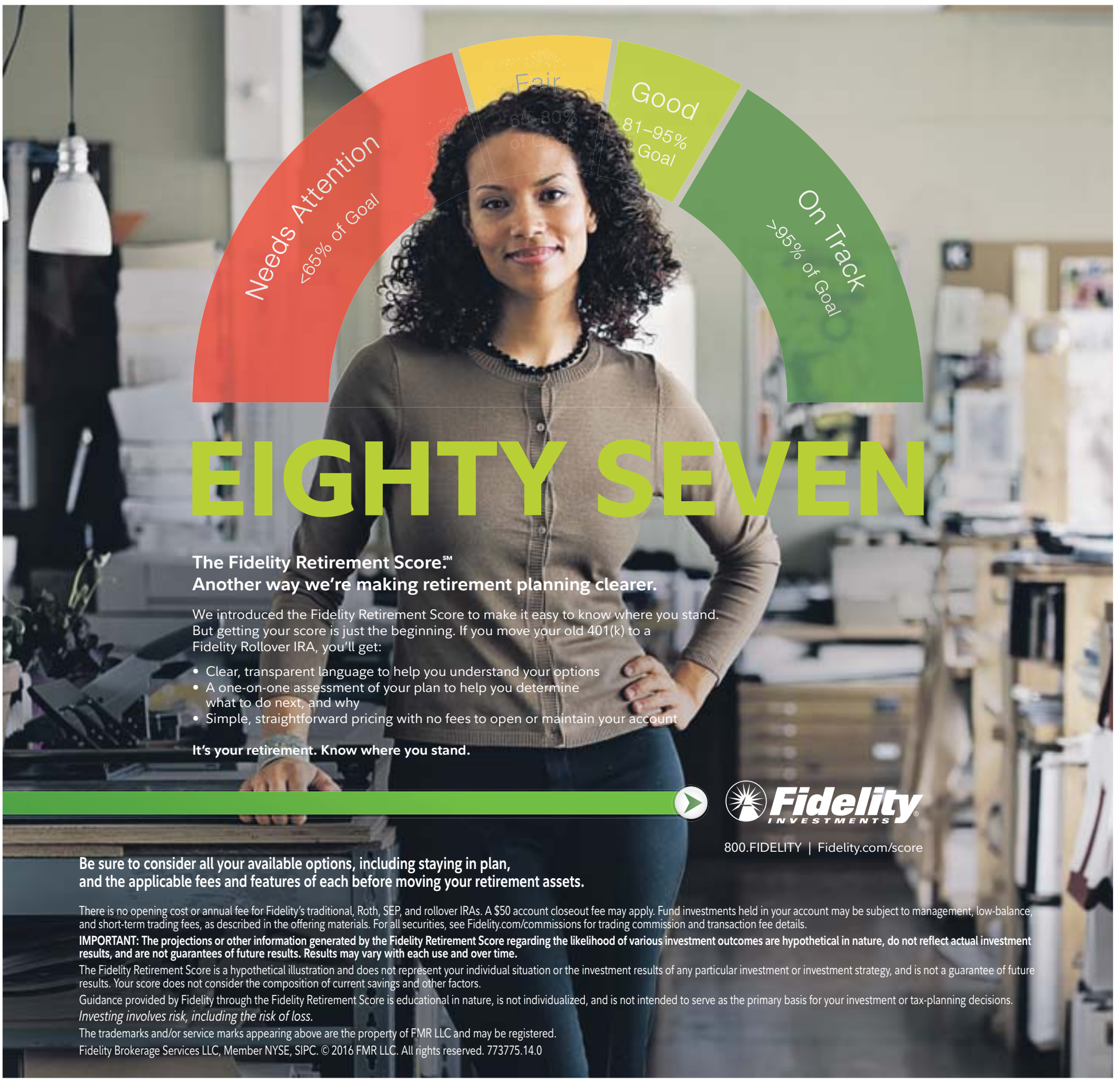
The benefits of owning a lower-fee fund or ETF may be obvious: The less a fund charges to cover expenses, the more of its returns are left over for fundholders.

Research suggests that active funds with lower fees also are better performers than those with higher fees, says Russel Kinnel, director of manager research at Morningstar Inc.

One reason might be that the best-managed funds tend to attract more investor money, and economies of scale make it possible for those funds to reduce fees.

"Fees always matter," Mr. Kinnel says. But if investors are careful about fees and market returns turn out to be lower, "then there's a lower margin for error in hitting your goals."

Mr. Pollock is a writer in Ridgewood, N.J. Email him at reports@wsj.com.



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FINANCING YOUR FUTURE

Is There Really a Retirement-Savings Crisis?

We talk to two experts who have looked at the same data and reached very different conclusions

BY ANNE TERGESEN

THE POPULATION IS AGING, Social Security's trust funds are expected to be depleted in 2034, and the median household headed by someone age 55 to 64 has little more than $100,000 in retirement savings.

But are large numbers of Americans facing a retirement crisis? Will they suffer a substantial drop in their standard of living in later life?

Experts, it turns out, are sharply divided on the answer to this key question.

"It really depends on what indicators you think are most important," says Shai Akabas, director of fiscal policy for the Bipartisan Policy Center.

When the Washington, D.C.-based center convened 19 experts to recommend ways to improve the nation's retirement security, the group ultimately agreed to disagree on the crisis question.

To shed light on the topic, The Wall Street Journal invited two prominent economists to share their thoughts, and differences, in an exchange of emails. Alicia Munnell, director of Boston College's Center for Retirement Research, argues that the outlook is alarming. Andrew Biggs, resident scholar at the nonprofit American Enterprise Institute, contends that most Americans are doing just fine.

The two of them, friends and past collaborators, "have read the same literature and looked at the same data" but have come to very different conclusions, observes Ms.. Munnell. Here's an edited transcript of their conversation.

Do we or don't we?

WSJ: *Do we face a retirement crisis?*

MS. MUNNELL: Yes. Our National Retirement Risk Index [the NRRI], based on data from the U.S. Federal Reserve's Survey of Consumer Finances, shows that about half of today's working-age households won't be able to maintain their preretirement standard of living in retirement. The reason is simple: We need more income because we are living longer and continue to retire relatively early. But we will get less from traditional sources. And interest rates, which determine how much income we can draw from our nest eggs, have fallen to historic lows.

In addition, traditional pensions are rapidly disappearing. While 401(k) plans could be an effective replacement if employers automatically enroll employees at high savings rates, today these plans are clearly falling short. For households nearing retirement that have 401(k)s but not necessarily IRAs, the typical total balance in their retirement savings is only $111,000.

Even worse, only about half of private-sector workers participate in any kind of employer plan at their current job. This coverage gap is a serious problem, because—outside of workplace plans—Americans save virtually nothing.

WSJ: *Andrew, what's your take?*

MR. BIGGS: A "retirement crisis" is when inadequate savings cause large numbers of households to face a substantial drop in their standard of living in retirement. That is not going to happen.

Yes, some studies show most Americans falling short. But others show fewer Americans falling short, and smaller shortfalls.

Seniors have the lowest poverty rates in the population. Three-quarters of retirees tell Gallup they have enough to live comfortably. There is no evidence that retirees are cutting discretionary spending like entertainment or charitable contributions.

In addition, more working-age Americans are saving for retirement than in the past.

Federal Reserve data show that from 1981 to 2016, the total balances of 401(k)s, traditional pensions, IRAs and other retirement plans rose to 153% of GDP from 58%. Yes, some Americans are undersaving. But a crisis? If we didn't have one in 1981, when savings were one-third the current level, we don't have one today.

WSJ: *Alicia, are a significant number of people likely to fall substantially short?*

MS. MUNNELL: Yes. To be considered "at risk," households in the NRRI must fall at least 10% short of their target. And many fall much further short.

Different assumptions

WSJ: *Why do economists come to different conclusions?*

MS. MUNNELL: The answer lies in two key assumptions. First, the NRRI assumes that people buy an annuity when they retire, so that they can spend a steady amount each year—less on vacations, more on health care. But economists who believe we do not face as big of a crisis generally assume that retirees plan to gradually spend less as they age. Their models also assume that parents do not spend more on themselves when their children leave the nest. Instead, they simply save the extra.

When we incorporate those assumptions in the NRRI, we get the same answer: No retirement problem. Which assumptions are right?

We have done two studies that conclude that parents do not save more when the children leave. Instead, they splurge a bit on themselves. And while it is true that spending declines as people age, this pattern may simply track declining income rather than an actual preference. We think our assumptions more accurately reflect households' behavior and preferences.

MR. BIGGS: It is well-known that retirees' spending declines as they age. On average, a college-educated married couple spends about 30% less at age 85 than at 65. Most retirees aren't even spending their full incomes.

Why? As retirees gradually slow down, they seem to derive less enjoyment from big-ticket items like vacations or new cars. By itself, this could reduce retirement-saving needs by 10% to 25%.

The second question concerns children. Parents spend about $17,000 a year raising just one child, leaving them less to spend on themselves. But this lower preretirement standard of living means that parents don't need to save as much to maintain that standard of living in retirement.

Studies that take these patterns into account find that about three-quarters of Americans are saving enough. Just as important, households who are undersaving aren't falling short by much. I guesstimate that about a 10% shortfall is typical. That turns the "retirement crisis" into a much more manageable problem.

WSJ: *What segments of the population are most at risk of having inadequate retirement income?*

MS. MUNNELL: Clearly, middle- and lower-income households are most at risk. Take the impact of Social Security's progressive benefit formula on the lower-paid. Social Security replaces 40% of preretirement income for the average earner retiring at age 66. But for low earners the benchmark replacement rate is 55%. Still, because many low earners retire at 62, when they first become eligible to claim benefits, they see their benefits reduced to 44% and because few have a 401(k), their income drops substantially in retirement.

Now consider the average earner. While they have a 40% replacement rate, many also tend to claim a reduced early benefit. In 2013—the latest year for which complete data are available—middle-income households had a mere $100,000 in 401(k)s and IRAs—a sum that generates less than $400 a month. As a result, more than half of middle-income households could fall short.

MR. BIGGS: New research from economists at the Investment Company Institute and the IRS shows that the median retiree age 66 to 72 had an income equal to 96% of their after-tax income just before retirement. Typical replacement rates for the poor are even higher.

But medians don't mean everyone has saved enough. One-quarter of retirees in the IRS data had a replacement rate below 72%; one-tenth were below 50%. Many of those under-savers are in the top two income quintiles and shouldn't be government's top priority.

But government should help the rest. For example, while researchers at the Rand Corp. find that 90% of college-educated married couples are well-prepared for retirement, only 29% of single women without a high-school diploma are well-prepared for retirement. This group is too poor to save much in 401(k)s, and many even lack the work history to qualify for Social Security benefits.

What do we do?

WSJ: *What are your policy recommendations?*

MR. BIGGS: Social Security reform needs to better protect the poor while gradually reducing benefits for middle- and upper-income households.

My solution is a universal, flat-dollar Social Security benefit set at the poverty line, like the system in New Zealand. The poorest third of retirees would receive a benefit increase, and poverty in old age would virtually disappear. On top of that, each worker would be automatically enrolled in a 401(k)-type plan. It is cheap, simple and would practically eliminate poverty in old age.

To help workers save more, Congress should make it cheaper and easier for small businesses to offer 401(k)s. Plus, federal law should require all employers offering 401(k)s to automatically enroll employees, who can always opt out.

MS. MUNNELL: Policy makers should encourage nearly everyone to save more and those who can work longer to do so.

Individuals should be made aware that 70 is the age at which they receive maximum Social Security benefits, and that retiring earlier significantly reduces monthly benefits.

Since most people only save successfully through organized savings mechanisms, we should:

◆ Fix Social Security (preferably by maintaining benefit levels and increasing revenues and not turning it into a poverty program).

◆ Make the 401(k) system work better (by requiring that all employers adopt automatic enrollment and auto escalation, making it easier to move savings from one employer plan to another, and limiting preretirement withdrawals).

◆ Cover workers who lack access to a retirement plan.

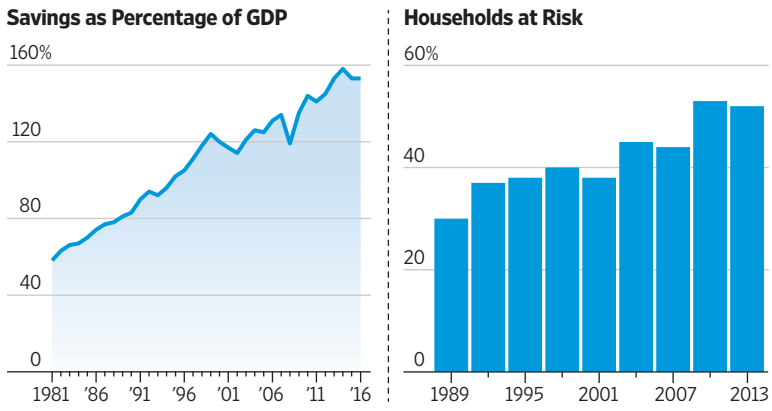
◆ Help retirees recognize that they can use their home equity.

We do not need to redesign our programs. We need to make sure that what we have is well-funded and works better.

Ms. Tergesen is reporter for The Wall Street Journal in New York. You can email her at: anne.tergesen@wsj.com.

Conflicting Signals

Household retirement savings* in the U.S. have been rising as a percentage of GDP. But the National Retirement Risk Index, which shows the percentage of working-age households at risk of failing to maintain their standard of living in retirement, has risen in recent years as well..



*Includes employer retirement accounts such as 401(k)s and 403(b)s; individual retirement accounts; benefits accrued under traditional pensions and household savings

Sources: Federal Reserve Board; Center for Retirement Research at Boston College.

THE WALL STREET JOURNAL.

Startups ROB 401(k)s

Controversial tactic helps entrepreneurs launch firms

BY ROBERT POWELL

TOM AND STACY Lee wanted to start a small health-care franchise in Vermont. But much of their money was tied up in retirement accounts—some $300,000 in funds they couldn't withdraw without owing taxes on the withdrawals and a 10% penalty on early withdrawals.

The same was true for Lisa Bresko-Cordova and her husband, who dreamed of starting a bed-and-breakfast in Colorado.

Enter the "rollover as business startup plan," or ROBS, a little-known and somewhat controversial way to cover business startup costs. In essence, a ROBS is a way for retirement-account owners to "access accumulated tax-deferred retirement funds without paying applicable distribution taxes," as the IRS wrote in 2008. With a ROBS, would-be entrepreneurs fund their respective businesses by forming C corporations and adopting simple 401(k) plans typically set up by a third-party administrator that specializes in ROBS. The aspiring entrepreneurs then roll the money in their retirement accounts into a new 401(k) plan, and that 401(k) plan then purchases stock in the new corporation.

Lynn Dunston, a registered investment adviser in Denver, and the financial adviser for Ms. Bresko-Cordova and her husband, says he sees much to like about using a ROBS. It provides immediate and low-cost access to capital, which "can be a challenge," he says. In addition, a ROBS isn't a loan that has to be paid back to the 401(k) with interest.

As the business grows, Mr. Dunston says, the C corporation shares held in the 401(k) appreciate in a tax-deferred manner. Plus, once the ROBS user becomes an employee of the business, he or she can receive a salary and contribute to the 401(k) as a plan participant.

The Lees got the money they needed to start a Home Care Assistance franchise within a few weeks using a ROBS, according to their financial adviser, Vincent Barbera, managing partner with Newbridge Wealth Management, a registered investment adviser in Berwyn, Pa.

"We used our own pretax dollars and needed to take on no debt to launch the business," Mr. Lee says. "Dividends from taxable profits can then be paid to our retirement account, which owns the stock in our C corporation. Essentially we are betting that our startup will outperform that same money sitting in mutual funds somewhere, and we get to work in a business which could also pay nice salaries to ourselves."

ROBS have plenty of critics. Typically, financial advisers don't urge clients to use money earmarked for retirement to fund what could be a risky, money-losing venture.

Craig Adamson, a financial adviser with TrueWealth Stewardship, an investment advisory firm in Marion, Iowa, says he would never allow a client to use a ROBS. "Retirement accounts should be for retirement," Mr. Adamson says.

Another caveat: "They are heavily scrutinized by the IRS," says Matthew Curfman, president and co-owner of Richmond Brothers, a registered investment adviser in Jackson, Mich.

Setting up a ROBS can be expensive, too. Those who endorse the strategy recommend hiring experts both to oversee the process and to administer the new 401(k) after it is created—preferably a plan administrator that isn't sales-oriented and that is well-versed in ROBS.

Mr. Powell is the editor of Retirement Weekly, a service of MarketWatch.com. Email him at reports@wsj.com.

SECOND ACTS

A BANKER FINDS HAPPINESS AS A CLOWN

RAY GONZALEZ

Aurora Krause

Age: 63

Hometown: San Antonio

Primary career: Bank executive

Current path: Clown

Why this path: "It made a difference in the lives of people who were ill, lonely or going through emotional stress. They looked forward to my visits."

In 2009, after 34 years working at the same bank, Aurora Krause hung up her business suit to devote herself to the occupation she had long pursued on the side: being a clown.

It all started in 1995, she says, when she dressed up as a Sesame Street character while volunteering in a community-investment project in which her employer, Broadway National Bank in San Antonio, was involved.

"I realized I enjoyed being in costume and having fun with the children," says Ms. Krause, now 63, who got her start in banking as a part-time teller and retired as senior vice president.

She continued to appear as Big Bird at school festivals and raised money for computers and books through the bank's community work, which included her volunteering in a mentorship program at inner-city schools. Renting those costumes was expensive, though, so, Ms. Krause quickly decided to create her own character, the one she still uses today: BeBop.

Ms. Krause first performed as BeBop in 1995 at a community health fair. That "just fueled my passion," she says. She started performing free at hospitals and nursing homes in the San Antonio area in her spare time, while continuing to work at the bank.

"It made a difference in the lives of people who were ill, lonely or going through emotional stress," she says. One experience that affected her greatly, she says, was performing in the hospital room of a 5-year-old cancer patient. As Ms. Krause tells it, "When I walked into the room, she said, 'Oh, Mommy, look, a party!' " The girl had never attended birthday parties because of her weak immune system, but she associated clowns with them, Ms. Krause says.

In 2006, Ms. Krause started to feel the tug to leave the corporate world behind, she says. She reorganized her work schedule at the bank to be able to devote one full day a week to clowning.

"I knew if I could work a 10-hour day with only smiles and laughter in return, I had found my mission," she says.

So, in 2009, with years of profit-sharing and ample savings to help her, she retired from the bank to devote herself full time to clowning.

Through other clowns, Ms. Krause learned about the World Clown Association, a global professional organization for the performers. She joined, got more involved and eventually was asked to help make improvements in the administrative skills of the organization.

She served as president of the association in 2010-11, and more recently as education director for a two-year term that ended in March at the global convention in Bangkok.

Ms. Krause says she earns some money performing for parties and private events, as a clowning instructor in workshops and as a lecturer at clown conventions and educational programs. Her biggest source of income, she says, is from her teaching. Much of that money goes back into her costumes: Clown shoes alone can run $300 to $500 a pair.

But the former banker says she gets the most gratification from performing at nursing homes, homeless shelters and charities. And she has no plans to stop clowning soon.

Says Ms. Krause, "This is where my new purpose lives."

—Julie Halpert

DESTINATIONS

Love at First Sight: How We Ended Up Retiring in Italy

DON LINDLEY (2)

The bureaucracy is maddening, as are the four-hour lunch breaks. But for kindness, beauty, food and price—it can't be beat.

BY PAMELA HASTEROK

TEN CITIES IN 37 days, that was the plan.

My husband, Don, retired from the newspaper business, and we lost no time pursuing a move to Italy, our favorite European destination. We headed for the region of Puglia, in the southeast, and Sicily—the only places with enough sun and sea for our tastes—to find the perfect place to live.

On the way from the whitewashed hill town of Ostuni to the chic, seaside city of Trani, we stopped for lunch in Monopoli, on the Adriatic. Suddenly there were 11 cities on our list.

Despite the luminous Baroque architecture of Lecce, the sumptuous Venetian influence in Siracusa, the beachy, laid-back beauty of Trapani, we couldn't get that simple lunch in Monopoli out of our minds. We parked in the large main square and watched men play cards under the oaks. Then we strolled through the evocative medieval old town to the working port, where we, two career journalists and ardent travelers, took our first-ever selfie.

We noticed how residents greeted each other with the double-cheek kiss and took their leave with an embrace. We were charmed by the colorful fishing boats and the cafe life in the adjacent piazza. And we loved the sense of pride and contentment locals took in their town. A waiter told us with some pique that Monopoli was certainly not a suburb of nearby Bari, Puglia's largest city.

You can guess the rest. Back in the U.S., we stored nearly everything we own and crossed the Atlantic for good, with seven suitcases, two Siamese cats and one helpful nephew. We moved into the medieval center of Monopoli and rented an apartment in a 15th-century building with arched stone ceilings and modern art. We stand on our balcony and watch waves of people beneath our feet as they make their way to the imposing Spanish castle nearby.

Monopoli, an Adriatic port, casts its spell on those who visit.

Don and I adapted to retirement and the Italian lifestyle with enthusiasm. OK, except for breakfast. Italians have little more than an espresso and a cornetto (think croissant, but not as buttery). I need more and usually prepare eggs, French toast or oatmeal before we head to the gym or out for an energetic walk.

We run errands before the 1 to 5 p.m. lunch break, which brings the town to a standstill as everyone adjourns home or to a trattoria. We enjoyed this custom as tourists—who doesn't love a long lunch with wine and a nap?—but find it constricting as residents. So we fill what we call the "hours of death" with language lessons, calls to the U.S. to take care of personal business, and yes, an occasional glass of wine followed by a snooze.

Monopoli springs back to life in the evening. We like to join the ritual evening stroll that finds everyone from grandfathers and babies to teenagers and businesspeople coursing through the main piazza and funneling into the old town. We might stop for a glass of wine or meet our Italian friends for pizza and beer.

We walk everywhere and we prefer it, except in bad weather. We notice more, like when the carousel rides in the square changed from fanciful unicorns to burly trucks, or the lines forming outside the seafood shop when sea urchins, a local delicacy, come in.

The food is marvelous, from freshly caught fish to just-picked fennel, but shopping is reminiscent of an earlier era in the States. We stop at the butcher for rotisserie chicken, the bakery for bread, a produce vendor for fruit and vegetables, the deli for salami and the seafood store for clams.

We enjoy the measured pace that Monopoli offers, walking along the Adriatic, attending local festivals, watching the fishing boats unload, and always having dinner together.

Friends smooth the way

But if there has been one constant frustration, it is the insanely maddening bureaucracy. We frequently vacationed in Italy, so we had an inkling what we were in for.

But we couldn't have known the authorities would require us both to fill out a 16-page form, in Italian, to apply for the permit necessary for a long-term stay. We couldn't have known we would be turned away at first because our U.S. financial documents were not in Italian, nor that the Italian government wouldn't approve our stay until the very day our visa expired, giving us just six weeks before we had to reapply to stay another year.

But a funny thing happened on the way to the Bari immigration office. Our lovely landlord spent hours helping us fill out the form. Her husband drove us to Bari and cajoled officials to see us promptly. (The crowd outside was daunting, much less the line inside.) This year, authorities required yet another form, and Maria, our magician of an Italian tutor, and her fiancé whisked us off to the proper office and sweet-talked the clerk into speeding our renewal.

Happily settling in

To live in Puglia is to live out of time. The traditions of an ancient society remain, from families staying in place to fishing boats pulling into the harbor each evening. Life is built on personal relationships. Shopkeepers greet you by name. The same priest who confirms a child will likely preside at her wedding.

And it all comes at a reasonable price. A two-bedroom apartment rents for about $650 to $1,300 a month, while home prices begin at about $165,000 for a two-bedroom, two-bathroom home of about 1,200 square feet in town. Good public health care is mostly free if you're a legal resident. Private doctors are more expensive but also more available and still reasonable by U.S. standards.

If we've had a disappointment, it's our inability to grasp the language, even with twice-weekly lessons. We find that most Monopolitani are reluctant to speak English, despite years of it in school. So Don and I struggle along, giving it our best shot and keeping Google translator at hand.

Yet, Puglia casts her spell. When we first arrived, we joked that Don would end up joining the old guys in the square for daily cards and I would linger with the ladies near the children's rides. Now, that seems a pleasant fate.

Email Ms. Hasterok at reports@wsj.com.

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THE GOOD LIFE

Resilient Reading

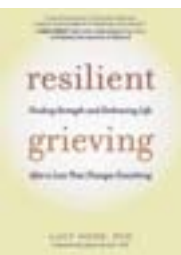
Recommended new books about grief

BY DIANE COLE

JOSÉE BISAILLON

LIVING ENTAILS EXPERIENCING the pain of loss, illness or other setbacks, both our own and of those we care about. But continuing to live also means finding ways to go on. Several new books on grief and resilience present a broad range of stories, strategies and perspectives on coping, enduring and going forward.

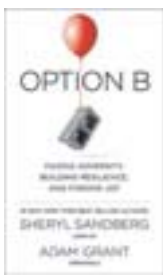
Resilient Grieving
By Lucy Hone
The Experiment Publishing



There is no "correct" way to mourn, Lucy Hone writes in her hybrid self-help guide and memoir. Ms. Hone, who lost her 12-year-old daughter, Abi, in a car crash, is a New Zealand-based psychologist. Her metaphor for life after loss is both powerful and apt: Think of it as a scattered jigsaw puzzle, where the pieces of one's former life have been scattered and now must be reconfigured in a new way.

To help readers begin that task, Ms. Hone not only tells her own story, she provides exercises and checklists to encourage qualities that research suggests can help people adapt to change. These include aspiring to a less rigid, more flexible thinking style (go ahead and laugh if you remember funny stories that help connect you to what you loved about the person you lost), and trying for a perspective that will acknowledge the sadness of the present while holding on to a sense of possibility for the future. Ms. Hone concludes that, as hard as getting though each day can be, our experience, over time, can bring about greater compassion and deeper appreciation of life's preciousness, and lead us to re-evaluate our purpose or priorities.

Option B: Facing Adversity, Building Resilience and Finding Joy
By Sheryl Sandberg and Adam Grant
Knopf

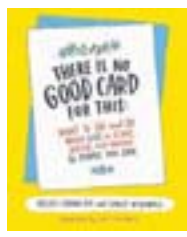


Being among the most powerful women in the world didn't spare Facebook chief operating officer and best-selling author Sheryl Sandberg from the sudden death of her husband, not quite two years ago. "Option B," co-written by psychologist Adam Grant, is at its best when pinpointing specific tips for coping with overwhelming grief. Ms. Sandberg writes how she created new rituals, such as taking a moment at dinner each evening to express gratitude for something positive that day, and declaring "small wins" (such as being able to work, or enjoying a movie or the company of friends). Day by day, the book says, these small victories can become the building blocks to a return to emotional equanimity. Ms. Sandberg writes that keeping a journal allowed her to articulate, reframe and begin to understand the most troubling and negative emotions that she battled. Having friends and family members record their memories of the deceased, creating a personalized oral history, also can provide a lasting legacy, she says. For all of its helpful advice, the book is a whirlwind journey that at times tries to do too much—zigzagging from Ms. Sandberg's personal story to those of others, recapping psychological research, offering career advice and commenting on current affairs. It can be hard to take in all at once.

Guesswork: A Reckoning With Loss
By Martha Cooley
Catapult Publishing

For a contrasting calm, Martha Cooley has produced a precisely rendered memoir. Prof. Cooley interweaves lyrical meditations on the distinctive beauty of a tiny Italian village, where she and her husband spend a sabbatical, with introspective musings triggered by the failing health of her elderly parents. Through evocative imagery and invocations of the poetry of Eliot, Dickinson and Whitman, she reminds us that art can bring solace and clarity to the greatest pain. A professor of English at Adelphi University in New York, she discovers a new appreciation of nature's ongoing cycles of life, decay and rebirth amid the streams and fields of Italy, and shares her observations about the habitats of birds, bees and stray cats galore. The once grand but now picturesquely shabby Medieval castle at the center of her town teaches her a deeper respect for the passage of time and history. By the end of the couple's stay, Prof. Cooley has learned to live more comfortably with the memories of lost friends whose presence she still feels, and has incorporated the knowledge that her parents' voices will similarly continue to resonate within her.

There Is No Good Card for This: What To Say and Do When Life Is Scary, Awful, and Unfair to People You Love
By Kelsey Crowe, Ph.D., and Emily McDowell
Harper One



Psychologist Kelsey Crowe and illustrator Emily McDowell, the creator of a line of empathy cards, offer insights into those awkward times when friends and family freeze, not knowing what to say or how to help in times of loss. It isn't necessarily because they are cold or uncaring, Dr. Crowe says. Often, they are afraid of intruding, of saying the wrong thing, of opening the door to being asked to do more than their already busy schedule allows, of being reminded of their own vulnerability. With a light touch, clever illustrations and colorful typefaces, this book presents a detailed course in the etiquette of compassion. There is no scolding. There are only solutions.

Simply asking how things are going is often a good start, the authors say. Chapters walk readers through lessons in listening with empathy and list ways to offer support without imposing yourself. The book can become repetitious, but there's no missing its bottom line: Whether it's in person or by other means, show up.

On Living
By Kerry Egan
Riverhead

This isn't a self-help book, but in its own way it inspires and instructs. Ms. Egan, a hospice chaplain, has a down-to-earth, never-preachy style. She writes about suffering, kindness and finding meaning as she intertwines the heartfelt stories she hears in her hospice work with her own struggles recovering from a prolonged psychotic disorder caused by the ketamine administered to her during a C-section. The best antidote to suffering is the kindness of another human being, she writes. And one such kindness is to listen with empathy and attention as people relate the stories that gave their lives meaning, or struggle to reframe the regrets and pain that continue to unsettle them.

Most interesting, although she is a chaplain, few of her conversations end up being about religion per se, she says. Instead they are about family and relationships—the more personal arena in which questions about faith, doubt and meaning are grounded.

"If there is any great difference between the people who know they are dying and the rest of us, it's this," she writes. "They know they're running out of time." This is why the main subject of her book isn't death, but life: "Become who you want to be while you can enjoy it," she concludes.

"Time is short."

Ms. Cole is a writer in New York City. She can be reached at reports@wsj.com.

You Always Wanted to Learn an Instrument. It's Time.

It's never too late to start, as more people in their 50s and 60s are discovering, and they're glad they did

BY DIANE COLE

FOURTEEN YEARS AGO, on the eve of her retirement as a newspaper columnist, Nancy Beeghly of Youngstown, Ohio, decided to learn to play the cello. She adored the burnished sound the cello produces, when played properly. But she hadn't the foggiest idea about bowing, plucking or tuning one.

Taking the musical plunge "was the most humbling thing I have ever done," the 72-year-old Ms. Beeghly says.

Buoyed by enthusiasm, perseverance and the encouragement of teachers and fellow players with whom she has bonded, she says that learning to play the cello was the start of one of the most rewarding journeys of her life.

"I now get callbacks from nursing homes to come and play there! They think I'm Yo-Yo Ma!" she laughs.

For Ms. Beeghly, as for many others in the growing 50-plus cohort, there's no musical time like the present, a big change from the perceptions of previous generations.

There used to be a "widespread belief that if you did not begin learning a musical instrument in your childhood or school years, you had missed your chance," says Roy Ernst, professor emeritus at the University of Rochester's Eastman School of Music in Rochester, N.Y. "The field of music education didn't offer many opportunities" for adults to learn, he says.

Now such attitudes have changed with gusto.

"People of any age can learn to play and [gain] a level of satisfaction," says Dr. Ernst, who founded New Horizons, a program that encourages adults to play musical instruments or sing, and to join bands, orchestras or choral groups.

Given today's longer lifespans, it's reasonable for most people to think that if they start playing an instrument in their 50s, they can keep on playing and improving for decades, whatever instrument they choose.

Moreover, a growing body of research suggests that playing an instrument or singing in a choir can enhance emotional well-being, brain health, cognition and hearing function.

"It's extremely exciting," says cognitive neuroscientist Julene Johnson, a professor at the Institute for Health and Aging at the University of California, San Francisco. "My hope is that we think of creative engagement as something to do throughout our entire lifespan, and not just for pleasure but also for possible health benefits."

BRUCE BEEGHLY

Learning to play the cello at 58 was 'humbling,' says Nancy Beeghly—but ultimately rewarding.

Getting started

For newbies 50 and older, there are lots of ways to get started. Individual and group classes—some designed for older students—can be found through music schools and stores, community centers, colleges and universities, and private instructors.

At the MacPhail Center for Music, in Minneapolis, the Music for Life division, which is geared toward adults 55 and up, offers courses in ukulele, piano, violin, choral or ensemble singing, and even music theory, says Tamra Brunn, who manages the program. About 350 of the roughly 2,000 enrollees are 50 or older, she says.

"There are no expectations for these classes, just a starting block for people to come and try it out," says Ms. Brunn.

Dr. Ernst started the first New Horizons band at the Eastman School of Music in 1991, with the support of a grant from the National Association of Music Merchants. Today, roughly 10,000 adults participate in some 230 New Horizons bands, orchestras, choral groups and music-themed summer camps, Dr. Ernst says.

Peggi Givens of Denton, Texas, joined the percussion section of her local New Horizons band this year despite having no musical experience.

"I used to say, 'I play the radio,' " she quips. Now, with instruction from the band leader and tips from her fellow members of the percussion section, the 64-year-old is learning to play the snare and bass drums.

"One of the advantages of being an adult versus a kid is that you have more patience," she says.

Overcoming anxiety

For others, there can be anxiety about being an absolute beginner and falling flat, in more ways than one.

"Progress can be slow, and if you are prone to being self-critical you can have pitfalls," says Paul Sheftel, a New York-based piano teacher and **Juilliard School** faculty member.

One antidote is to find a teacher who is encouraging and has good advice about practice strategies, says Mr. Sheftel. Another, he suggests, is participating in a class or ensemble where you can laugh with fellow students and bolster one another's courage.

There is technology that can be helpful, too, from YouTube videos to play-along computer programs to apps that provide accompaniments to whatever you're playing. You can also get music on your iPad, which can be very helpful if you want to enlarge the size of the notes you're trying to read.

For Charles Reinhart, 76, of Minneapolis, the push to take up music was a special request from his mother.

"My mother was approaching 90 and she was starting to think about the inevitable," he says. "She said, 'I would like to have you sing at my funeral.' I told her, 'If you live long enough for me to learn how to sing, I will.' "

He signed up for beginning singing lessons at MacPhail, in a class with three students around his age. And three years later, he did fulfill his mother's wish. He also kept singing—as did the others in his class.

"We stuck together, and we're still taking group lessons [at MacPhail]. We call it Advanced Beginning Singing," he jokes.

Bobbie Gates says playing music "fills my body with love and with peace." At the age of 60, she learned to play a flute that had been her son's in grade school. Her husband, Bill, who plays trumpet, encouraged her to give it a try. Twelve years later and now living near Corvallis, Ore., Ms. Gates continues to take lessons.

"We could not take the music out of the equation of our lives," she says. She and her husband know all 33 people in their New Horizons band, she says, and many members of the two other musical groups she belongs to as well.

Last August, Ms. Gates says, after she was diagnosed with cancer, another flute player brought her a prayer quilt. More recently, after she completed various treatments and was able to return to rehearsals, one of the trumpet players let out a fanfare to welcome her back.

Ms. Gates, in turn, continues to welcome others to the band.

"We have a new flute player who played as a child and hadn't played for years," she says. "So now I'm helping her. And she just loves it."

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HEALTH MATTERS

The Delicate Question of Sharing Medical Data

Aging parents can gain by having their adult children know about their health care. Up to a point.

BY LISA WARD

AS BABY BOOMERS increasingly assist their elderly parents with health issues large and small, families are having to rethink personal boundaries.

Should a son accompanying his mother on a visit to her primary-care physician reveal that she is struggling with depression? Is it any business of an elderly man's family that he is using Viagra?

"There is a lot to navigate, and there can be turbulence," says Sandra Petronio, a professor at **Indiana University-Purdue University Indianapolis**, and director of its Communication Privacy Management Center.

Family members' involvement can certainly help a loved one receive better care, since they can act as a sounding board, keep track of important details and help with logistics. Crucial information also may come from the adult child or advocate. But by including their adult children, elderly parents lose the exclusive right to decide who is privy to their medical information and how much other people should know about potentially sensitive diagnoses, procedures or prescriptions.

Bringing a family member or friend into an examination room gives de facto consent to the clinician to share medical information with that person. Physicians may also try to get information from them. But patients can feel left out when they are not included in the conversation, and frustrated when family or friends reveal sensitive details about them.

Those helping "have to weigh the risks and benefits of making such a revelation," Prof. Petronio says. In a study she performed, family members often broke a patient's confidentiality if safety was a concern, or if the patient was clearly confused or overwhelmed, she says.

DONNA SAFRAN

Charles Safran, with his family, led an effort to create a tool to help families coordinate care.

To minimize potential conflicts, Prof. Petronio recommends patients and advocates discuss which information is permissible to reveal before a physician's visit, even though it may be difficult to fully anticipate the conversation.

Sometimes on a doctor's visit, adult children also learn things their parents don't want other family members to know about, such as a potentially terminal diagnosis or a genetic disease.

"It's a real dilemma," says Prof. Petronio, also a senior affiliate faculty member at the Charles Warren Fairbanks Center for Medical Ethics. Because such secrets are hard to keep, she adds, patients are often encouraged to share the information with other family members.

Sharing records

The most sensitive information tends to be found in medical records and clinicians' notes. Researchers see benefits when patients share those records with family members and other advocates. But those benefits, in terms of improved patient care, should be balanced with concerns about patient privacy.

Around the country, physicians, nurses and other clinicians are sharing their notes with patients through OpenNotes, an online model developed at **Beth Israel Deaconess Medical Center** in Boston. A research paper on OpenNotes published in the Journal of Medical Internet Research found patients who shared physician notes were more likely to follow doctors' orders, including directions about taking prescribed medications.

But only about 1 in 5 patients chose to share the notes with family members, even though many said they would like to do so. This led the authors to wonder whether patients would be more willing to share (and possibly benefit from additional support) if certain details in the notes could be restricted depending on who is looking at them.

"It's a hypothesis," says James Ralston, a senior investigator with Kaiser Permanente Washington's Health Research Institute, and a co-author of the study. "We are looking into how to tease out preferences for sharing in future Open Notes surveys," Dr. Ralston says.

Patients might be more eager to share records if physicians encourage it and make it easy to do so, says Dr. Joann G. Elmore, another co-author of the study and a professor of medicine at University of Washington School of Medicine Harborview Medical Center.

Researchers on a similar track at **Harvard Medical School**'s division of clinical informatics at Beth Israel Deaconess have created InfoSage, an online tool designed to help families communicate and coordinate medical care. It allows patients to simultaneously share but also selectively withhold medical information online.

"Mom and dad don't want you to see all the medicines they take, and no child really wants to know if their parents are sexually active and taking Cialis, Viagra or a medication for a STD," says Charles Safran, chief of clinical informatics at Beth Israel Deaconess and Harvard Medical School, and head of the InfoSage project.

Using InfoSage, a patient can share information, including a list of prescriptions or coming appointment, but control who is in the network and how much each person should see. The Viagra prescription can be kept private, but a key caregiver can be allowed to see a prescription for blood thinners.

"I started the project to help myself before I got really old," says Dr. Safran, who adds that his own experience has helped shape the product. His parents lived until their mid-80s, his father-in-law died at 94, and his mother-in-law is currently 94.

Self and dependence

Inviting adult children along on a doctor's appointment or giving them access to medical records can be difficult for parents. It tends to be easier in families that have good communication, says Robin Scully, a registered nurse who runs the wellness department at Lasell Village, an independent and assistant living facility in Newton, Mass. Family members should offer encouragement and reassurance that the parent is doing the right thing, she says.

Adult children should also try to take a supportive role and let the parent make as many decisions as possible, especially with logistics, like appointment times and dates.

Concern about losing one's independence is one of the most challenging parts of aging, says Bradley Crotty, an assistant professor at the Medical College of Wisconsin and leader of a study published by JAMA Internal Medicine about information-sharing preferences among older patients. The dynamic changes over time, he says. Someone may be dependent during a setback, such as after a stroke, then regain control once they recover. But eventually the dynamic fundamentally shifts, Dr. Crotty says.

"Over time, as people age and become more dependent on others for assistance, they also become comfortable sharing information," he says. At that point, family often take on a bigger role in managing their parents' health care.

Ms. Ward is a writer in Mendham, N.J. Email: reports@wsj.com.

A Guide for Those Helping

Respect for patients' privacy and independence is crucial, even when they ask for help. Before accompanying an elderly parent or friend on a doctor's appointment, here are a few things to keep in mind:

ASK whether he or she wants you to request clarifications on what the physician says.

HELP the patient think ahead of time about any information that might make him or her uncomfortable to discuss with the physician while in your presence.

CONSIDER how you feel about being privy to the patient's intimate health information.

RECOGNIZE that if he or she tells the doctor something you know to be blatantly untrue, it may be best to talk about it after the appointment. If the information is critical, try to persuade the patient to disclose the information to the physician.

THE DECISION to disclose belongs to the patient. However, as an advocate, you can help the patient to see the merit in confiding in his or her health-care provider.

Source: Journal of Social and Personal Relationships, Sandra Petronio et al.

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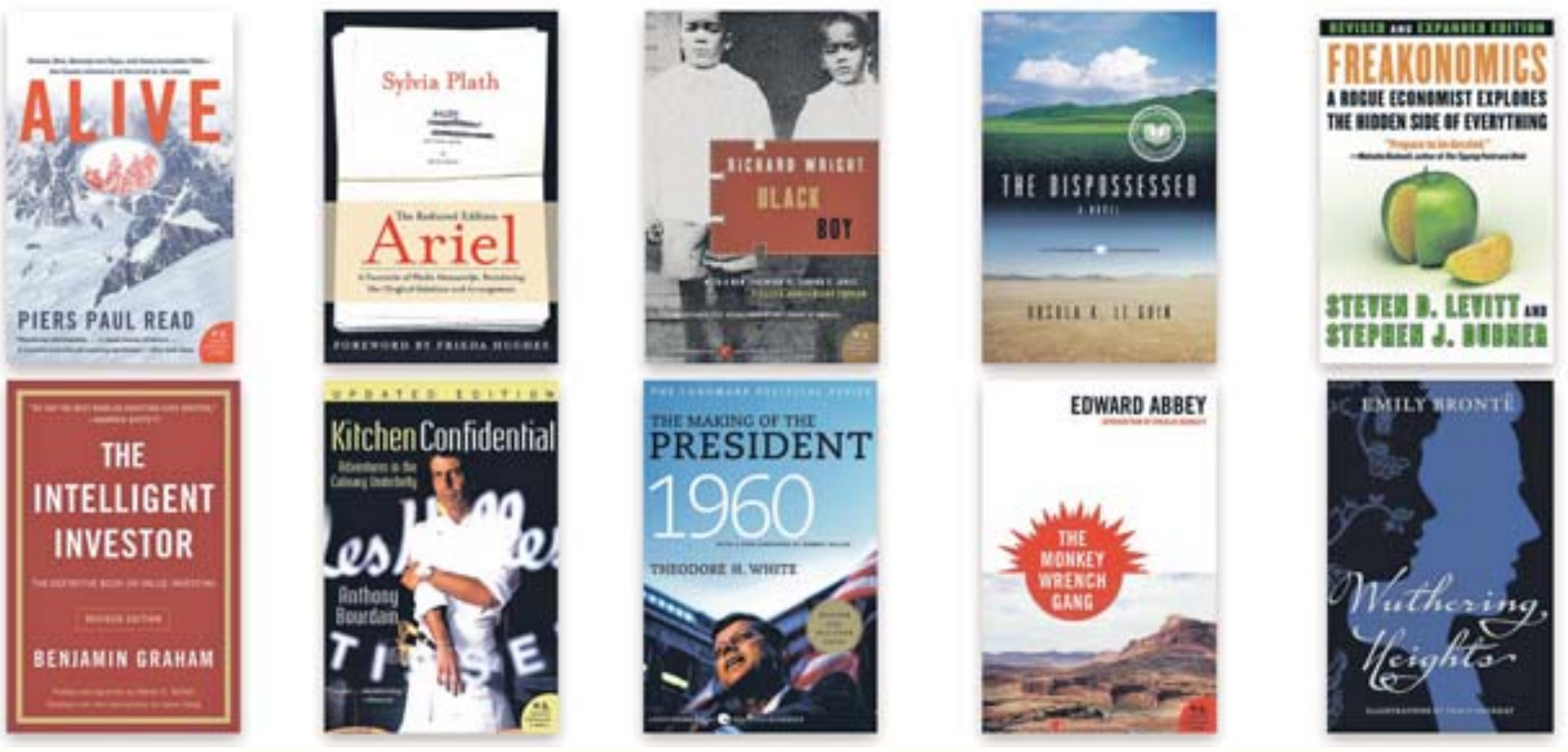

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Special Advertising Feature

55+ Housing: A Diverse Market

VARIETY IS THE SPICE OF LIFE FOR THESE BUYERS, WHO DO NOT SEE THEMSELVES AS OLD

By Joseph Dobrian

With so many housing options for people over 55 to choose from—including "aging in place"—the challenge for providers of 55-plus housing lies in offering an irresistible experience. Demand for 55-plus housing will stay high, but at the same time reluctance to move into a retirement community might be growing as well.

Kira Sterling, chief marketing officer at Toll Brothers, a luxury developer based in Horsham, Pa., says one key to developing for the 55-plus market is variety. More so than ever before, she remarks, people in this segment are demanding various levels of service, privacy, amenities and space.

"We offer low-maintenance housing for people of all activity levels, with environments ranging from very quiet to very busy," Ms. Sterling says. "We have smaller and larger homesites, condos, and highly amenitized resort-style communities of single-family homes.

"Ours is a process of continual refinement: listening to prospects and homeowners about what amenities they want in their homes or communities.

"Knowing about consumer trends is more important at the higher end, because you have a more discerning clientèle.

"It's especially important to have your ear to the ground if you're working with the 55-plus segment," she adds, "because the evolution is ongoing and it never stands still."

IMAGE SUPPLIED BY TOLL BROTHERS

The Toll Brothers' Regency at Monroe Clubhouse is a luxury development in New Jersey for the over-55s.

> "THE CHALLENGE LIES IN OFFERING AN IRRESISTIBLE EXPERIENCE."

INTERNATIONAL VIEW

Brad Perkins, partner in the New York-based Perkins Eastman architecture firm, agrees that seniors' housing encompasses a vast variety of projects, and what works in one country might not work in another.

"Seniors in Japan may have led affluent lives for some time, while those in China may have led spartan lives for a long time and their expectations might be quite different," he says.

"You'll find differences in dining and bathing habits, and apartment layouts, but the basic model that has worked in the U.S. was easy to adapt to Japanese culture. China is more complicated; what works in Japan probably won't work in China.

"The ways the physical environment can mitigate the impact of aging are the same from place to place," Mr. Perkins continues. "One trend that's particularly interesting is the small-house movement: a house with 12 to 14 bedrooms that acts as a group home for people with different levels of frailty and cognitive impairment, who might otherwise be in a nursing home.

"These homes have a common living and dining area with private beds and baths. Flooring, furniture and lighting are all designed to help seniors maintain their independence. Much of what we do is ensuring that the physical environment will help people stay independent longer," he says.

"In the U.S. there are two basic segments for 55+ housing," says Ralph Spargo, principal of 50+5 Development Planning in El Segundo, Calif. "One is the classic retiree market. Many of them move to warmer climates, away from most everything they were [near to], to revitalize and renew themselves. Then there are those who want to stay within their community, amongst their family and friends and—above all—their grandchildren," he says.

"One factor common to both segments is the desire to simplify their lives, and they want predominantly single-story living. The amenity package will be different, the size of the community is different and the home may be different. The latter segment, while still wanting single-story living, will often desire a second story for the rest of the family when they come to visit."

KEY TRENDS

Colin Milner, Vancouver, B.C.-based CEO of the International Council on Active Aging, identifies many different categories of senior living, but he notes that some key trends are common to all.

"Society is being challenged to respond to a population that does not see itself as old, and is seeking to embrace new-found potential, which is being driven by the science," he says.

"But, 92% of people over 65 do have at least one chronic health issue, and managing those issues is a massive industry. We see more emphasis on maintaining our functional abilities as we age, because loss of function comes with a significant cost.

"New 55-plus housing communities will compete with technology, not with other communities. If I can do everything I want to, due to technological advances, but do it in my current home, why would I want to move into a 55-plus community?

"The developers of these communities need to offer an experience so compelling that my desire to live there will be at a fever pitch. Anything else will be viewed as unnecessary."

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Special Advertising Feature

Tech-Savvy Seniors Want Latest Design Amenities

GADGETS, DESIGN FEATURES, ACCESSORIES: THERE'S ROOM FOR ALL

By ***Joseph Dobrian***

IMAGE SUPPLIED BY MARY JO PETERSON

IMAGE SUPPLIED BY MARY JO PETERSON

MARY JO PETERSON

Designer Mary Jo Peterson, left; innovations like side-by-side ovens and pot-filler faucets are of interest to over-55s.

Many of the latest technological innovations in home-building are beneficial to residents of any age. Door locks that recognize fingerprints; induction cooktops that won't burn your hand or set your sleeve on fire; faucet controls that use colors to indicate water temperature: these and other features have universal appeal.

Some innovations, though, are especially interesting to the 55-plus homebuyer. Mary Jo Peterson, president of Mary Jo Peterson, Inc., Kitchen, Bath, and Universal Design in Brookfield, Conn., remarks that most technological advances geared to older people will be found in kitchens and baths. Older people often cook for company, she says, thus an accessorized kitchen is an essential.

"A COMMUNITY WITH ITS OWN FIBER-OPTIC SERVICE IS A BIG PLUS FOR THIS GENERATION."

"It might not be easy to get down on your knees to get something from a kitchen cabinet, but we have accessories that help you do it," Ms. Peterson says. "Your vision changes as you age, so we need to increase the amount of lighting available and make it more adjustable.

"Lighting can be controlled so that it comes up and down gradually, so you don't have that effect of your eyes 'starting,' which is good if you're getting up in the middle of the night.

"Some older people prefer smaller appliances," she continues, "but more of them like refrigerator drawers under the counter, and a column fridge that's smaller than usual.

"We have ovens that are drawers, or French-door ovens, all kind of things coming into play. Steam ovens are becoming popular because of the trend to cooking in a healthy way."

BATHROOM TRENDS

Ms. Peterson is especially enthusiastic about the latest design trends in bathroom features. The threshold-free shower with a linear drain, she says, makes it much easier to get in and out of, and lessens the risk of tripping.

"Many older people give up the bathtub entirely," she says. "If you can find a safe and easy way to get into a free-standing bathtub, tell me and I'll make you famous. Linear drains not only make showers safer; they also enable you to use larger floor tiles, since the shower floor only pitches in one direction. You could eliminate the shower door and have a 'wet room.'"

Modern toilets, she adds, often incorporate a bidet area, since the warm water can help with regularity and hygiene. Ms. Peterson praises one recent offering, a toilet that automatically raises the cover when someone approaches it, and that also incorporates a fan designed to evacuate odor and bacteria.

"When I leave, it flushes and closes the seat," she says. "There's no issue about leaving the toilet seat up: it doesn't happen. A higher toilet is common now, also. I like wall-hung toilets, which are easier to clean and can be placed at different heights."

INDOORS AND OUT

The Springs of Mill Lakes, in Opelika, Ala., incorporates the latest technologies both indoors and out, according to Allen Harris, founder of Chapman H (a development firm). He notes that The Springs incorporates 134 fee-simple lots, and a new senior community adjacent, with independent living, assisted living, and memory care.

"We have a 3,500-square-foot clubhouse with any amenity you can think of: ballroom-dance floor; spacious exercise area; formal room for cards, events, and symposia; pool deck with grilling area; pickleball court with x-grid surface; an event lawn for outdoor activities," he says.

"We have sufficient green space for anyone who wants a garden plot, secured by a 'critter fence.' The homeowners association owns a contiguous 45-acre wildlife sanctuary for the homeowners to enjoy."

The development also includes two 3.5-acre lakes, and plentiful green space. High-tech security features include cameras at the community's entrance with resolution high enough to read license plates, and Opelika is the only city in Alabama with its own fiber-optic service and network—plus round-the-clock repair service with a two-hour service window.

"This community will be served by fiber optic secured by the side of the home," Mr. Harris says. "That's a big plus for this generation, which spends more time online than millennials.

"You can also have a TV camera at your front door that activates your cell phone when someone approaches. You can operate your garage door from your cell phone. We'll have USB outlets underneath the upper kitchen cabinets for easy storage of charging phones."

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Special Advertising Feature

De Facto Age Restriction Gains Popularity

SMALL-FOOTPRINT HOUSES COMBINED WITH A RICH COMMUNITY FEELING

By ***Joseph Dobrian***

Dennis Cunningham.

While many older homebuyers favor age-restricted communities (usually restricted to residents over 55, with exceptions made for a younger spouse), rules regarding age can be problematic. Some developers are finding it simpler to build communities that are clearly intended for older people, where younger people wouldn't want to live.

Dennis Cunningham, president of ActiveWest Development in Cœur d'Alene, Ida., who chairs the 55+ Housing Industry Council at the National Association of Home Builders (NAHB), says he focuses on townhomes or detached homes on small lots, for which 90% of buyers are 55-plus.

"They're just not appealing to families with children, because of the lot size and the design of the house," he says. "This is infill housing. We buy sites and reposition them from a use that's no longer there. Some of our developments are age-restricted; some are not, but still attract the older buyer. They're typically homes of 1,500 to 1,800 square feet, on a lot of 3,000 to 4,000 square feet with a garage, an area for a pet, and a fire pit. We also see demand for smaller homes—700 to 900 square feet—from 55-plus buyers.

"These are small homes, but we pack a lot of amenities into them. You don't need a lawnmower or a snowblower: the community takes care of those services."

Jim Chapman, owner of Atlanta-based Jim Chapman Communities and former chair of the same committee, works almost exclusively with the 55-plus market, and notes that while many older homebuyers prefer age-restricted communities, they still appreciate amenities that are suitable for visiting grandchildren.

"The community creates the lifestyle," he says. "Mine are typically gated communities, with a 2,500-square-foot clubhouse and an outdoor pool that's usually used by ladies in the morning or early evening for entertainment, and grandchildren in the daytime. We have walking trails of maintenance-free materials like concrete. Community gardens are inexpensive to build and very popular. Our homes follow simple universal design features, with at least one zero-step entry.

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"THEY KNOW WHAT THEY WANT AND ARE WILLING TO PAY FOR IT."

Joseph Dobrian is a freelance writer specializing in real estate.

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HEALTH MATTERS

Opioid Abuse Soars for the Middle-Aged and Elderly

A big part of the problem: Uninformed doctors who prescribe too many painkillers

BY LAURA LANDRO

COULD YOUR DOCTOR be prescribing too many pain pills?

The epidemic of opioid abuse sweeping the U.S. might seem like a distant phenomenon to the average middle-aged patient who is getting a joint replacement, visiting an emergency room or seeking help with persistent pain from a primary-care physician.

But according to the Centers for Disease Control and Prevention, Americans age 45 to 64 accounted for about 44% of deaths from overdoses in 2013 and 2014. And the proportion of adults 50 and older seeking treatment for opioid addiction has increased dramatically in recent decades.

While many deaths and overdoses are linked to illicit street drugs, the CDC reported in December that there is a continuing problem with prescription opioids, a class of narcotic painkillers that can be highly addictive and deadly when misused. Experts say many doctors are uninformed about the risks of opioids and are insufficiently trained in how to prescribe them.

Hair trigger

"Even one prescription can be a trigger for long-term use," says Michael Barnett, assistant professor of health policy and management at the Harvard T.H. Chan School of Public Health. "We have to figure out how to encourage safe prescribing without under-treating pain."

Last year, the CDC issued new guidelines for primary-care providers, who write 50% of the prescriptions for opioids. The new regimen discourages use of opioids for chronic pain—defined as lasting more than three months—other than for cancer patients and those at the end of life. For acute pain, following surgery or injury, CDC says, "start low and go slow," urging doctors to prescribe the lowest effective dose in no greater quantity than needed for the duration of pain severe enough to require a narcotic.

If an opioid is prescribed, CDC recommends faster-acting medication with a short duration of pain relief, rather than slower-acting, extended-release drugs with a longer duration.

The CDC released data last month showing that those who started out on long-acting drugs had the highest probabilities of long-term use. An unexpected finding was that the short-acting drug tramadol, considered less of a risk for abuse than other opiods, had the next-highest probability of long-term use. And 1 in 7 people who got any refill or second opioid prescription authorized were on the drugs a year later.

It can be a challenge to get doctors to change prescribing habits, as most were trained to treat pain aggressively. "The traditional approach was to give a prescription for 30 or even 90 days, but this has turned into a tremendous problem," says Howard Marcus, an internal-medicine physician in Austin, Texas, and chairman of the Texas Physician Advisory Board for malpractice insurers the Doctors Co.

The insurer recently examined trends from 272 malpractice claims closed between 2007 and 2015 in which opioids resulted in patient harm, including errors in patient monitoring, insufficient warnings to patients about the risk of narcotic painkillers, and failing to assess patients for psychiatric issues or a history of drug abuse. Doctors also sometimes failed to communicate with one another about drugs prescribed to a patient and didn't check to see whether patients were taking other drugs that could interact dangerously with opioids such as antianxiety medication or prescription sleep aids.

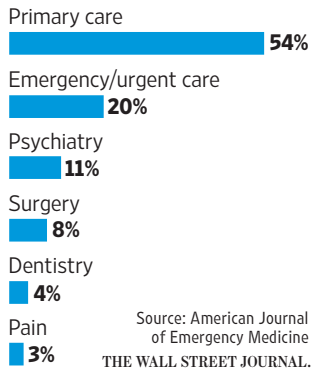
The Doctors Co. is now offering a course to help physicians apply the new CDC guidelines in their practice and help patients manage pain safely with other approaches including the over-the-counter painkiller Tylenol and physical therapy. "I have found patients are actually really happy to know they can take something else," Dr. Marcus says.

Dr. Marcus advises patients to strictly follow instructions on opioid labels, never take an extra dose, avoid alcohol and inform the doctor of all medications they are taking. Patients should consider alternatives to opioids whenever possible, he suggests, such as controlling daytime pain after surgery with a non-opioid medication and using an opioid only at bedtime.

BRIAN STAUFFER

Source Details

Percentages by specialty of prescribers of controlled medications in 254 deaths related to prescriptions in 2013 in San Diego County, Calif. Prescriptions were written within 12 months of each death.



Source: American Journal of Emergency Medicine
THE WALL STREET JOURNAL.

Harvard's Dr. Barnett, who is also a hospitalist at Brigham and Women's Hospital in Boston, says older patients "have the most to lose from getting the wrong opioid prescription or dose." They are especially vulnerable to falls, fractures and respiratory arrest when using prescription narcotics—and often they are taking other medications that magnify the risks.

Rating prescribers

A study of a large sample of Medicare patients, co-written by Dr. Barnett, and published in February in the New England Journal of Medicine, found wide variations in the rates of opioid prescribing among doctors practicing in the same emergency department. Medicare patients who had not previously had the drugs and were treated by one of the "high-intensity" prescribers had higher rates of long-term use of opioids, likely because outpatient doctors continued providing previous prescriptions. The study suggests that for every 48 patients prescribed a new opioid in the ER who might not otherwise use the drugs, one will become a long-term user.

Patients should speak up about any concerns with an opioid prescription, even in an emergency setting, says Dr. Barnett. "It is OK to say, 'I've heard these drugs have a lot of side effects, can I get something else or a lower dose?' "

A study of which medical specialists are prescribing medications to patients who die of prescription-drug abuse in San Diego County, published in the American Journal of Emergency Medicine in 2015, found that some doctors tended to prescribe more pills per bottle. Emergency-room doctors wrote about 5% of all prescriptions, giving patients an average of 23 pills per bottle. By contrast, surgeons wrote 7% of prescriptions for opioids, but gave an average of 123 pills per bottle.

Roneet Lev, lead author of the study and director of operations for the emergency department at Scripps Mercy Hospital in San Diego, says orthopedic surgeons prescribed 169 pills per bottle, the highest of any specialty.

Opioids are risky even if taken exactly as prescribed, Dr. Lev says. Of the 254 people whose records were used in the study, the majority were not following directions, and mixed with drugs, alcohol, or additional medications, but 16.5% died using the medication in the prescribed doses and intervals and weren't combining their medication with other drugs or alcohol.

"Patients in pain can and should be able to obtain relief, and this often requires an opioid," Dr. Lev says. "But when they are misused, unintentionally or otherwise, they can be a prescription for death."

Ms. Landro is a former Wall Street Journal assistant managing editor. Email her at reports@wsj.com.

For Men With Enlarged Prostates, A New Procedure Looks Promising

It uses steam to shrink the prostate, without the side effects from other treatments. One question: How long will it last?

BY LAURA JOHANNES

A MINIMALLY invasive procedure designed to shrink prostate tissue with a series of nine-second blasts of steam offers men a new treatment for urinary symptoms commonly associated with enlarged prostates.

The procedure, called Rezūm (pronounced "resume") and developed by **NxThera** Inc. of Maple Grove, Minn., became widely available in the U.S. in the second half of 2016. Thermal energy in the form of steam is applied to the prostate with a needle. As it cools it releases heat energy into the tissue, killing cells and shrinking the prostate overall by about a third, says Bob Paulson, NxThera's chief executive.

Some 50% of men over the age of 50 have enlarged prostates, which can produce symptoms such as increased urgency to urinate during the day and frequent urination, which disrupts sleep at night. Sufferers often must choose between surgery or medication, both of which have side effects, including sexual dysfunction.

The NxThera therapy is the second major innovation in recent years for men with enlarged prostates. The other, an implanted device called UroLift, was introduced in the U.S. in 2013 by NeoTract Inc. of Pleasanton, Calif.

After years of little improvement in the minimally invasive treatment of enlarged prostates, men now have two new options "that leave your sexual function intact," says Claus G. Roehrborn, chairman of the department of urology at the University of Texas Southwestern Medical Center in Dallas and a co-author of published studies on both treatments.

Middle ground

Physicians say Rezūm can be used on a wider range of prostate anatomies than the UroLift implant. The procedure, which costs about $2,000 and generally is covered by insurance, can be done in a doctor's office in just a few minutes. To dull pain, lidocaine may be injected into the prostate, and most doctors will offer a sedative. After the procedure, most patients need to wear a catheter for two or three days but can return to daily activities immediately.

UTSOUTHWESTERN MEDICAL CENTER

A two-year trial conducted by Klaus Roehrborn and colleagues found the treatment provides significant relief.

While the results of a two-year clinical trial published by Dr. Roehrborn and colleagues show that Rezūm provides significant relief from symptoms, it isn't clear how long the improvement will last.

"The durability issue is what's going to sink or swim this procedure," says study co-author Kevin T. McVary, chairman and professor of urology at Southern Illinois University School of Medicine, in Springfield, Ill. Both minimally invasive options are likely less effective than surgery, Dr. Roehrborn says, because surgery removes the most tissue.

Still, the steam treatment offers a middle ground between the risk of surgery and the hassle and side effects of taking daily medication, which can cause dizziness and fatigue.

"I tried Flomax for about two years but the side effects were too annoying," says Stephen Gooding, a 60-year-old utility supervisor from Grayson, Ga., who says the drug made him dizzy and constipated. He had the Rezūm procedure in October, and now "I feel like I did 30 years ago."

In the two-year study of 197 men, funded by NxThera and published online in the Journal of Urology in December, patients who had the Rezūm procedure showed a significantly greater improvement in symptoms at three months compared with patients who had a sham procedure. At the end of two years, patients treated with Rezūm showed a 51% reduction in urinary symptoms (as measured by a seven-question survey), compared with the beginning of the study.

Over the two years, about 4% of the patients who underwent Rezūm had to have a repeat procedure or surgery to treat their condition. Early in the trial, physicians were new at performing the procedure and didn't always remove enough tissue, says Cindy Ogden, vice president, clinical affairs at NxThera.

So far, Rezūm appears to spare men sexual side effects. In the surgical procedure known as transurethral resection, 70% to 80% of men generally get a condition called retrograde ejaculation, also called dry orgasm, says Dr. McVary.

In the Rezūm study, about 3% of the patients who underwent the procedure experienced no ejaculatory volume afterward, and 5.3% experienced a decrease in ejaculatory volume, according to data provided by NxThera. Ejaculatory volume can fluctuate over time with enlarged prostates, so it isn't clear the reductions were caused by the procedure, Dr. McVary says. Overall in the study, there was no average change in ejaculatory volume, he adds.

Larger prostates

A major advantage of Rezūm is that it can be done on most types of anatomies. UroLift isn't approved by the Food and Drug Administration to treat the median, or middle lobe of the prostate, which contributes to symptoms in about 10% to 30% of patients, Dr. Roehrborn says.

The FDA hasn't cleared Rezūm or UroLift for prostates weighing more than 80 grams. So NxThera can't market its procedure for larger prostates, though doctors can legally use it on such patients if they choose.

Early results in clinical practice on large prostates appear "promising" and a study on prostates up to 150 grams is expected to begin later this year, says Ricardo Gonzalez, a urologist at Texas Medical Center in Houston, who will be a principal investigator on the research. About a quarter of men seeking treatment for prostate-related urinary symptoms have prostates greater than 80 grams, he says.

Business executive Jim Bracke, 69, says that, with just a Tylenol and the lidocaine shot, discomfort from Rezūm's steam blasts felt no more intense than "warm water spilled on the groin." He drove himself home after the procedure, and says he's thrilled that he no longer needs to check out a bathroom the moment he arrives at a restaurant.

Miss Johannes is a writer in Boston. She can be reached at reports@wsj.com.

SECOND ACTS

A DEFENSE LAWYER GOES BACK TO HIGH SCHOOL

JENNIFER SANTANA

Noah Lipman

Hometown: Holmdel, N.J.
Age: 57
Primary career: Defense attorney
Current career: High school teacher
Why this path: ""It's tremendous to see kids going from not having any real exposure or idea of what they can do to going to college."

Noah Lipman grew up in a gang-filled neighborhood in New York City. Most of his childhood friends, he says, "ended up becoming either cops or criminals."

He became a defense attorney—for the first 20 years of his career, anyway.

Then he became a high-school teacher. And the satisfaction his second career has given him, he says, "easily matches and perhaps exceeds" any he experienced in the courtroom.

Mr. Lipman started his own practice as a criminal-defense lawyer in 1984. But in the late 1990s, he says, as federal sentencing guidelines toughened, defendants became more apt to accept a deal than go to trial. This made the field less interesting.

So, he retired from the law at the end of 2003. He had lectured at law schools and colleges as an adjunct and already had his teaching certificate, so he started teaching part time at Monmouth College in West Long Branch, N.J.

While meeting with some professors in the spring of 2004, he says, he discussed his interest in helping to close the achievement gap and working with urban students. One professor knew of several openings at Long Branch High School, where 80% of students receive free or reduced-price lunch. Mr. Lipman applied, and says he was hired on the spot.

The first year didn't go particularly well. "There were students who didn't care about anything and parents saying, 'I don't care. You deal with the problem,' " he says.

But the following year, Mr. Lipman was asked to take over an Advanced Placement U.S. history class. He quickly recognized the AP program as a crucial stepping-stone to college, and made it a goal to introduce more AP classes at the school.

There were five when he began. Now there are 14, of which Mr. Lipman teaches history, government and economics. AP students have more than doubled their pass rate to almost 50%. And, while the number of Long Branch High students who attend a four-year college is still low, 40 of the 50 who went to college last year participated in the AP program, he says.

When you see young people going to college who never had any real idea of what they could do, he says, "it's tremendous."

Mr. Lipman hopes to stay in the classroom for as long as he can contribute.

"You don't want to be the one who walks in the room and someone says, 'I remember when you used to be a good teacher,' " he says.

—Julie Halpert

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ESSAY

When 'Enough' Doesn't Have to Mean 'More'

In retirement, I've learned to be happy with what I have

BY ROBBIE SHELL

BEFORE I MADE the decision to retire a few years ago, I began to pay more attention to the drumbeat of business articles warning baby boomers about the savings deficit that loomed in their future. The question the financial experts always posed was: Will you have enough when you retire?

By "enough," they meant enough money to maintain one's current, presumably comfortable, lifestyle, especially since baby boomers are told that we will live longer than any generation before us.

But the word "enough" also got me thinking about how we define that concept, and whether—in the competitive, status-conscious society we live in—we can ever be satisfied with what we have or achieve. The goal for many is always to strive for more. Success seems measured by the ability to outstrip others.

I know that drive all too well. As a Girl Scout, I pushed myself to sell more cookies than anyone else in my group—not to bring in money for the team, but simply to outperform the other girls. In high school, I remember shopping trips with certain friends devoted to buying the latest pair of Pappagallo shoes before others in our crowd did. I never liked Pappagallos, but it didn't matter: I was in it for the race, not the shoes. As a parent, during high-school fundraising telethons, I tried to outdo other parents in the amount of money raised. The fundraiser was a good cause, but in my mind, it was also a contest.

The distinction between getting more and having enough crystallized for me a few months ago when I was cleaning out an overstuffed file cabinet. Stuck in the back was a 1992 Wall Street Journal interview with John Updike, in which the novelist railed against what he considered a spiritual emptiness at the core of American life. The number of "already very rich men who were willing to commit crimes during the 1980s to get even richer proved there was no enough," he said. "Maybe that's one of the words Americans have a very hard time learning: the word 'enough.' "

IZHAR COHEN

I am no longer in the relentless pursuit of more.

Gym one-upmanship

It has taken me most of a lifetime, but I may finally have learned the lesson Updike was talking about. Instead of driving for "more," I find myself accepting, with a sense of relief, that I have "enough." Age is one obvious reason. When I was younger, I tried to be more flexible in exercise class than others nearby, or lift heavier weights than the person next to me in the gym. I can no longer compete like that. Now for exercise I aim for some combination of walking, riding a stationary bike or swimming. Well-being, not superfitness, is enough.

As a parent, too, my perspective has changed. Constantly bombarded with horrific images of an unstable world, what I want now is to know that my sons are safe in whatever city, airport, train station, nightclub or restaurant they are in, and to know that they are launched on their own paths, finding their own passions, setting their own goals. That's enough.

As a writer and editor, I did a full 180-degree turn from covering the business world to writing a book for a less-heralded, and definitely less prestigious, audience—middle-school children. Acting on a long fascination with honeybees and colony collapse disorder, I wrote a novel about four seventh-graders who set up beehives on the roof of a Manhattan hotel. Writing it was more fun than anything I had experienced while a full-time journalist. (Instead of fact-checking names, places and quotes, I could make them up!) The book doesn't need to have a sequel. One is enough.

Small successes

The most vivid reinforcement for this new perspective comes from my weekly visits to Inglis House, a residential facility in Philadelphia for 250 adults with disabilities, mostly advanced multiple sclerosis or cerebral palsy. There, I interact with people who have something to teach me about quality of life. Many of these men and women lack the same freedom of movement and clarity of speech as abled people, yet they are focused less on their limitations and more on their potential. They take on challenges suited to their disabilities and find satisfaction in their successes, however small they might seem to an outsider. "Enough" for these individuals is designing a website using voice commands to control the computer, Skyping with family using specialized joysticks, or painting watercolor portraits with a paintbrush strapped to fingers that are no longer able to hold one.

Volunteering with Inglis and other community groups gives my days a structure that works for me. I am committed to these organizations, grateful for the opportunity to work with people I like and respect. That's enough.

Staying engaged

Of course I am not completely immune from social comparisons. I still note how my contemporaries dress, what physical shape they are in, how they spend their free time. But it's less of a zero-sum game. They can look and feel good, and so can I. Indeed, I want them to look and feel good, because their friendships will keep me engaged in the years ahead.

Updike's observations clarify what I now know: that interior time spent appreciating "enough" is a far better investment than time spent comparing one's achievements to others or struggling to cross some distant finish line that is always just out of reach. Updike's Harry "Rabbit" Angstrom is constantly on the run, always looking for the prize in a race he can never win. Our condition, in Updike's words, is "one of anxiety, of lostness." Life is "a search [for a] sense of having found home."

In retirement, I have found home. It is one smaller than others I have lived in, but with enough room for family and friends. I have some regrets, a sense of some opportunities missed, but I am no longer in relentless pursuit of more. If John Updike, who died in 2009, were on Twitter, my message to him would be: "I think I have found it. #enough."

Ms. Shell is a writer in Philadelphia. She can be reached at reports@wsj.com.

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