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What's News

Business & Finance

General Motors said it stopped operating in Venezuela following the seizure of its plant and vowed to "take all legal actions" to defend its rights. **A1**

◆ Big fund managers such as BlackRock and UBS are now comfortable with including domestic Chinese equities in key global indexes. **B1**

◆ Virtu Financial reached a deal to acquire rival KCG Holdings for \$1.4 billion. **B1**

◆ Unilever and Nestlé reported first-quarter sales that were hurt by cautious spending in the U.S. and Western Europe. **B3**

◆ China's internet regulator said it would meet with Apple executives to discuss stricter oversight of the App Store. **B4**

◆ Fox News announced the departure of Bill O'Reilly in the wake of a sexual-harassment scandal. **B3**

◆ OPEC will likely reach an agreement to extend the group's production cuts into the second half of 2017. **B8**

◆ Blackstone Group's first-quarter profit rose more than expected, reaching \$461.8 million. **B7**

◆ The U.K. government sold the Green Investment Bank to a consortium led by Australian bank Macquarie Group. **B7**

◆ Verizon posted its first ever quarterly net loss of wireless subscribers. **B4**

◆ Mubadala agreed to invest in private equity on behalf of another firm for the first time. **B7**

World-Wide

◆ Trump is ramping up his tougher trade policy with plans to revive a rarely used law to explore imposing new barriers on steel imports. **A1**

◆ Beijing has removed three of its four top financial-industry regulators in the past year or so to ensure financial-system stability. **A1**

◆ Pakistan's Supreme Court ordered a criminal investigation into Prime Minister Nawaz Sharif over corruption allegations. **A4**

◆ The Trump administration denied any blame for miscommunication about the USS Carl Vinson. **A3**

◆ Hong Joon-pyo has found new hope in South Korea's presidential race by escalating tensions with Pyongyang. **A3**

◆ The White House seems unlikely to scorn the International Monetary Fund and World Bank. **A5**

◆ The election loss in Jakarta by one of Widodo's close allies marked a resurgence of the elite he defeated three years ago. **A3**

◆ Le Pen has surged in industrial cities like Amiens, due to voter anger with the European Union and political elite. **A4**

◆ Australia expanded a crackdown on immigration with plans to test citizenship applicants on the country's values. **A4**

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U.S. Revives Law to Curb Imports

Trump turns to rarely used 1962 legislation as way of imposing fresh barriers on steel

By JACOB M. SCHLESINGER
AND WILLIAM MAULDIN

WASHINGTON—President Donald Trump is ramping up his tougher "America First" trade policy with plans to revive a decades-old, rarely used law to explore imposing new barriers on steel imports, the White House said.

Mr. Trump held a signing

ceremony midday Thursday to mark a special investigation under the 1962 Trade Expansion Act, which allows emergency trade sanctions on "national security" grounds, according to an administration statement.

"Steel is an important factor in our infrastructure as it relates to national defense," Commerce Secretary Wilbur Ross said in explaining the probe, which needs to be completed within nine months. "We're building up our aircraft, building up our fleet, building more tanks," he added. "Are we getting to the

point where industry couldn't be able to deal with that?"

The U.S. government hasn't used the law to impose penalties since the creation of the World Trade Organization in 1995, which discourages such unilateral sanctions. The law was most famously used by President Richard Nixon in 1971 to impose an across-the-board 10% import surcharge to contain the U.S. trade deficit at the time.

On Thursday, a spokesman for the Chinese Foreign Ministry said it was too early to take a position on the White House announcement.

"If that report is true, then we need to see the scope of the investigation and its targets, then we can issue a judgment," he said.

The ceremony followed a Trump rally Tuesday at Wisconsin tool factory where he ordered aides to craft new policies increasing "Buy American" provisions for government procurement spending. In the speech unveiling the action, he blasted the WTO as "another one of our disasters," and vowed to accelerate acting on his campaign promises to rewrite American trade policy.

This week's moves mark a

shift in emphasis for the new president following a series of actions that seemed to signal he was toning down his harsh trade rhetoric.

He announced last week that he was dropping a pledge to brand China a currency manipulator, and would curb his criticism of Beijing's trade practices in return for Chinese cooperation in reining in North Korea's nuclear weapons program. An early draft of his administration's plans to

Please see TRADE page A5

◆ Finance community takes heart from Trump's signals..... A5

Washington, Seoul Conduct Joint Exercises Amid Tensions



TAKEOFF: A U.S. Air Force F-16 participates in an annual exercise, code-named Max Thunder, at an American air base in Gunsan, South Korea. The nuclear threat posed by North Korea has helped South Korean presidential candidate Hong Joon-pyo emerge as a potential spoiler. **A3**

Venezuela Forces Closure of GM Plant

BY ANATOLY KURMANAEV

CARACAS, Venezuela—General Motors Co. said it has stopped operating in Venezuela following the expropriation of its auto assembly plant.

Venezuelan authorities on Wednesday unexpectedly took over GM's plant in the central Carabobo state, seizing production facilities and car stock, the company said in a statement.

The world's third-largest car maker said it has been forced to lay off its 2,700 Venezuelan workers.

GM said it "strongly rejects the arbitrary measures taken by the authorities and will vigorously take all legal actions,

Please see GM page A2

◆ Many Venezuelans are too hungry to protest regime... A4

AMERICA'S AGRICULTURAL DOMINANCE IS ENDING

U.S. growers once fed the world, but bumper harvests in Brazil and Russia push down global prices

By JESSE NEWMAN AND JACOB BUNGE

GREENVILLE, Ill.—On a pancake-flat stretch of land not far from the Mississippi River, Illinois farmer Jerry Gaffner thumbs through weather forecasts and crop reports on his tablet computer, searching for clues about when to market his soybean crop.

The data streaming in isn't from Illinois or even the American Midwest. It is from half a world away in Brazil, where farmers are harvesting what's expected to be a record soybean crop. With 43% of the export market—up from just 12% 30 years ago—Brazil

can sway global prices with a weather hiccup or transportation snarl, spurring U.S. farmers to sell crops and capture profits, or to bunker grain and hold off until prices improve.

Mr. Gaffner pays close attention to South American conditions because of the new reality facing U.S. farmers: America's agricultural dominance has eroded.

Brazil overtook the U.S. as the world's biggest soybean exporter in 2012-13, according to the U.S. Department of Agriculture. It's projected to be the second-largest corn exporter, on the heels of the U.S., this season.

As of the last crop year, Russia now beats America in shipments of wheat.

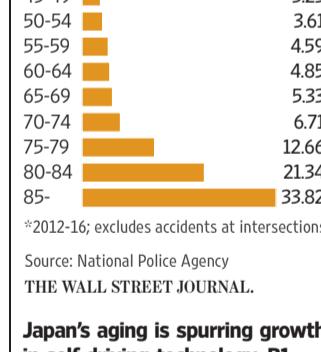
It's a reversal for a country that has long identified as the world's bread basket. America's share of global corn, soybean and wheat exports has shrunk by more than half since the mid-1970s, the USDA says. In soybeans, the most exported U.S. crop, U.S. supplies make up about 40% of world exports, down from more than 70% three decades ago.

Other countries' rising share of global trade and their bin-busting harvests have helped fuel a multiyear

Please see FARMS page A6

Age Matters

Fatal crashes per 100,000 drivers in Japan, by age*



*2012-16; excludes accidents at intersections

Source: National Police Agency

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Japan's aging is spurring growth in self-driving technology. **B1**

LUXURY CLOSETS FOR CHILDREN

MANSION, W9



HIGH FLYING ON THE HIGH SEAS

OFF DUTY, W1



Phony Baloney! Some Butcher Shops Are Going Vegan

* * *

New breed of markets sells veggies that look, taste like meat

By ERIN AILWORTH

Michael Abramson has set up his butcher shop in Toronto's Little Italy to look much like any other, with gleaming knives lining the wall, employees prepping cutlets and someone hand-cranking a sausage stuffer.

There's one meaty exception. His choice cut isn't beef, it's beet. He's not proffering lamb, but Yam.

Mr. Abramson, a 62-year-old vegan, is the proprietor of YamChops, a faux meat market where every patty, link, and fillet is made from edible plants. To entice "veg curious" meat eaters as well as vegetarians, he takes great pains to make sure his substitutes look as much like the real thing as possible.

So his ground beet burger—actually a medley of beets, carrots, turnips, and zucchini bonded with brown rice and

mashed potatoes—doesn't just resemble a beef burger. It oozes a reddish-pink juice, to appeal to those who like it when their burger "bleeds a little bit," he says.

The beet burger came in a flash of inspiration, taking Mr. Abramson just a weekend to perfect. Some of his other concoctions required patience: He says he tinkered with chick'n schnitzel, a recipe based on chickpeas, for at least seven months.

"I needed to get to the point where it had a good 'grain' and chew/tear factor," he says. Legumes were the answer.

Mr. Abramson is part of a small but growing community of "vegetable butchers" opening shop from Northern California to Sydney to The Hague, hoping to wow discerning diners with substitute lox crafted from car-

Please see VEGGIE page A6

Beijing Shakes Up Top Regulators

By JAMES T. AREDDY

SHANGHAI—The Chinese government is trying to ensure financial-system stability in a pivotal political year by focusing on the officials who do the regulating.

China has removed three of its four top financial-industry regulators over the past year or so as it also tightens the reins on banks, brokerages and insurers. The latest to fall was liberalizing

insurance regulator Xiang Junbo, who jazzed up a stodgy business but caused ripples beyond his agency's purview.

After encouraging liberalization for banks, brokers and insurers in hopes of fueling a slowing economy, Beijing is becoming increasingly anxious about possible financial shock.

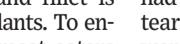
The new message for its regulators: back to basics.

Until recently, China's

leadership promoted broadening the financial sphere, from wider equity ownership and peer-to-peer lending to online insurance sales. The idea was to spur new consumption and business activity, open access to investments and loans and, in the case of insurance, energize a moribund industry.

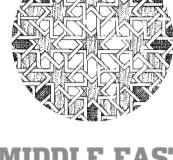
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◆ China stocks get nod of approval..... B1



WORLD NEWS

In Israel, a Serious Rival to Netanyahu Emerges



MIDDLE EAST CROSSROADS

By Yaroslav Trofimov

TEL AVIV—The man predicted to win Israeli elections if they were held today picks a seemingly contradictory way of describing himself: "an extreme moderate."

Once dismissed as a passing fad, Yair Lapid, a 53-year-old former TV anchor,

has emerged as the most serious political rival to Prime Minister Benjamin Netanyahu.

And he has done so by trying to dispense with the traditional left-right divide of Israeli politics, adopting instead the vague but resonating language of "sanity" and "responsibility."

"In a country as complicated and threatened as Israel, the need is for responsible leadership, not the inflammatory leadership," Mr. Lapid said in an interview. "The core idea of being a centrist is to understand that reality is complex and that there are no one-dimensional solutions to multidimensional problems."

His strategy seems to be working. Almost all recent polls show Mr. Lapid's Yesh Atid (There is a Future) party, established in 2012, would come

out as the largest faction in the Knesset, or parliament, if an election were held today—and therefore get the opportunity to form a governing coalition. Yesh Atid would nearly triple its current number of seats, according to these polls.

A minister of finance under Mr. Netanyahu in 2013-14, Mr. Lapid is currently in opposition, but his plan would be to turn to Mr. Netanyahu's Likud party among others to form a government.

His party's rapid rise in the polls is a key reason why the right-wing coalition led by Mr. Netanyahu—who has called two early elections since 2012—is still holding together despite frequent bouts of infighting.

Israel's minister of public security and strategic affairs Gilad Erdan, a senior member of Likud, said he doubted an election would be held anytime before November 2018 under these circumstances.

"No part of the coalition has an interest to go to an election. The only one who can expect better results is Yair Lapid—and why should we help him?" Mr. Erdan quipped.

Continuing disagreements between members of the coalition and the continuing police investigation of alleged corruption by Mr. Netanyahu may accelerate that schedule, however.

In staking out the political center, Mr. Lapid has repeatedly compared himself to a fellow former finance minister, Emmanuel Macron—the expected frontrunner in Sunday's presidential election in France. The



Yair Lapid, above in October, has staked out the center, likening himself to France's Emmanuel Macron.

Israeli politician describes his candidacy as part of a new, moderate, backlash against the populist wave he says was evidenced by Brexit and Donald Trump's election in the U.S.

Israeli politics are fragmented and even if Mr. Lapid's party comes in first in the next election, it's unlikely to garner much more than a quarter of all Knesset seats—the current amount held by Likud—and won't find it easy to assemble a ruling coalition.

The first thing he would do in that case, Mr. Lapid said, would be to offer a joint government with Likud and with Israel's historic center-left, the Zionist Union, which—like France's Socialists and Britain's Labour Party—has been hemorrhaging support of late.

Mr. Lapid's critics on both the left and the right say that he is deliberately fudging his positions on key issues so as to broaden his electoral appeal—a criticism also levied against Mr. Macron in France.

"Yair Lapid doesn't have an ideological backbone. He is a populist who reads opinion polls of what the public wants and that is what he chooses to do," said Ayman Odeh, the leader of the Arab parties' bloc in the Knesset.

Stav Shaffir, a lawmaker from the Zionist Union, was more charitable.

"I know that Yair Lapid is on our side when it comes to the most important values we hold. I know there is no difference between the things that he believes in

and I believe in," she said. "But he is running a political campaign based on not saying anything."

Mr. Lapid dismissed such criticisms as unfair. In the interview, he outlined his views of how the Israeli-Palestinian conflict should be settled through the eventual, and conditional, establishment of a Palestinian state.

"We do not buy into the liberal version that says all we have to do is lay down our arms, hug the Palestinians, and it will all be nice and dandy. This is not going to happen because we've tried," Mr. Lapid explained.

"And I do not buy into the other side of it, which says we are capable in the long term to control 2.9 million Palestinians in the West

Bank. I am for the two-state solution. But my No. 1 goal is not justice for all. It is security for my people."

While Mr. Lapid insisted that East Jerusalem and the major Jewish settlement blocs in the West Bank should remain under Israeli control, he signaled an openness to withdrawing other settlements.

"There is a general understanding of the vast majority of Israelis that the more isolated settlements will be part of the negotiations, which is painful. These are good Israelis and this is the land of our fathers. This is our biblical homeland."

When Yesh Atid was part of the governing coalition in 2013-14, the party pushed through legislation that brought secular curriculum subjects to ultraorthodox schools and that ended military conscription exemptions for ultraorthodox youths. Both measures have since been largely rolled back.

That zeal in confronting the country's growing ultraorthodox sector was a mistake, Mr. Lapid now says.

"I need to have a better dialogue with the ultraorthodox...without giving up my principles and the things I believe in for this country," he mused. "I don't think we did well."

Far from being a populist, Mr. Lapid said he is unafraid of voicing unpopular opinions.

"Leadership," he said, "is about telling your own people what they don't want to hear."

aochuan, who at 69 is already four years overdue for retirement. But the People's Bank of China has joined the shift toward stability, and efforts to internationalize the yuan have turned into a quest to keep the currency from weakening too fast.

The focus on stability was also a factor in the November ouster of Finance Minister Lou Jiwei, whose focus on economic overhauls threatened China's short-term growth.

Politics appear to be weighing on stock regulator Mr. Liu, a banker installed at the helm of the China Securities Regulatory Commission just over a year ago following the firing of his predecessor, who had led the agency during the 2015 crash.

In a speech last weekend, Mr. Liu said the need to crack down on financiers who disturb market order and maintain stable capital markets is currently "particularly weighty," describing the coming party conclave as "the top priority of the party and political life of the nation."

—Chao Deng
and Yang Jie in Beijing
and Xie Yifan in Shanghai
contributed to this article.

CHINA

Financial Heat

China's government has shaken up regulatory agencies and financial firms since a mid-2015 stock-market crash. Here are some of the regulators affected.



XIAO Gang

Position: Chairman, China Securities Regulatory Commission

Risk contribution: Promoted stock-investment tools that exacerbated market turmoil.

Impact: Fired (February 2016)



SHANG Fulin

Position: Chairman, China Banking Regulatory Commission

Risk contribution: Allowed explosive growth in bank exposure to wealth-management products.

Impact: Retired (February 2017)



XIANG Junbo

Position: Chairman, China Insurance Regulatory Commission

Risk contribution: Let insurers sell short-term investments and expand into other sectors.

Impact: Fired (April 2017)

Photos: Bloomberg News (Xiao and Shang); Reuters (Xiang)

Source: staff reports

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Shifting Goalposts

Here is how priorities have become more risk-averse among China's regulatory agencies.

◆ China Banking Regulatory Commission

Previous goal: Introducing market-driven interest rates

Current mandate: Reducing exposure to debt

What's at risk: \$8.6 trillion in retail consumer deposits

◆ China Securities Regulatory Commission

Previous goal: Broadening equity ownership

Current mandate: Maintaining market stability

What's at risk: \$7.8 trillion in stock holdings

◆ China Insurance Regulatory Commission

Previous goals: Supporting innovation, cutting regulations

Current mandate: Curbing speculative activity

What's at risk: Premiums of \$450 billion

◆ People's Bank of China

Previous goal: Internationalizing the yuan

Current mandate: Defending yuan stability

What's at risk: Reserves just above \$3 trillion

Sources: People's Bank of China; UBS Securities; Goldman Sachs; Christopher Balding; China Insurance Regulatory Commission; staff reports

by regulators of other segments of the financial sector.

In December, the new stock regulator, Liu Shiyu, criticized insurers' stock-buying. "Using improperly sourced money for leveraged buyouts, turning from strangers into barbarians, and finally robbing the industry is

not OK," he said.

Under fire itself, the Insurance Regulatory Commission quickly dialed back support for the deposit-like insurance products and banned a developer-turned-insurer from the sector for a decade. The agency's No. 2 official, Chen Wenhui, seemed to give Anbang's high-profile chairman, Wu Xiaohui, the cold shoulder at a Beijing conference, nearly sprinting down a hallway as he waved off Mr. Wu, who was trotting behind asking to chat.

Anbang and the insurance regulator declined to comment.

On April 9, the Communist Party's anticorruption watchdog announced an investigation into Mr. Xiang, the top insurance regulator and industry champion. Details of the probe aren't known and Mr. Xiang isn't available to comment.

Mr. Xiang had made no secret of his inclination to reduce scrutiny of insurers, saying in a 2013 interview published in The Wall Street Journal that the industry had been "regulated to death."

To give insurers room to grow, he said, "We have relaxed regulations in almost every area possible."

Mr. Xiang's downfall was reported in Chinese state media together with warnings from Premier Li Keqiang that "the financial sector is vulnerable to risks such as bad assets, shadow banking and illegal internet financing." According to the chief executive of one insurer that benefited from Mr. Xiang's regulation, the coming party conclave as "the top priority of the party and political life of the nation."

In a speech last weekend, Mr. Liu said the need to crack down on financiers who disturb market order and maintain stable capital markets is currently "particularly weighty," describing the coming party conclave as "the top priority of the party and political life of the nation."

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WORLD NEWS

Pyongyang Strife Colors South Campaign

Presidential hopefuls gain ground ahead of May 9 vote by echoing Trump's tough talk

By JONATHAN CHENG

SEOUL—Just weeks ago, Hong Joon-pyo, the flag-bearer for South Korea's embattled ruling party, was a rounding error in polls ahead of next month's presidential election.

But Mr. Hong has found new hope in escalating tensions with North Korea over its nuclear program, a development that has changed the dynamics of the South Korean race. His hard-line policies and his alignment with U.S. President Donald Trump's aggressive approach to Pyongyang have become increasingly attractive to South Korean voters.

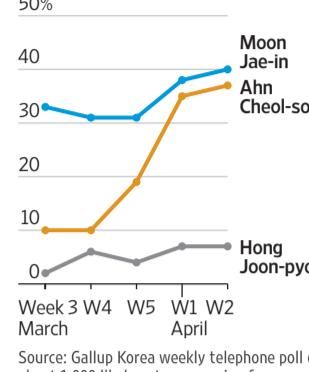
Front-runner Moon Jae-in, who has pushed rapprochement with North Korea and more independence from the U.S., has suddenly found himself on the defensive as his electoral momentum slows.

Mr. Hong's gains, and the ascent of another candidate who has taken a tougher line on North Korea, Ahn Cheol-soo, reflect the sudden importance of national security in a vote that was widely expected to focus on domestic issues.

Mr. Hong, a pugnacious former prosecutor who was the

Tightening Race

Two presidential candidates with hard-line views on North Korea are gaining on the front-runner.



Source: Gallup Korea weekly telephone poll of about 1,000 likely voters; margin of error: +/-3.1 percentage points

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provincial governor of impeached former President Park Geun-hye's southeast stronghold, supports the reintroduction of tactical nuclear weapons in South Korea. The U.S. pulled them out in 1991.

He has described electing Mr. Moon, of the left-leaning Democratic Party, as tantamount to giving North Korean leader Kim Jong Un control over South Korea's policy toward Pyongyang. Mr. Moon, he said, is "anti-U.S. and pro-North Korea."

"This election was supposed to be the impeachment election, but the frame has changed," Mr. Hong told The



YONHAP NEWS/NEWSCOM/ZUMA PRESS

Presidential candidate Hong Joon-pyo, third from right, campaigned in Pyeongtaek on Thursday. He has crept up in polls ahead of the May 9 vote, helped by a hard-line stance toward North Korea.

Wall Street Journal in his first interview with a Western media outlet as a candidate. "National security is what the South Korean people care about."

A Moon spokesman called Mr. Hong "an extreme rightist" who was using provocative comments to try to lift his meager support.

To be sure, Mr. Hong remains a long shot for the presidency. But his support has risen to 7% from less than 1% about six weeks ago, according to Gallup Korea, emerging as a potential spoiler that could help determine whether Mr. Moon wins the May 9 vote.

Mr. Ahn, a former Moon

ally who has recast himself as a more conservative alternative to the front-runner, has pulled nearly even with him.

Mr. Hong said he isn't interested in playing the spoiler. He argued that "shy conservatives" will rally around him and that South Korean polling is unreliable, pointing to his party's victory in recent special elections.

Mr. Hong says Mr. Moon's conciliatory remarks toward North Korea have hurt his standing amid concern over a showdown between Washington and Pyongyang. Mr. Moon had said this year that if elected he would consider going to Pyong-

yang before Washington if that would help resolve the nuclear issue. Mr. Moon later said his remarks were taken out of context. But he has also written that South Korea must learn to say "no" to the U.S.

Scott Seaman, a Korea analyst for Eurasia Group in Washington, lowered the probability of a Moon victory to 55% this week, from 70% in March, citing in part "Moon's perceived softness on North Korea."

Mr. Hong argues that Mr. Moon's support of engagement with North Korea would clash with the Trump administration. He cast himself as more aligned with the current U.S. mood.

"The Trump administration will not talk to the South Korean leftist government before they carry out a strike, because if South Korea is told, they are likely to let North Korea know," Mr. Hong said. "If I am elected, I'll have close cooperation with the U.S. and stop a war from happening."

Even so, Mr. Hong has expressed caution over Mr. Trump, in particular the aircraft carrier USS Carl Vinson's failure to arrive in the waters near the Korean Peninsula this week despite the president's statement that it would do so as a warning to North Korea.

However, Mr. Hong also added that, in light of Mr. Trump's recent military strikes on Syria and Afghanistan, "it seems to me that Trump is a person who takes responsibility and action based on what he says."

Messrs. Moon and Ahn have also tried to portray themselves as being closely in tune with the U.S. president.

Mr. Ahn has said the Wharton education he shares with Mr. Trump will give the two men something to bond over. Mr. Moon has softened his opposition to a controversial U.S. missile-defense system designed to protect the country from North Korean attacks, and has said that he shares Mr. Trump's pragmatism.

—Min Sun Lee contributed to this article.

U.S. Says It Didn't Mislead on Ship

The Trump administration worked to quell an international furor and calm questions over its credibility after misstating by thousands of miles the location of a U.S. aircraft carrier officials had warned could be used to strike North Korea.

By Ben Kesling
in Washington,
Gordon Lubold in
Riyadh, Saudi Arabia,
and Jonathan Cheng
in Seoul

The White House shrugged off any blame for its role, saying it didn't mislead U.S. allies about the destination of the USS Carl Vinson and its strike group.

"The president said we have an armada going toward the peninsula," White House press secretary Sean Spicer said on Wednesday. "That's a fact. It happened. It is happening, rather."

The Pentagon, meanwhile, acknowledged it could have more effectively handled information about the Vinson's location and course. "We communicated this badly," a defense official said.

This month, military officials said they were canceling the Vinson group's planned port calls in Australia to send



US DEPARTMENT OF DEFENSE/EUROPEAN PRESSPHOTO AGENCY

it north toward the Korean Peninsula as concerns grew about preparations for possible North Korean weapons tests.

The ships proceeded to Australia for planned maneuvers, and are scheduled to reach the Koreas next week, officials said on Tuesday.

But administration and Pentagon officials throughout last week described their location in markedly more ominous terms.

"We have ships heading there," President Donald Trump said he told Chinese President Xi Jinping in an April 12 phone call. "We have the nuclear subs, which are far more destructive."

Across Asia, the difference between the threats and the actual location of the ships prompted widespread criticism and confusion and threatened to open a credibility gap between the U.S. and some government officials and political observers.

Mr. Spicer said comments by U.S. officials about the location of the aircraft carrier hadn't been misleading. He referred any questions about the timing of the carrier's voyage to the Pentagon.

Pressed on whether it was misleading last week to say the aircraft carrier was heading toward the Koreas when in fact it was moving in a different direction at the time, Mr.

Spicer said: "We answered a question on what signal it sent. I'm not the one who commented on timing."

Defense Secretary Jim Mattis addressed the confusion on Wednesday during a trip to Saudi Arabia, saying he had been trying to be transparent about the ship's whereabouts when he answered questions about it last week at the Pentagon.

"The bottom line is, in our efforts to always be open about what we're doing, we said that we were going to change the Vinson's schedule," Mr. Mattis told reporters on Wednesday during a briefing at a hotel in Riyadh during a tour of the Middle East.

"We don't generally give out ships' schedules in advance, but I didn't want to play a game either and say we weren't changing a schedule when in fact we had," he said.

If the U.S. aim was to confuse North Korea, that would be effective only if it was done in close consultation with allies in the region, said Patrick Cronin, senior director of the Asia-Pacific Security program at the Center for a New American Security, said.

"The U.S. needs to fashion a serious strategy, even if it's not perfect on a daily basis," he said.

China Rift Worsens Odds for Korea Casino

By MIN SUN LEE
AND JONATHAN CHENG

YEONGJONG ISLAND, South Korea—Northeast Asia's first Las Vegas-style casino resort opened here on Thursday, but to widespread concern about whether the South Korean gambling venue—six years in the making—will become the latest victim of Chinese retribution.

Paradise City, a glitzy \$1.1 billion casino, hotel and conference complex, sits a short stroll away from South Korea's main international airport. It was conceived as a venue mainly for Chinese high rollers from the northeast of the country, in the same way that Macau has become a gambling mecca for those who live in southern China.

Those hopes have been threatened by China's retaliation against the decision by South Korea to deploy a controversial U.S. missile-defense system Beijing strongly opposes.

In recent months, China has blocked shipments of South Korean products including cosmetics and bidets, rejected visas for Korean pop singers and artists, cut Chinese tourist flows to South Korea and halted many of the Chinese operations of Lotte Group, South

Korea's No. 5 conglomerate—the company's golf course is where the Terminal High-Altitude Area Defense, or Thaad, battery is set to be based.

China's Foreign Ministry hasn't directly acknowledged any retaliation against South Korea, though it has said South Korea's interests would be best served by removing Thaad.

Chinese tourist arrivals to South Korea peaked in July, but have tumbled sharply in recent weeks. During the first nine days of April, tourist numbers from China fell 65% from a year earlier, according to data from the Korea Tourism Organization.

"There is an attempt in the Northeast Asia to weaponize its market for political and security purposes," South Korean Vice Foreign Minister Ahn Chong-ghe said recently at a seminar in Seoul on international trade.

Paradise City's backers are now trying to attract gamblers from Southeast Asia, Japan, India and Africa—a far less lucrative catch than China's nearby high rollers.

With restricted access to China's gamblers, Paradise City could struggle to build any critical mass, said Richard Huang, a Hong Kong-based casino analyst for Nomura.

Jakarta Vote Marks Return of Indonesia's Political Elite

BY BEN OTTO
AND ANITA RACHMAN

JAKARTA, Indonesia—This week's defeat of one of President Joko Widodo's close allies in a gubernatorial election marked a resurgence of the elite the president defeated three years ago and stakes out battle lines for the 2019 presidential election.

The runoff election loss for Jakarta governor by Basuki Tjahaja Purnama, Mr. Widodo's former deputy when he ran the capital from 2012 to 2014, puts Indonesia's most important and wealthiest province in the hands of the party led by retired Gen. Prabowo Subianto, who lost the close 2014 presidential race to Mr. Widodo and is a onetime son-in-law of former dictator Suharto.

On Thursday, the new political landscape also meant an end to the destabilizing demonstrations Islamic hard-liners had orchestrated against Mr. Purnama, a minority Christian. Mr. Purnama was defeated by Anies Baswedan, a former university rector who promotes moderate Islam but drew on strong support from the Islamists.

In better news for Mr. Purnama, prosecutors on Thursday recommended that he



PUSPA PERWITASARI/ANTARA FOTO/REUTERS

"Prabowo is running in 2019 for sure," said Yohanes Sulaiman, a lecturer at the School of Government of Universitas Jenderal Ahmad Yani, referring to Mr. Subianto with his first name.

Mr. Subianto also once supported Mr. Purnama before the latter threw in his lot with Mr. Widodo. Widely perceived as outsiders who got things done, the two men achieved initial popularity. But in recent

Probation Urged For Governor

Prosecutors seek two-year penalty in blasphemy case

JAKARTA, Indonesia—Prosecutors on Thursday called for two years' probation for Jakarta's Christian governor for blasphemy against Islam, a day after his defeat by Islamist hard-liners in an election that has rocked the world's largest Muslim-majority nation.

The blasphemy case against the governor, Basuki Tjahaja Purnama, was a prime factor in his loss to the Islamist-backed candidate Anies Baswedan, after a rancorous election campaign in which Islamist activists urged Muslims not to vote for someone outside their religion.

Wednesday's election defeat of Mr. Purnama made moot a threat that he wouldn't be able to continue in office if found guilty and jailed. Mr. Baswedan, a former university rector, will take office in October.

—I Made Sentana

WORLD NEWS

Industry Woes Lift Le Pen

By MATTHEW DALTON

AMIENS, France—Presidential candidate Emmanuel Macron is one of this industrial city's most famous natives. But when Whirlpool Corp. said it would shut its factory here and move production to Poland, it was one of his rivals, far-right nationalist Marine Le Pen, who grabbed the spotlight.

Ms. Le Pen excoriated the American appliance maker and pledged a 35% tax on imports from Whirlpool and other companies that shift manufacturing outside France. "We can no longer accept this massive deindustrialization," she said in a video message to workers.

With days to go before the start of France's presidential elections, Ms. Le Pen's anti-establishment and euroskeptic message is resonating with voters here and in other struggling industrial cities, where years of declining fortunes have fueled deep anger with the country's political elite.

and the European Union.

"We need someone to defend us workers," said Gilles Jourdain, who started at the Whirlpool factory 39 years ago. "I have never voted Le Pen, but why not?"

Public-opinion surveys show Ms. Le Pen, leader of the National Front, running neck-and-neck with Mr. Macron for the lead in a field of 11 candidates competing in Sunday's first round. The mainstream conservative, François Fillon, and far-left politician Jean-Luc Mélenchon are close behind.

The top two finishers will face off in a second vote in May. Polls indicate that Ms. Le Pen would lose to Mr. Macron, Mr. Fillon or Mr. Mélenchon in that final round.

Whether she wins or not, the strength of Ms. Le Pen's following shows she has built a potent political force in rural and industrial areas to challenge the French establishment in the years ahead.

France's blue-collar regions are a major weak point for Mr.

Macron and the country's other mainstream candidates. An April poll by survey firm Elabe found that in the election's first round, 48% of factory workers would vote for Ms. Le Pen, compared with 16% for Mr. Macron.

Around Amiens, factory jobs have been steadily draining away for years. In 2014, Goodyear Tire & Rubber Co. closed up shop, idling more than 1,000 workers. Now, Whirlpool is moving on, too, to an EU country with lower wages.

Mr. Macron's response to France's economic woes has been a vocal defense of trade as well as the EU and its common market. The campaign platform of the 39-year-old former investment banker says the "causes of deindustrialization are to be found at home and not in globalization."

A former economy minister, Mr. Macron says he wants to shake up France's rigid labor market, making it easier for

companies to hire and fire workers, cut corporate taxes and invest in research and development to make manufacturers more competitive.

Ms. Le Pen's National Front has argued that only ditching the euro and going back to the French franc can revive French industry.

Mr. Macron has been reluctant to weigh in on the looming Whirlpool plant closure. In a television interview, he said: "What will I do? I'll go in a truck and say, 'With me, it won't close?' We know that it's not true."

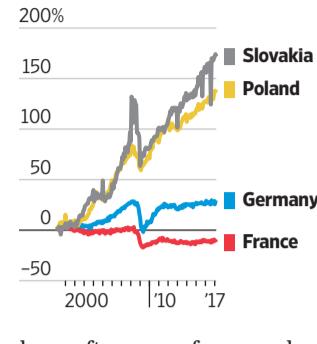
Mr. Macron also urged Whirlpool to find a buyer for the factory so the workers don't lose their jobs.

The candidate says he discovered his "civic conscience" in Amiens. But his plans ring hollow here and in industrial communities across France. Since the country began using the euro in 1999, industrial production has fallen 10%. In Germany, it is 32% higher. France's industrial losses

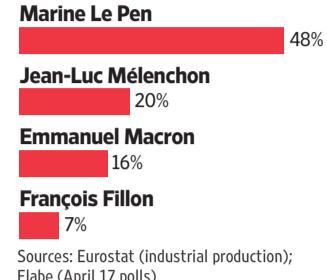
Factory Bloc

Marine Le Pen's message of economic protectionism resonates among workers, who have seen French industry lose ground to Germany and Eastern Europe.

Cumulative change in industrial production indexes



Support among factory workers in the first round of elections



Sources: Eurostat (industrial production); Elabe (April 17 polls)

THE WALL STREET JOURNAL.

voting for Ms. Le Pen.

In her videotaped message to Whirlpool workers, Ms. Le Pen said: "We must break with this ultraliberal model that has been imposed on us by our leaders for years."

Philippe Theveniaud, a labor leader and local official, said if a mainstream candidate like Mr. Macron is elected and nothing is done to help workers in places like Amiens, Ms. Le Pen and the National Front will be even stronger in the next elections.

Pakistan Premier Faces Probe Tied to Panama Papers

By SAEED SHAH
AND QASIM NAUMAN

ISLAMABAD, Pakistan—The Supreme Court ordered a criminal investigation into Prime Minister Nawaz Sharif over corruption allegations arising from last April's Panama Papers leak.

Thursday's 3-2 decision was actually a narrow escape for Mr. Sharif, as the two dissenting judges voted for his removal from office. Still, the court came down harder on the prime minister than analysts had expected.

The dissenters found Mr. Sharif had "not been honest" in his explanation of his family's ownership of property that the Panama Papers had revealed. The court order, representing all the judges, lays out questions that "need to be answered" about the funds used to acquire the property.

The case, filed by the opposition, accuses the Sharif family of using money acquired through corruption to purchase upscale apartments in London.

Both sides claimed victory,

the prime minister's camp focusing on Mr. Sharif's remaining in office, the opposition saying he has lost all moral and political authority.

"The bottom line is that they're doing an investigation, which the prime minister has wanted all along," said Musadik Malik, Mr. Sharif's spokesman. "The verdict has not found the prime minister guilty."

The court ordered a 60-day investigation by a team including military-intelligence officers. The court said it would revisit the case once it has the investigators' report.

"History has been made today," said Imran Khan, an opposition leader who had brought the case. "I say to Nawaz Sharif, on behalf of the entire nation: Resign immediately. At least step down until the investigation is completed."

Mr. Sharif, who has been in politics since the 1980s, has consistently denied wrongdoing, saying the properties were bought using money generated by the family's decades-old businesses and belong to



Supporters of Premier Nawaz Sharif celebrated the Supreme Court's decision in Lahore on Thursday.

his son.

With opponents demanding Mr. Sharif's removal and further court action possible, the case could still end a period of relative political stability and democratic rule in coup-prone

Pakistan. The country had its first democratic transition in 2013—one elected government handing over power to another at the end of its time in office. The Pakistan Stock Exchange's KSE-100 benchmark

index closed up 2.4% on relief that the prime minister had survived.

Washington, which in the past has supported military rulers in Pakistan, now sees sustained democratic rule as

eventually allowing civilians to rein in the military, which the U.S. has long accused of supporting jihadist groups fighting India and Afghanistan.

Pakistan army chief Gen. Qamar Bajwa said after a meeting with U.S. national security adviser H.R. McMaster this week that he "strongly rejects allegations" that the military employs proxies.

The offshore-property controversy was sparked by a massive leak a year ago of documents from Panamanian law firm Mossack Fonseca & Co. published by the International Consortium of Investigative Journalists. The documents purport to show offshore accounts owned by individuals linked to top political figures in several countries, including Russia, China and the U.K. The Wall Street Journal hasn't independently verified the documents.

The leaked documents don't allege any wrongdoing, and owning an offshore company is legal in Pakistan.

The papers have been a top political issue in Pakistan since their release.

Venezuela's Poor Wait Out Unrest

Slum dwellers are too preoccupied with survival to join opposition protests

By ANATOLY KURMANAEV
AND KEJAL VYAS

CARACAS, Venezuela—President Nicolás Maduro has lost support among the legions of poor Venezuelans that once backed the late Hugo Chávez, but they have largely shown little interest in joining the opposition-led protests that have convulsed the country.

Many of the impoverished residents of the vast slums that ring Caracas and other major cities are angry about a collapsing economy and food shortages. But Venezuela's political unrest remains mostly confined to middle-class enclaves, underscoring the struggle the opposition here faces in trying to unseat an increasingly authoritarian government.

"All I have is hunger—I don't care if the people protest or not," said laborer Alfonso Molero in a slum in Venezuela's second-largest city, Maracaibo. "With what strength will I protest if my stomach is empty since yesterday?"

Until the slums rise up, Mr. Maduro will likely hang on, analysts say.

"The discontent in the poor sectors is not being channeled through the opposition," said Alejandro Velasco, a history professor at New York University and the author of a book on Venezuelan slums.

In three weeks of unrest, seven protesters have been killed and hundreds jailed. The government has used tactics such as lobbing tear gas from helicopters to disperse opposition crowds, efforts aided by pro-government gangs often armed with weapons and clubs.

Many slum residents in Caracas and across Venezuela



ela, however, say they are only vaguely aware of the protests and too busy trying to survive to worry about changing the government.

More than four in five Venezuelans say they don't earn enough to meet basic needs and three-quarters say they have lost an average of 19 pounds of weight last year, according to the Encovi survey by Venezuela's top three universities.

The government's tight control over mainstream media means many poorer Venezuelans without smartphones or internet access say they have no idea when and where the protests even take place. The state's vast propaganda apparatus offers few details of unrest and portrays the mostly peaceful protesters as Molotov-cocktail-throwing "terrorists," scaring off many in the slums from joining them.

Some say they are intimidated by armed pro-government militias who scour the slums for signs of dissent. Others say they are afraid to lose the few food handouts the cash-strapped government still provides.

When government agents last week visited one of the country's largest slums of San Félix in eastern Venezuela to see who was eligible for bags of subsidized food staples, even radical opponents of Mr. Maduro timidly got in line, said local priest Carlos Ruiz.

"We wear our protest on the inside for the fear of losing our bag of food," said Luisa Gutiérrez, a single mother of three.

Almost two-thirds of Venezuela's poor, as defined by a variety of socioeconomic factors, want Mr. Maduro to leave, up from 40% when he took office in early 2013, according to pollster Delphos.

The lower classes have also been instrumental in giving the opposition alliance a record two-thirds congressional majority in the last electoral contest, held in December 2015. Polls show the poor would hand the government a drubbing in any vote held this year.

Yet that growing disillusionment hasn't translated into organized protest, said pollster Luis Vicente León. Part of the reason, he added,

is the opposition itself, whose predominantly upper-middle-class leaders have ignored the slums for years, believing they can oust Mr. Maduro or his predecessor Hugo Chávez by marching in opposition strongholds or triggering a coup.

A younger generation of opposition leaders has been trying over the past few years to gradually build grass-roots support in the slums.

Government supporters last week even burst into an Easter church service in a working-class neighborhood in central Caracas to try to beat up an opposition leader, Antonio Ecarri.

The opposition's rallying cry centers on political rights like freeing political prisoners and holding elections, rather than on bread-and-butter issues such as food prices and scarcity.

"We, the politicians and activists are not thinking like these people," said Jhovani Landaeta, an opposition activist in the impoverished Valles del Tuy region outside Caracas. "They're isolated from the national debate."

Without support in the shantytowns, many opposition supporters fear the current protests will end like the previous wave of unrest in 2014, when three months of demonstrations in middle-class neighborhoods left 43 people dead—without achieving political change.

"For the masses to come out, they need to feel that they are at a point of no return," said Félix Seijas Jr., director of pollster Delphos.

"We're still some ways away from that."

—Sheyla Urdaneta in Maracaibo and María Ramírez in Puerto Ordaz contributed to this article.

WORLD WATCH

AUSTRALIA

Citizen Applicants to Be Tested on Values

Australia's government broadened a crackdown on immigration with plans to test citizenship applicants on their acceptance of the country's culture—a change that it denies targets Muslims.

The new citizenship test, which the government says is meant to gauge a migrant's attitude toward "Australian values," is expected to include questions on issues such as child marriage, female genital mutilation and domestic violence. The current 20-question test covers subjects such as the Constitution and World War I history.

"Membership of the Australian family is a privilege and should be granted to those who support our values, respect our laws and want to work hard by integrating and contributing to an even better Australia," Prime Minister Malcolm Turnbull said.

Mr. Turnbull's government, which has slipped sharply in opinion polls since cliffhanger elections last July in which far-right and populist parties gained strength, earlier this week said it would tighten rules on the entry of skilled foreign workers.

This "Australia First" switch is in line with "America First" policy promises made by U.S. President Donald Trump.

—Rob Taylor

GERMANY

Schäuble Defends Trade Surpluses

Finance Minister Wolfgang Schäuble defended Germany's vast trade surpluses to a U.S. audience and called on world governments to stop relying on debt-fueled growth and easy money from central banks.

At two speeches in Washington where global economic leaders are gathering for a series of meetings, Mr. Schäuble blamed Germany's trade surpluses in part on the policies of the European Central Bank. He also attributed the economic problems of some eurozone countries on their failure to implement "unpleasant reforms."

"We simply have too much debt," Mr. Schäuble said. He urged governments to gradually reduce debt levels and move away from a reliance on credit-financed consumption.

—Tom Fairless

IRAN

Tillerson Questions Nuclear Agreement

Secretary of State Rex Tillerson said the nuclear agreement with Iran risks repeating mistakes of past U.S. policy toward North Korea, underscoring a tough Trump administration line against both countries.

Mr. Tillerson raised the prospect of new sanctions against Tehran for regional provocations and said the administration was

Russia's Supreme Court banned the Jehovah's Witnesses from operating in the country, accepting a request from the justice ministry that the religious organization be considered an extremist group. The court ordered the closure of the group's Russia headquarters and its 395 local chapters, as well as the seizure of its property.

—Associated Press

Supreme Court Bans Jehovah's Witnesses

Russia's Supreme Court banned the Jehovah's Witnesses from operating in the country, accepting a request from the justice ministry that the religious organization be considered an extremist group. The court ordered the closure of the group's Russia headquarters and its 395 local chapters, as well as the seizure of its property.

U.S. NEWS

Global Finance Community Takes Heart

White House signals a shift toward traditional approach to economic diplomacy, 'soft power'

By IAN TALLEY

The Trump administration appears unlikely to upend seven decades of global financial cooperation by scorning the International Monetary Fund and World Bank, a source of comfort to central bankers and finance ministers gathering in Washington.

In recent days, the new administration has shown signs the U.S. is taking a more traditional approach to economic diplomacy and the use of "soft power" than early administration rhetoric suggested.

President Donald Trump, after meeting with the North Atlantic Treaty Organization's chief this month, praised the alliance and reaffirmed Washington's commitment to it. Nikki Haley, U.S. ambassador to the United Nations, has been leveraging the institution to advance Mr. Trump's foreign-policy agenda.

Other signals of the shift that are being seen by some officials at the meetings include the administration's relatively modest proposed changes to the North American Free Trade Agreement and its about-face last week on censuring China for its currency policy.

Meantime, Treasury Secretary Steven Mnuchin has reaffirmed the role of the IMF in promoting global economic growth and stability, saying at a gathering of global-finance



International Monetary Fund Managing Director Christine Lagarde in Washington, where the World Bank and IMF are meeting.

administration's top priorities.

"Seventy years is no guarantee for perpetuity," IMF Managing Director Christine Lagarde said Wednesday, referencing the IMF's founding in 1944. Preserving its relevance requires the fund to evolve, to re-examine the services it provides and respond to the needs of its membership, she said. "We will be listening to all our members as they themselves change over the course of time."

Mr. Mnuchin is pushing the IMF to be better at calling out nations for manipulating their currencies. The U.S. also wants the fund to be more aggressive in criticizing countries with trade surpluses that come at the expense of other economies.

IMF officials are planning to issue more blunt assessments of exchange-rate and trade imbalances in the coming months.

The IMF has been criticized in the past for being too lax on China. It has since stepped up its public censure of some Beijing policies, such as a bank lending boom that could endanger financial stability in the world's second-largest economy.

The IMF is making the case that U.S. interests are served in helping to stabilize the economies of conflict-prone countries and establishing the financial networks necessary to stem terror-financing and other illicit cash flows.

IMF officials also say the fund has evolved since a 2001 report penned by Adam Lerrick, a Trump Treasury nominee, which called for an overhaul of the IMF and World Bank that would downgrade their roles in the global economy.

chiefs last month that multilateral institutions can be "very important" to projecting U.S. interests abroad.

Indeed, the U.S. signed off on an official communiqué by the Group of 20 largest economies that reaffirmed commitment to an international financial system "with a strong...and adequately resourced IMF at its center."

"There're a number of things that global institutions can do to help strengthen global growth for all," a senior

Treasury official said ahead of the semiannual meetings in Washington this week of the World Bank and IMF's member countries.

He said the U.S. would seek to use the institution's surveillance of member countries to highlight economic policies that distort global trade: "We'll look for the IMF to do a rigorous job of analysis."

Meg Lundsager, who served under the George W. Bush and Barack Obama administrations as the U.S. representative to the

fund, said Mr. Mnuchin understands the value of the IMF. "I expect that support for the IMF will be pretty solid," she said.

At times, Mr. Trump and his lieutenants have appeared on course to reject the multilateral diplomacy that has long defined U.S. foreign policy. Mr. Trump has proposed cutting U.S. funding to international development banks, including the World Bank, by \$650 million over three years. The administration has also pushed back against the World

Trade Organization's role in settling global trade disputes.

Trade-war fears dominated a meeting of global finance chiefs last month in Germany, putting the U.S. on the defensive. "International growth and stability rely on multilateral collaboration across a range of problems that spill over national borders, not just trade," warned IMF chief economist Maurice Obstfeld.

The World Bank and the IMF for now seem to be embracing some of the new U.S.

TRADE

Continued from page A1

renegotiate the North American Free Trade Agreement included relatively modest changes, drawing cheers of relief from big business and free-trade advocates, and sharp complaints from labor unions and trade critics.

But the move this week shows that Mr. Trump means to carry through on his vows to at least explore the use of little-used trade powers to threaten American trading partners he sees as unfairly taking advantage of American markets.

In a July campaign speech in Pennsylvania, he said that "if China does not stop its illegal activities, I will use every lawful presidential power to remedy trade disputes," then reeled off a number of options for taking a tougher stance on trade enforcement, including the 1962 law.

Despite the symbolic significance of launching the probe, it is unclear whether Mr. Trump intends to apply it to a broad portion of steel imports or a narrow sector. It is also unclear whether he will, in the end, impose sanctions.

Under the law, the Commerce Department has to apply for penalties to its internal Bureau of Industry and Security. The last two times probes were launched under the law—in 1999 on oil imports and in 2001 on iron and steel—the bureau rejected the request, according to a recent memo by the White & Case law firm.

American steelmakers have been primarily concerned about the heavy flow of steel out of China and its impact on their competitiveness, though they also worry about U.S. imports from South Korea and other countries.

The investigation, which was

by the Commerce Department, focuses broadly on steel but doesn't target a particular country, a U.S. official said. The Commerce Department's recommendations at the end of the probe could focus on specific steel products used in defense, the official said, underscoring that the results won't be known for some time.

The probe would be conducted under Section 232 of the Trade Expansion Act. Section 232 is a particularly powerful tool because, unlike other trade challenges, it doesn't require the U.S. to prove that American industry has been harmed by foreign competition in order to take action to restrict imports. Instead U.S. officials can recommend action proactively to protect national security.

But it has clear drawbacks. U.S. officials might find it hard to show that domestic production of steel—traded heavily around the world—is vital to national security. Also, if Mr. Trump moved to restrict steel imports, then China or another country affected could retaliate against U.S. products in similar fashion, trade lawyers say. The countries could also challenge Washington at the World Trade Organization and win the right to retaliate.

The Obama administration threatened a year ago to take unspecified trade action over Chinese steel after U.S. producers, which typically have much higher production costs, complained that excess Chinese steel exports are weighing on global prices and threatening to drive them out of business. Some trade experts suggested at the time that the Obama officials should launch a Section 232 case, but top officials dropped the warnings against China after Beijing committed to curbing excess production in June.

—Peter Nicholas and Chui-Wei Yap contributed to this article.

Housing Threatens Reno Tech Boom

By JIM CARLTON

RENO, Nev.—When a development company here in 2015 acquired a ranch once owned by a casino magnate, managing partner Chip Bowlby thought homes could be quickly built on the land to help meet the demands of a historic jobs boom.

But nearly two years later, the project of 691 homes at the late Bill Harrah's Rancharrah property remains tied up in permitting, even as the inventory of homes in Reno is drying up amid soaring sales.

"We can sell everything we build," said Mr. Bowlby of Reno Land Development Co., which is selling other homes as Rancharrah awaits final approval within weeks. "It's limitless with the demand now."

During the 2007-2009 recession, Reno was a poster child for the risks of overbuilding. Now, Nevada's second-largest city is facing what many local business officials call a looming housing crisis after enticing Tesla Inc. and scores of other technology companies to open manufacturing facilities here in recent years.

Part of the problem stems from the recession itself. The city of Reno cut its workforce by a third during the downturn, and a current lack of staffing is contributing to delays in securing permits, according to the city's mayor.

The latest sign of the boom came last week, when Alphabet Inc. unit Google bought 1,210 acres at the Tahoe Reno Industrial Center, where it aims to eventually build a data center.

Reno has emerged as a tech manufacturing hub, as local officials have cleared a regulatory path and as the state has offered hundreds of millions in tax breaks for companies willing to invest. Nevada's "Big-

gest Little City in the World" features a comparatively low cost of living and proximity to Silicon Valley.

But the city is struggling to keep up with its own success.

The labor market is so tight that economists say Reno needs to count on workers moving in to fill many of the new jobs. Reno's unemployment rate was 4.6% in February. The nationwide average that month was 4.7%.

Since 2012, about 30,000 jobs have been created in the Reno metro area, according to the Economic Development Authority of Western Nevada, with another 30,000 expected by the end of the decade. Those figures don't include the Google deal, whose projected job numbers haven't yet been disclosed.

In that same period, building permits have been issued for about 8,600 single-family homes and apartments in Washoe County, which includes most of the greater Reno-Sparks metropolitan area of half a million people. The yearly average of 2,500 now is half the average during Reno's last boom in the early 2000s.

The imbalance between supply and demand has driven the median price of an existing single-family home to \$320,000 as of February, more than double from \$145,500 in the same month in 2012, according to the Reno/Sparks Association of Realtors.

The national median sale price for existing homes in February was \$228,400, according to the National Association of Realtors.

In Los Angeles County, it was \$470,060; in San Diego County, it was \$559,950; and in Santa Clara County, it was \$1.1 million, according to the California Association of Realtors.

Companies are taking unusual measures to cope. Tesla and partner Panasonic Corp. have arranged to rent dormitory rooms at the University of Nevada, Reno, this summer to temporarily house 800 workers for Tesla's big battery factory here, said Marc Johnson, president of the school.

Tesla didn't respond to requests for comment.

\$822 in 2012, when vacancies were 5.6%, according to the most recent quarterly Johnson Perkins Griffin LLC apartment survey.

Many business leaders warn of an imminent housing shortage that could damp the economic boom. Permitting now takes 2½ years. Builders say 18 months is a more typical span. "This will be a serious crisis if we don't address it quickly," said Mike Kazmierski, president and chief executive officer of the Economic Development Authority of Western Nevada.

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Tesla didn't respond to requests for comment.

MAX WHITAKER/REUTERS



Reno is facing a looming housing crisis after enticing tech companies to open manufacturing facilities.



President Trump toured a Snap-On Tools factory last week.

ARKANSAS

State's Execution Plan Continues to Crumble

Arkansas's unprecedented plan to put eight men to death in less than two weeks' time continued to unravel this week, as courts blocked the state from using a key lethal injection drug and halted the execution of three of the condemned prisoners.

In a ruling from the bench on Wednesday, Pulaski County Judge Alice Gray sided with a unit of drugmaker McKesson Corp.,

which accused the state of acquiring vecuronium bromide under false pretenses by leading McKesson to believe it was for medical purposes rather than executions, the company said in a statement.

The judge ordered the state to return to McKesson its supply of the drug, which acts as a paralytic that relaxes the respiratory system. A spokesman for the Arkansas attorney general's office said the state would appeal the ruling to the state's supreme court.

—Ashley Jones and Joe Palazzolo

FCC

Business-to-Business Services Rules Eased

Federal regulators voted Thursday to relax rules on business-to-business data services, such as credit-card readers and ATMs, that have long been regarded as out of date but have proved difficult to update.

The Federal Communications Commission voted 2-1 to adopt a new rule that deregulates prices in markets where regulators see healthy competition.

"Price regulation threatens competition and investment," FCC Chairman Ajit Pai said of the old rules. He also rejected calls for further delay by critics, noting that the FCC has been considering updating the rules since 2005. "A dozen years of deliberation is enough," he said.

Mr. Pai and other advocates say that the change will encourage more investment in modern broadband networks. Critics say that the change could lead to price increases, particularly for small businesses.

—John D. McKinnon

IN DEPTH

FARMS

Continued from Page One
downturn in crop prices that is pushing some U.S. farmers out of business.

"We're going to have to learn the table manners of sitting at a bigger table," says Mr. Gaffner, whose soybeans often make their way down the Mississippi to be shipped overseas from New Orleans ports. For U.S. farmers, he says, "that's hard for our psyche."

American farmers' fates are inextricably tied to the broader economy. Farmers produce three-quarters of the nation's food. U.S. agricultural exports in 2015, the latest year for which data is available, generated more than \$300 billion in economic output and directly supported more than one million jobs, according to the USDA.

Agriculture is among the few U.S. industries that exports more goods than it imports, helping to narrow the nation's overall trade deficit, which last year hit its largest point since 2012, the Commerce Department says.

U.S. taxpayers are tied to farming through the billions spent each year by the government to help insure farmers against crop shortfalls or lost income. For the 12 years ending in 2027, the USDA is expected to spend nearly \$87 billion to help protect farmers, according to estimates from the Congressional Budget Office.

Rural communities likely will bear the brunt of the continued pressure on farmers, as job losses and lower farmland values cut the tax base for schools and other public services.

Anxiety over the U.S. role in agricultural trade has grown in recent months amid moves by President Donald Trump to withdraw the U.S. from the Trans-Pacific Partnership, which was backed by many farm groups, and potential changes to the North American Free Trade Agreement, which they say helped develop exports to Canada and Mexico.

Russia over the past decade boosted its wheat harvests by 61%, the USDA forecasts. Corn acreage has nearly tripled in Russia, and more than doubled in Ukraine. Brazil and Argentina have also ramped up output of the grain.

Foreign farm powers in South America and Eastern Europe owe some of their grain-market victories to favorable exchange rates—a strong dollar, the currency used for global trade, means foreign grain priced in local currencies can reap bigger profits.

Other countries have structured trade policy to benefit their farm sectors and have invested in infrastructure such as barge terminals and railroad networks to cut transport costs.

In the U.S., about one-third of the corn crop is used for fuel production, and conservation programs have removed land from farming.

The shift has benefited global food security. Having



Above, Jerry Gaffner uses a tablet computer on his soybean farm in Greenville, Ill., to check weather forecasts and grain markets. **Below,** soybeans in Goiás state, part of Brazil's grain belt stretching over 500 million acres, an area three times the size of Texas.

multiple, strong exporters of grain around the world can help prevent supply disruptions due to weather or trade, farm economists say.

Also part of the silver lining: booming international revenue for U.S. companies such as Monsanto Co., Deere & Co. and Mosaic Co., who sell genetically engineered seeds, satellite-guided tractors and fertilizer to farms outside America. In some cases, U.S. companies design products and seeds specifically for foreign markets.

Bruno Gilioli, who grows soybeans near the heart of Brazil's vast grain belt, is running out of room to store his huge crops. A concrete shelter the size of a football field holds less than half of this year's harvest; the rest has been squeezed into nearby storage bins or trucked to a far-off grain elevator. "The past five years have been very good for us," he says.

Using high-tech machinery and the advanced seeds and chemicals common on U.S. farms, Mr. Gilioli, 37, has pulled record yields from his 5,000 acres in Brazil's Goiás state.

"Inside the farm, it looks just like the U.S.," says Mr. Gilioli, who wears an Iowa State Cyclones hat, Levi's T-shirt and Wrangler bluejeans. Mr. Gilioli lived on a farm in Iowa for a year as an exchange student and has made four visits to tour farms across the Midwest.

He plans to trade in a still-shiny three-year-old Case IH harvesting combine for a newer model.

Brazil's agricultural growth-spurt began about four decades ago, as farmers were lured north to its sweeping savanna, known as the cerrado, by the promise of cheap land and climbing soybean demand and prices.

The region stretches over 500 million acres, an area three times the size of Texas and nearly 50% bigger than all the land in the U.S. used to grow crops.

Armed with soil treatments like lime and fertilizer, settlers brought huge tracts of scrubland—once considered ill-suited for growing crops—into cultivation. Farm operations can dwarf U.S. counterparts in size, including some



JESSE NEWMAN/THE WALL STREET JOURNAL

with multiple parcels that when added up are larger than Yosemite National Park.

Farmers have been aided by Brazil's lower land costs, macroeconomic reforms and a

year-round growing season, which allows them to stack soybean and corn crops back to back.

Low crop prices are hurting farmers in Brazil, but other financial factors have worked in their favor in recent years. Farmers are typically paid in dollars for their grain, but pay about 38% of their expenses in reais, which dropped sharply against the dollar in 2015.

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Armed with soil treatments like lime and fertilizer, settlers brought huge tracts of scrubland—once considered ill-suited for growing crops—into cultivation. Farm operations can dwarf U.S. counterparts in size, including some

beans, according to Michael Cordonnier, president of Soybean and Corn Advisor Inc., an Illinois-based agricultural consulting firm.

Still, Mr. Cordonnier predicts Brazil will grow into an even more powerful agricultural player. "They have the weather, the know-how and the area," he says.

U.S. companies have helped develop the sector. Global grain giants Cargill Inc., Bunge Ltd. and Louis Dreyfus Commodities dotted the countryside with soybean processing plants in the 1970s and '80s, and built export terminals at the country's ports.

Agriculture is among the few U.S. industries that exports more goods than it imports.

As a result, when crop prices fall, Brazilian farmers can book profits for longer than U.S. farmers, according to J.P. Morgan analysts. Soybean futures currently trade around \$9.50 a bushel.

Brazil has less-developed infrastructure. Heavy rains routinely trap trucks shuttling soybeans single-file down poor roads in the country's north, requiring bulldozers to wrench them from the mud. Earlier this year, wet weather hobbled transport on BR-163, a key agricultural thoroughfare, stranding ships at Brazil's northern ports for weeks before forcing some to reroute south to collect soy-

beans, according to Michael Cordonnier, president of Soybean and Corn Advisor Inc., an Illinois-based agricultural consulting firm.

Equipment manufacturers such as Deere and CNH Industrial NV since 2000 have set up Brazilian factories and assembly lines to roll out tractors. Minnesota-based Mosaic

agreed to buy most of Brazilian miner Vale SA's fertilizer business for \$2.5 billion last year to produce in the country.

After Brazil gave farmers the green light to grow genetically modified crops in 2003, seed giants Monsanto and DuPont Co. ramped up production and research there.

In 2013, Monsanto introduced a soybean gene de-

signed to repel pests common to Brazilian fields, their first biotech seed specifically designed for the Latin American market.

The world's largest seed company by sales now generates about 11% of its revenue from Brazil. It plans to roll out a new genetically engineered soybean by 2021 to resist a wider range of bugs that bedevil crops in South America.

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Back in Illinois, the largest soybean-producing state in the U.S., Mr. Gaffner is adapting his operation to ensure his farm, in the family since the 1930s, survives the worst slump in decades. He is focused on keeping costs down on his 1,000 acres.

He buys 10-year-old farm machinery and keeps the equipment running. He uses GPS technology to avoid blanketing fertile areas of fields with unneeded nutrients. Similar systems help measure the exact number of seeds he needs to plant per row.

"That's enabled us to stay ahead of the financial distress," says Mr. Gaffner, 51. He considered trying his hand at farming in Brazil two decades ago but ultimately decided against it.

He has also built an array of steel storage bins behind his family's farmhouse. With profit margins so tight, and price shifts so rapid, Mr. Gaffner says the space provides flexibility to stash crops until

prices turn favorable.

He has had to spend more money for extra herbicides to fight palmer amaranth and waterhemp, weeds that have developed resistance to a herbicide, widely used with the genetically engineered seeds that revolutionized farming in the 1990s.

Seed costs are higher. The price of soybean seeds for U.S. farmers has more than quadrupled in the past 20 years, according to USDA data. Some farmers are settling for older, cheaper versions of seeds, though they may not produce as many beans.

"That's not going to be a good thing for us in competition with other countries," says Tommy Young, an Arkansas farmer who represents his state on the U.S. Grains Council, an export-focused body for U.S. farmers.

Income in the U.S. farm sector will decline for a fourth year this year, falling to \$62.3 billion, half of the record \$123 billion farmers earned in 2013, the USDA projects. The last time income fell four years in a row was in the mid-1970s.

U.S. growers are adding soybean acres, wagering that robust demand from China and other importers will make soybeans more profitable than corn. The USDA projects a record 89.5 million U.S. acres will be planted with soybeans and that U.S. exports will expand modestly over the next decade. Soybeans mostly are processed into meal to feed livestock and poultry, as well as into oil used in cooking and food products like margarine.

Farmers could also dedicate more fields to specialized soybeans, tailored to yield healthier oils for processed foods, which can fetch a higher price.

"Twenty years from now we may not be focused on squeezing more bushels out of each acre but on growing a more nutrient-dense crop," says Jim Sutter, chief executive of the U.S. Soybean Export Council.

Over all, U.S. farmland has shrunk by 12%, or 46 million acres, since 1982, partly due to urban development. In contrast, in Brazil, about 150 million more acres in the cerrado could eventually come under the plow, as farmers convert more pasture into fields for crops, according to the USDA. Brazil's agricultural expansion has drawn criticism for deforestation, though over the past decade, farmers have boosted production largely by converting pasture land and increasing crop yields, instead of knocking down rain forest, according to the Nature Conservancy, a conservation group that has worked with grain companies.

Mr. Gilioli says his family farm has grown 10-fold since the late 1990s, when his father bought the first 500 acres with proceeds from the sale of his seed business, and he may expand further.

"It's easy to open new land," Mr. Gilioli says, gesturing toward a wide expanse of pasture land from the cab of his Ford pickup truck. "In two or three years, that will all be soybeans."

it took him about a year to fine-tune the technique.

"We do all the things that you would do to a piece of beef to turn it into pastrami," he says.

His first attempts at brisket were "laughable by barbecue person standards," but Mr. Kim was undeterred. He spent a year chatting up local pitmasters and boning up on YouTube videos to make a seitan-based brisket, cooked over a mesquite wood fire, that approximates the bark-like crust and flavor of the real thing.

"It's still a delicate art of temperature and time and smoke to get it to come out flavorful and juicy," he says.

To put his creations to the ultimate test—whether they are tasty—Mr. Kim turns to meat-eating friends like Josh Karant, who teaches about the politics of food at the Pratt Institute, a private liberal arts school.

Mr. Karant says Mr. Kim's meats won't fool many carnivores, but he finds the flavors faithful to the food traditions they're mimicking.

"It's totally its own thing: nothing bloody or Texan about it, but nice and smoky and salty and toothsome," he says of the brisket. "Great with the slaw and pickles too."



THE HERBIVOROUS BUTCHER

The deli case at the Herbivorous Butcher in Minneapolis offers many kinds of meat-free products.

Continued from Page One
rots and jerky fashioned from wheat gluten.

World-wide, the market for meat substitutes sold to grocery stores and restaurants by manufacturers or distributors is anything but ersatz; even with small producers excluded, it is projected to hit nearly \$6 billion by 2022, according to MarketandMarkets, a research firm.

Vegetable butchers represent the high end of the business, artisans trying to build on the culinary traditions of butchery, sans the flesh and blood.

Most started out hoping to re-create flavors they missed from their pre-vegan childhoods. For Aubry Walch, 35, and her aptly named brother, Kale, co-owners of the Herbivorous Butcher in Minneapolis, those were bologna, pepperoni and teriyaki jerky.

It took roughly 150 attempts,

Mr. Walch says, to re-create the taste and texture of the barbecue ribs he used to eat with his dad on road trips inspired by the Food Network show "Diners, Drive-Ins and Dives."

As in other vegan kitchens,

the backbone of many of their

without the beef and bacon.

He and his sister now operate the Butcher's Son, a Berkeley, Calif.-based delicatessen where they remain faithful to the New York delis of yester-year, with cases stuffed with substitute sandwich meats such as pseudo-salami and imitation cracked-pepper turkey.

Mr. Fikaris wanted to hang cured salamis from the ceiling like a traditional butcher. He found the vegan versions didn't look right because they couldn't grow the benign white mold

that covers real salamis while they're curing.

"It just doesn't have the fats and the salts and the sugars," he says.

In Brooklyn—no shock there—Chris Kim, executive chef at Monks Meats, makes a vegan brisket. He also makes a grain-based version of the quintessential New York deli meat: pastrami.

Mr. Kim brines seitan for at least three days, then coats it with a spice rub for 24 hours, to make his faux pastrami. He says

BOOKS

'Weapons are ominous tools. They are not the noble ruler's tools. He only uses them when he can't avoid it.' —Lao Tzu

China's Great Leap of Faith

The Souls of China

By Ian Johnson
Pantheon, 455 pages, \$30

BY HUGO RESTALL

IN 1982 a young Communist Party cadre asked for a transfer to Zhengding County, about 160 miles south of Beijing. There he befriended a famous Buddhist monk and helped rebuild Linji Temple, birthplace of the Rinzai school of Zen Buddhism.

The cadre, Xi Jinping, now China's paramount leader, was taking a risk. The party espouses atheism, and Mao Zedong suppressed religion during the Cultural Revolution. But the same year that Mr. Xi moved to Zhengding, his father, one of Deng Xiaoping's allies in the Politburo, forged a more tolerant policy that recognized religion's contribution to stability.

In "The Souls of China," Ian Johnson reports on the religious revival that followed, in which China's five mainstream faiths—Buddhism, Daoism, Islam, Catholicism and Protestantism—have grown to 300 million followers.

A former Journal reporter, Mr. Johnson interweaves the stories of four groups over one year. Devotees of a Daoist goddess maintain shrines for the annual pilgrimage at Beijing's holiest site, Miao Fengshan. The Lis, a family of Daoist priests in Shanxi Province, conduct funerals. Young pastors nurture Calvinist churches in Chengdu. Buddhist and Daoist gurus teach meditation in Hangzhou and Beijing.

These lives represent China's immense diversity of experience. Yet they also reveal a widespread desire for spirituality. The lack of a moral "bottom line" at every level of society has left Chinese grasping for something to believe in.

In the 1980s and '90s, folk religions that the party once condemned as "superstition" came flooding back. Officials struggled to control movements led by charismatic leaders promising miracle cures. But for the most part the Communist Party benefited by embracing what it terms "intangible cultural heritage." Religion at the village level is about harmonizing with society and nature, which fits nicely with the party's obsession with "stability maintenance."

As Mr. Johnson puts it, "Chinese religion had little theology, almost no clergy, and few fixed places of



GETTY IMAGES

worship. But this didn't mean Chinese religion was weak. Instead it was spread over every aspect of life like a fine membrane that held society together."

So it's natural that Mr. Xi has endorsed Confucianism, imperial China's state religion, as part of his anticorruption campaign. In 2013 he paraphrased one of Confucius' maxims: "A state without virtue cannot flourish; a person without virtue cannot succeed." The next year he praised Buddhism for being fully Sinicized, i.e., obedient to the state.

But Mr. Johnson's reporting suggests challenges ahead for the party. As Chinese become more prosperous and move to the cities, their spiritual life is also evolving. Instead of rituals and fortune-telling, they want a coherent worldview and direction on how to live a good life. Simple rules are giving way to theological debates.

Protestantism is most representative of this trend, which helps explain why it continues to grow so fast. The one religion that thrived under Mao's oppression, it has gone from just one million followers in 1949 to more than 60 million today. Mr. Johnson describes how Early Rain, a congregation in

Chengdu, has begun "planting" a second church on the other side of town after outgrowing its office-building church.

Protestantism adapts quickly. Wang Yi, the pastor of Early Rain, was once a human-rights lawyer. Now he and his colleagues see Christianity as the path to redeeming a corrupt society. They push their congregations to accept the international doctrines of Reformed theology so they can build a new "city on the hill." As one parishioner tells Mr. Johnson: "It used to be charismatics who ran the churches in the villages, but people are not so satisfied with that. They want more content."

The folk religions seem to be thriving, but this may be a straw fire that burns bright before dying out. The Miao Fengshan stalwarts who restarted the pilgrimage in the 1980s are getting old, and some in the next generation treat the pilgrimage as another way to flaunt their wealth.

With faith in its own ideology waning, the Communist Party had adopted the traditional religions that it had nearly destroyed. Now these too are losing their power. The Li family's home is designated the Hengshan Daoist Music Training

Base, a National Level Intangible Cultural Heritage. Despite these grand titles, Li Bin sends his son to private school so he can have a stable career outside the priesthood.

Meanwhile, Protestants challenge the party's teachings openly and operate as the country's only real civil

THE DEVOUT
A Protestant church in Dali, Yunnan.

The fact that the party tolerates Early Rain and thousands of similar churches shows its weakness. It spends more on the apparatus of social control than on the military, but it can't afford to suppress Christians dancing on the knife edge of civil disobedience. If it closes the churches, they will worship in the parks. If it throws them in prison, they will become martyrs.

While many of China's human-rights lawyers are Christians, Mr. Johnson concludes that even traditional faiths promote the idea of natural law. "[R]eligion's real challenge to state power comes from something subtler that it is helping to create: a reawakened national conscience."

Mr. Xi's pragmatic approach has shored up the Communist Party's fading legitimacy for a generation. But if religion is to provide a moral foundation for society, it needs to be authentic. State sponsorship ultimately saps faith of its vitality. In a rapidly changing China, the only certainty is that religion will continue to evolve beyond the control of the party.

Mr. Restall is the editorial-page editor of *The Wall Street Journal Asia*.

Remaking Our World Order

Easternization

By Gideon Rachman

Other Press, 307 pages, \$25.95

BY MICHAEL AUSLIN

WHEN DONALD TRUMP and Xi Jinping sat down earlier this month at Mar-a-Lago, the Chinese leader already had the wind at his back. In the face of the U.S. president's "America First" rhetoric, Mr. Xi has emerged as an unlikely champion of free trade and a voice urging restraint on the Korean peninsula. According to Gideon Rachman, all this is emblematic of "Asia's Rise and America's Decline," as the subtitle of his book proclaims. If a new world order was in the making before Mr. Trump took office, his policies may well ensure the continued diminution of American power that began in earnest during Barack Obama's presidency.

The domination of the Atlantic rim nations over the rest of the globe may seem like it is fated, since it has been the power dynamic for nearly half a millennium. But the truth, as Mr. Rachman points out, is that it is an anomaly in the longer-run pattern of history. For thousands of years, non-European empires controlled the ancient world; it was only beginning in the 16th century that smaller Western states were vaulted to global supremacy thanks to their technological and economic prowess.

Now we are witnessing the resurgence of the great Eurasian powers, particularly China, Russia, Turkey and Iran. Is this shift the inevitable result of globalization, as conventional wisdom seems to have it, or the outgrowth of specific failures by the Euro-Atlantic West? Mr. Rach-

man thinks it is the former—and believes that the shift is "theoretically attractive," correcting the relatively recent imbalance of power resulting from Western imperialism. Unfortunately, "such a multipolar world is already emerging and proving to be unstable and dangerous."

In "Easternization," Mr. Rachman, the foreign affairs columnist for the Financial Times, offers a birds-eye view of the transformation—some would say collapse—of the post-World War II global order. In brisk, engaging prose, he takes us around the world in 14 chapters, beginning

Chinese President Xi Jinping is intent on overcoming China's 'century of humiliation.'

with Asia, then moving to Europe, the Middle East, Africa, Latin America and what he calls the "borderlands" between East and West, including Ukraine, Turkey and Hungary. Vast amounts of territory are dealt with, often in a few paragraphs. Though largely geographically structured, the book centers on China's challenge to the West and America's response to that challenge.

There are a dizzyingly complex set of global changes that compromise easternization, but Mr. Rachman identifies two trends at its core: the end of U.S. dominance and an intensifying contest between America and China. As such, "Easternization" fits squarely into the burgeoning literature on the end of the Pax Americana, but makes a bold, if implicit, claim that the "globalization" of the future is not the harmonizing of eco-

nomic and political interests, but instead the spread of Sino-American economic and political competition across the globe.

Asia's new predominance—which essentially means China's increasing power—is taken as the starting point of Mr. Rachman's narrative. He makes the convincing, chilling case that the military gap between the United States and China is rap-

An interesting chapter on Chinese inroads into Africa, for example, is countered by a discussion of Europe where Asia plays very little role. Beijing certainly didn't have much of an impact on the dramas of Brexit, the Eurozone crisis or the Middle Eastern migrant wave rolling over Germany and other nations. Yet all those subjects are taken up here. Similarly, Turkey's



AGENCE FRANCE PRESSE/GETTY IMAGES

idly narrowing and that the "focal point of Chinese-American military rivalry is the control of the Western Pacific," which is now "disputed territory." Reviewing China's challenge to America's decadeslong predominance in Asia's waters, Mr. Rachman links it to a broader Chinese goal, led by Mr. Xi, of finally overcoming China's so-called "century of humiliation."

This is a fascinating story. The trouble is that easternization, in Mr. Rachman's telling, isn't simply about China's rise; he also uses it as a catchall description of our global woes, which ultimately dilutes his message about the Chinese threat.

easternization is really about creeping Islamism, and has little in common with trends in Asia, other than a growing authoritarianism that may resemble China's.

Mr. Rachman's book is reportorial, and, as he freely admits, it is largely informed by the elites he encounters in his journeys. Those who attend cocktail parties in London or Washington will already know many of those quoted in the book. Davos regulars may be well-read, but their views are divorced from the daily experience of billions of people in Asia and elsewhere dealing with the realities of easternization. The voices of ordinary Asians, especially those living outside

of major cities, would have added a crucial perspective.

If easternization depends on the continued growth of Asia, then it may prove to be a shorter era than the author expects. Mr. Rachman leaves largely unaddressed mounting evidence of Asia's problems, including China's continuing macroeconomic slowdown, nationwide demographic pressures (there are too few people in Japan and South Korea and too many in India and Indonesia), and the risk of armed clash between China and its neighbors, such as Vietnam and Japan. If easternization is knocked off course because of timid economic reform, public uprisings against corrupt elites or territorial disputes, a poorer, more fragmented Asia may not be able to continue to pull the balance of global power eastward. Just as importantly, as Mr. Rachman notes in his final chapter, the West retains powerful institutional advances in the "hidden wiring" of the global and economic and political system, further limiting the ultimate effects of easternization.

No one can deny the extraordinary rise of Asia over the past half-century. But even if the West is losing power and wealth on a comparative basis, in absolute terms the global economic pie is still growing, and American absolute wealth continues to rise, if unevenly. Easternization might be better understood as a much more fluid process that has elements of fragmentation as well as integration, and one in which America will remain dominant for a long time to come.

Mr. Auslin is the author of "The End of the Asian Century: War, Stagnation, and the Risks to the World's Most Dynamic Region."

BOOKS

'Physics is like sex: sure, it may give some practical results, but that's not why we do it.' —Richard Feynman

Wordless Wonders

Drawing Physics

By Don S. Lemons

MIT, 246 pages, \$27.95

BY ALAN HIRSHFELD

IN 212 B.C., two years into the siege of Syracuse, on Sicily's southeastern shore, a band of Roman soldiers scale the defensive walls in the night and open the city gates to their compatriots. Troops sweep through the streets. One of the warriors, fueled by the long-deferred promise of treasure, bursts into a dwelling, where he encounters an old man scribing geometric forms in a tray of sand. The old man waves him away, grumbling, "Do not disturb my circles!" Enraged, the soldier brings down his sword and ends the life of antiquity's celebrated genius Archimedes.

This episode—no doubt embellished, if not fabricated—became an intellectual talisman to medieval and Renaissance thinkers: a martyrdom at the very altar of rational inquiry, sanctifying Archimedes' aborted communion with nature in the emblem of an unfinished diagram. In similar scholarly reverence, academics at Cambridge University dutifully skirted the figures that Isaac Newton had scratched with a stick into the gravel walkways of the Fellows' Garden. More recently, admirers of Nobel laureate Richard Feynman restored his 1975 Dodge Maxivan, on which he had painted examples of the wiggly-lined diagrams he developed to portray interactions among subatomic particles.

Physicists have three ways to communicate their ideas: first, using plain language, as the math-challenged Michael Faraday did so splendidly in the 19th century; second, distilling physical phenomena into mathematical symbols, those "hideous, cramped, scorpion-lettered formulas" that repelled Sylvia Plath in "The Bell Jar"; or third, introducing a drawing. Diagrams of various sorts have long featured in the physics literature, from marginal doodles in old manuscripts to computer-generated 3-D visualizations in online journals.

Where words or equations fail to convey an idea, a picture can blaze through the cognitive underbrush, exposing a pathway to comprehension. Indeed, step one in the solution of a problem in elementary physics is to draw a diagram—a visual précis of the interrelationship among forces, masses and other parameters. Somehow



COURTESY OF SEAMUS BLACKLEY

SWEET RIDE Richard Feynman's van, painted with diagrams he devised to model subatomic interactions. The van appeared in 'Uncertainty,' an exhibit at the Alyce de Roulet Williamson Gallery at ArtCenter College of Design in Pasadena, Calif.

this mediation of data by the visual cortex fires off a neuronal response that focuses the brain. Where artists are taught to see hues, planes and textures, physicists are taught to "see" invisible force fields, energy flows and quantum probability clouds.

With illustration as his guide, veteran physicist Don S. Lemons surveys the rise of physical science in "Drawing Physics: 2,600 Years of Discovery From Thales to Higgs." Each of the book's 51 brief chapters is anchored by a key diagram, graph or freehand sketch, accompanied by four or five pages of explanatory text. We meet the usual cast of characters—Galileo, Newton, Einstein—but also many less-heralded supporting players: ancient Eratosthenes, the 11th-century Iraqi sage Alhazen, and Simon Stevin, a 16th-century mathematician from the Low Countries, to name a random few. No in-depth science lessons here, only essential details of a discovery or an insight, plus enough historical context to convey the epic saga that is physics. The book's drawings, rendered with cheery unpretentiousness by illustrator Jesse Graber, range from notional representations of a falling rock or the disintegration of a neutron to a full-

fledged, number-bearing graph depicting the binding energy of atomic nuclei. In the graphic arena of science, symbolism is powerful: A diagonal line between two coordinate axes might represent nothing less than the expansion of the universe, as in Hubble's law.

The initial chapters reach back to the roots of the scientific enterprise: triangulation, the surveyor's way of gauging the distance to an inaccessible object. We encounter the peripatetic Thales of Miletus, a Greek philosopher whose travels through the Middle East during the sixth century B.C. instilled in him the power of triangles. In the ensuing centuries, Greek sages intuit that nature sings a fathomable tune, if only we listen properly: Pythagoras quantifies the tones of vibrating strings; Aristarchus reckons the distance to the moon and the sun; and the eminent Aristotle wheels the cosmos around a central Earth, an "alternative fact" that reigns over scholarly thought for almost two millennia. Our ill-fated Archimedes appears twice, for his studies of the mechanical lever and for his eponymous principle of buoyancy.

Jumping to the Middle Ages, we happen upon perhaps the first scientific graph, depicting an object's speed versus time, in a 14th-cen-

tury manuscript. The "Early Modern Period," in Mr. Lemons's terminology, begins in 1543, with Copernicus's rearrangement of the heavens. The sun takes its rightful place at the center of the cosmic map, a graphic consecration of the

Newton used to sketch scientific diagrams in the gravel of his college's garden. His colleagues dutifully walked around.

Copernican worldview. Planetary orbits are subsequently reshaped by Kepler from circles into ellipses. The ellipses pictured in the book are illustrative only; at this scale, the deviation of a planet's orbit from perfect circularity is a mere pencil lead's width.

We learn, alongside a sketch of a mercury barometer, that the Italian physicist Torricelli ministered to the elderly Galileo, who was blind and under house arrest for his ardent promotion of Copernican views; the two men squabbled over how the barometer worked. (Torri-

celli was right: The weight of the atmosphere pushes mercury upward into a glass tube.) The Early Modern Period concludes with advances in fluids, mechanics, optics and electrostatics.

Although physics complexifies through the 19th and 20th centuries, with Maxwell, Einstein and their fellow brainiacs pushing the limits of comprehension, the book retains its clarity and charm. While the long-sought Higgs boson of the title is covered, as is global warming ("human activity is a major cause"), omitted are a number of contemporary fields, such as black holes, gravity waves and quantum entanglement.

Breakthroughs in these areas will occur only with hefty doses of high technology, abstract thinking and advanced mathematics. And yet the need to transform multipage equations and terabytes of data into the cohesive contours of a picture will surely follow, so that we, too, might immerse ourselves in contemplation of the natural world, as Archimedes did so long ago.

Mr. Hirshfeld is a professor of physics at UMass Dartmouth and author of "Starlight Detectives: How Astronomers, Inventors, and Eccentrics Discovered the Modern Universe."

When Victoria Met Tommy

The Zoo

By Isobel Charman

Pegasus, 349 pages, \$27.95

BY LAURA J. SNYDER

A CURIOUS SIGHT greeted passengers boarding the Bristol-to-London coach one autumn day in 1835: occupying one of the seats was a 2-foot tall chimpanzee dressed in a tattered white shirt. His travel companion was Devereux Fuller, the head keeper of the London Zoo, who had just purchased Tommy off a ship that brought him from Gambia. The two had walked, hand in hand, along the quayside to the waiting carriage.

Isobel Charman, a television producer, introduces us to Tommy in "The Zoo," her sprightly tale of the London Zoo from its conception in 1824 to the death of its longtime president in 1851.

Tommy would become the most famous attraction of the zoo, although the 2-year-old creature was never put on display. The chimpanzee was housed in the Keepers' Lodge until the spring, so he could be kept warm, dry and safe from the winter climate that routinely killed many of the zoo's exotic animals. Politicians, society ladies and men of science came to visit the lodge, awed one and all by Tommy's resemblance to a human child, an illusion aided by his new outfit: a Guernsey frock and sailor cap. They delighted in watching Tommy toddle around, sit on the lap of Mrs. Williams the cook, and throw tantrums when the keepers would not let him sip from their glasses of porter.

In spite of the zoo's precautions, Tommy did not survive the London winter. Princess Victoria came to see him on his deathbed in March. A

newspaper obituary described the postmortem dissection, where eminent anatomists were shocked to discover that, had they not known the subject was a chimpanzee, "all that they saw... would have led them to pronounce it human."

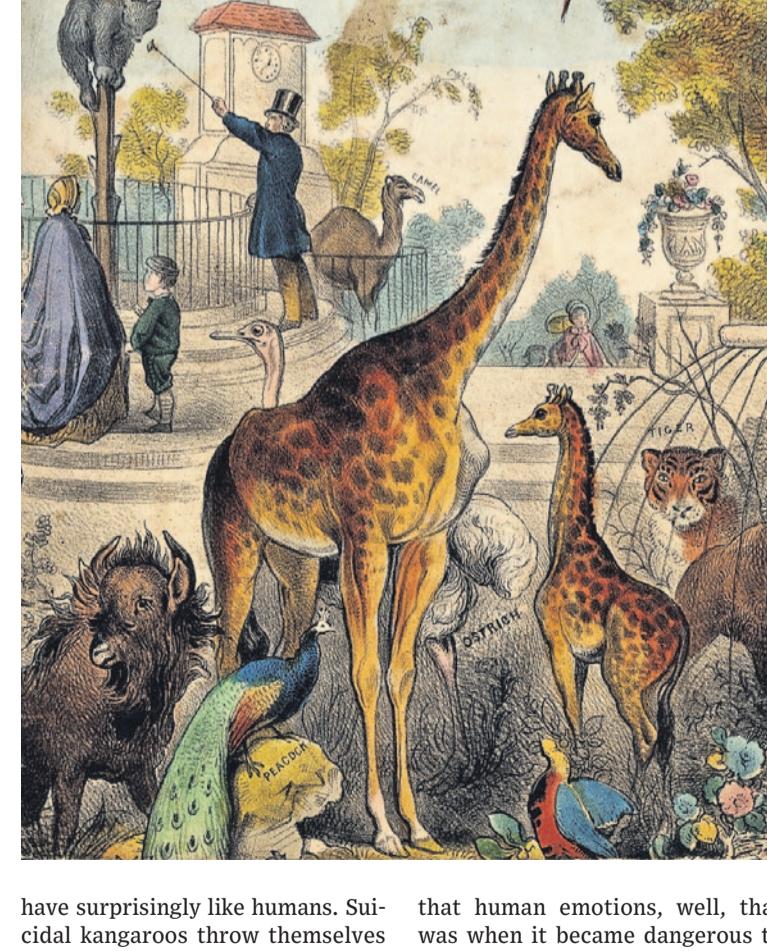
Even after death, the zoo's inhabitants were made useful. As Ms. Charman skillfully shows us, "nothing would be wasted that could be of scientific value." John Gould, the chief "Animal Preserver" of the Zoological Society (and the ornitholo-

Society ladies as well as men of science were awed by the chimpanzee's resemblance to a human.

gist who classified Charles Darwin's Galapagos finches and mockingbirds) gloried in the arrival of an orangutan from Calcutta. When it arrived, too sickly to join the zoo, "John Gould knew," Ms. Charman writes, that "he would soon take possession" of it.

Within days, the animal died. It was carried to the Stuffing Room where Gould removed and prepared its skin, wrapped it around a wooden frame, then stuffed it with wire, sawdust and cotton and gave it eyes fashioned from glass and clay. The skinless carcass was dissected by Richard Owen, the comparative anatomist who would later invent the name "dinosaurs." The remains were macerated to preserve the skeleton.

Ms. Charman divides her tale into seven chapters, each devoted to a person associated with the zoo. What links the chapters is a growing awareness on the part of her subjects that the zoo's animals be-



explaining that she wanted to write a "fleshed out" and "narrative" account. But many writers of history manage to do this without fictionalizing their subject.

The author does hew closely to the evidence when she describes Darwin's visit to the zoo in 1838, two years after returning from his voyage on the Beagle. He watches as a new orangutan, Jenny, is teased by her keeper; he offers her an apple and then pulls it away just as she reaches for it. Miming to great effect Darwin's own evocative description of the meeting in his journals, Ms. Charman writes, "Jenny was incensed. She threw herself on her back, kicked her feet and wailed in despair. Precisely like a naughty child! She writhed and kicked her long limbs, and then she sulked.... Finally, the keeper said to her, Jenny, if you will stop bawling and be a good girl, I will give you the apple." Jenny soon stopped her whining, and the keeper handed her the apple. She ran to her chair where she happily gobbled on the fruit.

Watching Jenny, Darwin was struck by "how civilized apes could be," compared to human cannibals he had met on Tierra del Fuego (one might even say, compared to visitors to the zoo's bear pit, who goaded the exhausted creatures up a pole). It was at this moment, Ms. Charman claims, that "Darwin had lost the conviction of his peers that man was elevated from the rest of the Animal Kingdom, hand-crafted in his perfection by the Creator." As "The Zoo" engagingly shows us, caring for and observing caged beasts transformed our view of animals—and of ourselves.

Ms. Snyder is the author of "Eye of the Beholder: Johannes Vermeer, Antoni van Leeuwenhoek, and the Reinvention of Seeing."

have surprisingly like humans. Suicidal kangaroos throw themselves against their enclosures to the point of death. Jack the elephant transforms from a gentle giant to an angry beast after a new rhinoceros becomes the more popular attraction. One keeper suggests that an older lion fell ill due to jealousy of a younger male occupying the cage with the lioness. As Fuller, the head keeper, ruminates, "once you started giving vicious beasts like

that human emotions, well, that was when it became dangerous to care for them."

Did Fuller really think this? We don't know—and neither does Ms. Charman. Many of the book's details come from her imagination, not the historical record. In an "author's note" she acknowledges inventing the thoughts, daily activities and words of her protagonists, including Tommy the chimpanzee. She justifies her choice by

BOOKS

'All political lives, unless they are cut off in midstream at a happy juncture, end in failure.' —Enoch Powell

Hillary the Unready

Shattered: Inside Hillary Clinton's Doomed Campaign

By Jonathan Allen and Amie Parnes

Crown, 464 pages, \$28

BY BARTON SWAIM

'THIS IS TOO EASY,' Barack Obama is recorded as saying in "Shattered," an exhaustive account of Hillary Clinton's ill-fated 2016 presidential campaign. The president had just delivered a well-received speech in praise of Mrs. Clinton's candidacy; both Mr. Obama and Mrs. Clinton had derided Donald Trump, the Republican nominee, as a malignant nincompoop. John Podesta, the Clinton campaign's chairman, looked at the president doubtfully. Too easy? "All right, all right, all right," Mr. Obama playfully conceded. "There's just so much material."

When staffers disputed campaign decisions, they got the same response: 'The data run counter to your anecdotes.'

The remark nicely captures the attitude not just of the Clinton campaign but of almost the entire Democratic establishment in the months before the election. "Shattered," by campaign reporters Jonathan Allen and Amie Parnes, narrates the petty bickering, foolish reasoning and sheer arrogance of a campaign that was never the sure thing that its leader and top staffers assumed. The authors, in a mostly successful at-

tempt to get their sources to talk candidly, promised them that they wouldn't be identified.

That's more or less the method behind other hefty "insider" accounts of politicians and campaigns in recent years, especially "Game Change" (2010) and "Double Down" (2013), both by Mark Halperin and John Heilemann, as well as Ms. Parnes and Mr. Allen's own "HRC" (2014). (Messrs. Halperin and Heilemann will have their own account of the 2016 campaign coming next year.) The juicy quotes would mean more if they were on the record, but mostly it works: You can't pinpoint the identity of any one "top aide" or "close Hillary ally," but the authors' language leads you to believe they include the most senior Clinton advisers—Mr. Podesta, long-time Clinton confidante Huma Abedin, campaign manager Robby Mook, speechwriter Dan Schwerin, policy adviser Jake Sullivan—and probably the candidate herself.

For those few unhappy addicts who wish to relive the 2016 presidential campaign so soon, "Shattered" offers a number of gratifying revelations. Among them: Mrs. Clinton's tinkering with a certain computer server. Not that server—a different one. After losing to Mr. Obama in the protracted 2008 primary, she was convinced that she had lost because some staffers—she wasn't sure who—had been disloyal. So she "instructed a trusted aide to access the campaign's server and download the [email] messages sent and received by top staffers." This tells us, first, that Mrs. Clinton possesses an almost Nixonian paranoia about treachery and, second, that her use of a private email server at the State Department was never the naive "mistake" she pretended it was. In fact, she didn't



THE WASHINGTON POST/GETTY IMAGES

LOSS Hillary Clinton with her husband after conceding the 2016 election.

want anyone reading her emails the way she was reading those of her 2008 staffers.

Mr. Allen and Ms. Parnes stress two essential failures of the campaign, the first structural, the second political. The campaign's command structure, the authors write, was an "unholy mess, fraught with tangled lines of authority, petty jealousies, distorted priorities, and no sense of greater purpose." Mrs. Clinton herself was inaccessible to almost everyone but Ms. Abedin, whose role was never clarified, so top staffers broke off into mutually mistrustful tribes: the campaign data analysts, Mrs. Clinton's State Department coterie, Clinton Foundation staff, and the enthusiasts associated with the Ready for Hillary super-PAC.

This diffuse command structure was a consequence, the authors suggest, of the fact that Mrs. Clinton didn't know why she wanted to be president. At one point no fewer than 10 senior aides were working on her campaign announcement speech; not one had a clear under-

standing of why Americans should cast their votes for Mrs. Clinton and not someone else. The speech, when she finally delivered it, was a flop—aimless, boring, devoid of much beyond bromides. (Compare that to Donald Trump's announcement: disjointed, funny, written by no one—but the speaker knew why he wanted to be president and wanted you to know why, too.)

The Clinton campaign's other failure was rooted in a mistaken assumption about the nature of politics. The campaign relied too much on analyzing data and too little on getting the candidate in touch with actual people. Mrs. Clinton's young staffers came of age during Barack Obama's campaigns and thought they'd mastered the art of electoral politics. They failed to realize that Mr. Obama won for a variety of sociological and political reasons that had nothing to do with his campaign's analysis of data. Successful politicians must have a tacit sense of what voters want to hear and how they might be persuaded. Mrs. Clinton—in stark contrast to her husband—was never inter-

ested in that component of campaigning. You got the feeling she didn't like people all that much.

Mr. Mook's scientific "model" of how the campaign should run emphasized demographics, constituents' voting histories, regional electoral patterns, and so on. When staffers objected to his directives, the authors record, the response was always the same: "The data," as Mr. Mook at one point put it to former President Bill Clinton, "run counter to your anecdotes." So, for instance, when campaign staffers discussed ideal locations for Mrs. Clinton's first appearance with President Obama, several aides suggested Green Bay, Wis. Mr. Mook objected on the specious grounds that "voters there wanted change and Obama's presence would suggest to voters that Hillary was running for his third term." Of course, if the campaign had scheduled the event for Green Bay, Mrs. Clinton might have visited Wisconsin at least once. But she never went there, and Donald Trump won the state by less than 1%.

Such insights aside, "Shattered" is not a pleasure to read. The authors seem incapable of conveying a thought without the use of some tired metaphor or idiom, often two or three within the same sentence. Mrs. Clinton's "clear, dead aim was to box Biden out." Bernie Sanders "had flown in from off the political radar screen." The book is also too long: 400 pages of Clintonian self-aggrandizement, campaign malpractice and passive-aggressive blame-shifting are more than any ordinary reader can bear. Then again, there's just so much material.

Mr. Swaim is the author of *"The Speechwriter: A Brief Education in Politics."*

The Toughest Job in Washington

The Gatekeepers

By Chris Whipple

Crown, 365 pages, \$28

BY CLARK S. JUDGE

'PERSONNEL IS POLICY' goes an enduring White House cliché, and of no staffer is that claim more true than the president's chief of staff. As Chris Whipple argues in "The Gatekeepers," a group portrait of White House chiefs from Richard Nixon's tenure to Barack Obama's, the chief of staff has been the key to the success of every modern presidency—or a big reason for its failure. The tale Mr. Whipple tells is a good and important one, if slightly incomplete.

The position was an innovation of Dwight Eisenhower, who created it upon entering office in 1953 and appointed former New Hampshire Gov. Sherman Adams to the post. But it was H.R. Haldeman, Richard Nixon's aide, who, three presidencies later, developed the modern White House staffing system and thereby gave an enduring place to the chief of staff in American government.

Haldeman invented both the modern presidential campaign and the modern White House. He designed the television-heavy strategy of the 1968 Nixon campaign, the model for virtually all major American campaigns since (until Donald Trump broke the mold in 2016). His impact on the operations of the presidency was equally profound.

In 1968, he described his concept for the new White House management system: "Nothing goes to the president that is not completely staffed out first, for accuracy and form, for lateral coordination [among departments and agencies], checked for related material, reviewed by competent staff."

The intent of the system was to ensure that every person and every piece of paper that reached the chief executive was worthy of his attention and, in turn, that the executive branch pursued the president's policies. For the next two generations, the Haldeman system helped one White House after another attain a level of professional excellence in staff work and efficiency in organization that met the growing responsibilities of government and the demands of global leadership.

But the system was not infallible, even during Haldeman's own tenure. At a meeting of former chiefs of staff convened in 1986, Haldeman responded to a question about Watergate by saying that "the system was not followed." If it had been, he said, he and his staff "would have resolved

that matter satisfactorily, probably unfortunately for some people. . . . It wasn't done, and that was what led to the ultimate crisis."

Mr. Whipple notes that Haldeman wouldn't confront the president and demand that he stop the cover-up. And he dismissed the seriousness of the break-in, believing that J. Edgar Hoover had bugged the 1968 Nixon campaign on behalf of Lyndon Johnson without protest from the press or Congress.

Still, Mr. Whipple accepts the failure of the system as the primary explanation for Watergate, a plausible view. Indeed, his tale of successive presidencies becomes the same truth displayed over and over again: When chiefs of staff are strong and work the Haldeman system well, presidencies thrive; when chiefs are weak or fumbling—or, alternatively, overbearing—presidencies run into trouble.

The early days of the Ford presidency, for example, were chaotic. Gerald Ford's unstaffed decision to pardon Richard Nixon in September 1974 had sent the president's approval

House operations. At a reception before his inauguration in 1981, Ronald Reagan told the outgoing chief: "You know, Jack, my people tell me that if you'd been chief of staff from the beginning, I wouldn't be here."

"One hell of a chief of staff" is what adviser Stuart Spencer called Ronald Reagan's gatekeeper, James A. Baker III. To Mr. Whipple, Mr. Baker sets the standard by which to measure all other presidential gatekeepers. Mr. Baker had been George H.W. Bush's campaign manager during the 1980 primaries and had impressed Reagan in the fall of the year, when Mr. Bush joined Reagan on the ticket. With Edwin Meese and Michael Deaver, the other members of the so-called Troika, Mr. Baker controlled loose cannons like Secretary of State Haig; delivered bad news to the president when necessary; and through savvy negotiation and the shrewd working of the media helped put the Reagan program through Congress.

Mr. Whipple's argument is persuasive and his survey surprisingly interesting, given the bureaucratic nature of the job he is examining. Still, there is more to be said about the broad governing styles that shape modern presidencies. In the three decades from the

powers to circumvent a hostile Congress). George W. Bush's Josh Bolten and Barack Obama's Rahm Emanuel earn praise as well. While aggressive and profane, Mr. Emanuel respected the diversity of views within the staff. "There was quote-unquote the true believers versus the pragmatists," Mr. Whipple quotes Mr. Emanuel saying. "You're supposed to have that. . . . That's how you get kind of the intellectual energy and the political energy to get things done." On the ineffective side of the ledger are, among others, George H.W. Bush's John Sununu (who respected few views other than his own) and Mr. Obama's Bill Daley (who failed to win the respect of the president or the staff).

Mr. Whipple's argument is persuasive and his survey surprisingly interesting, given the bureaucratic nature of the job he is examining. Still, there is more to be said about the broad governing styles that shape modern presidencies. In the three decades from the

access model became an open door to the lack of accountability that plagues the federal establishment today.

The GOP style, for its part, has led one chief of staff after another to leave office under a cloud or worse. Yes, the system has fostered an efficient use of the president's time. But it has also meant that powerful people in Washington eventually see the chief of staff as the man who said "no" to their favorite policy. More broadly, the chief of staff, by acting as a gatekeeper, may appear to be usurping the president's prerogatives. So much power (real or imagined) can seem too much for an appointed official, producing its own kind of break in the chain of accountability.

The singular success of James Baker was not due solely to his remarkable administrative and political skills. In organizing the White House, Reagan melded the FDR and Eisenhower styles. There were the orderliness and professional standards

Created by Eisenhower, the role of chief of staff made the modern presidency possible.

ratings into "free fall." (Down to 49%; those were the days!) The chief of staff—Nixon holdover Gen. Alexander Haig—showed himself to be "scheming and mercurial," Mr. Whipple says. Staff work was sloppy, speech drafts inane. Ford soon replaced Haig with Donald Rumsfeld, a former congressman and NATO ambassador. When Mr. Rumsfeld became defense secretary in November 1975, his protégé Dick Cheney stepped in. Between them, they steered the ship. Ford almost prevailed in the 1976 election.

Jimmy Carter acted as his own chief of staff for the first two years of his presidency, with disastrous results. This was the period in which he famously oversaw the schedule for the White House tennis court. Then he made Hamilton Jordan his chief—which may have been worse. Jordan, an assistant from Mr. Carter's days in Georgia's governor's mansion, devoted his tenure to drinking, womanizing and insulting members of Congress. Too late, Mr. Carter turned to Jack Watson, a former Marine and Harvard Law graduate. Mr. Watson would prove to be a first-class choice, bringing order, focus and follow-through to White

New Deal to the end of the Eisenhower administration, two models emerged, a Democratic one based on Franklin Roosevelt's practices and a Republican one based on Ike's.

The Democrats' model was the looser of the two, with more people having access to the president. FDR was famous for using broad access to his advantage. He played his cabinet secretaries and senior officials off against one another, allowing responsibilities to overlap so that when departments clashed, decisions were kicked over to him, keeping him in control. Democrats came to disdain Eisenhower's orderliness, which seemed to them to isolate the president and stifle creative discourse.

There is some justice to this criticism, but the Democrats' style of management had a flaw: It was hard to sustain. Without Roosevelt and his combination of charm, wiliness and instinctive feel for how agencies and departments interacted, the broad-

of the Haldeman system. But if Mr. Baker blocked a determined supplicant, there were Roosevelt-like routes to the president that he could not control: Messrs. Meese and Deaver primarily but also, at various times, National Security Adviser William Clark, CIA Director William Casey and Sen. Paul Laxalt. It is evident from Mr. Whipple's volume that Reagan's structured tension was hard on the members of the Troika. But it kept the president in charge.

But this quibble does not diminish the value of Mr. Whipple's entertaining and engaging study. It is a fair guess that the norm for incoming chief executives has been passively to accept the Haldeman organization chart, not recognizing all that goes into making the system work.

Mr. Judge is managing director of the White House Writers Group and chairman of the Pacific Research Institute.



BUDGET TRIM Gerald Ford consults with Donald Rumsfeld, his chief of staff, in the White House barbershop, 1975. GETTY IMAGES

OPINION

REVIEW & OUTLOOK

French Political Roulette

Europe continues its rousing election year on Sunday with a first round of the French presidential contest that will decide if the center can hold or a blood-and-soil nationalist will square off against a throwback socialist. What could go wrong?

For months the smart money thought the first round would set up a final match pitting Marine Le Pen of the right-wing National Front against a reform-minded centrist. That could still happen if the other leading finisher is François Fillon, the nominee of the center-right Republicans who touts a free-market platform; or center-left, independent Emmanuel Macron, who doesn't go as far as Mr. Fillon but still promises to reform labor and tax laws. Either would be favored against Ms. Le Pen in a runoff.

But suddenly the two reformers might be surpassed by far-left independent Jean-Luc Mélenchon, who is telling the French they can grow richer by working less and spend more by earning less. He'd cut the work week to 32 hours from 35, cut the retirement age to 60 from 66, prevent companies that have laid off workers from paying dividends, and ignore European Union limits on fiscal deficits. On foreign policy he is anti-American, anti-NATO and pro-Vladimir Putin, and he has written a book subtitled "The German Poison," which should make for pleasant summits in Berlin.

Ms. Le Pen is hoping to vindicate her long-running effort to transform her father's National Front into a respectable party. Her views on Europe, America, Russia and the state role in the French economy are distinguishable from Mr. Mélenchon's only by nuances.

The National Front's toxic history of anti-Semitism and its hostility to minorities and immigrants has traditionally put a ceiling on Ms. Le Pen's vote, especially on the left. But that might not hold if Mr. Mélenchon doesn't make it to the final round and his supporters must choose be-

tween Ms. Le Pen and one of the centrists.

Mr. Fillon's agenda comes closest to what France needs to revive its stagnant economy, notwithstanding his affinity for Mr. Putin's Russia. He promises to balance the budget within five years, cut €100 billion (\$107.21 billion) in spending, slash the corporate-tax rate to 25% from nearly 35%, end the

35-hour work week and liberalize labor laws to encourage hiring. All of this is a hard sell in France at any time, but Mr. Fillon's credibility has been compromised by news that he put family members on the public payroll.

Mr. Macron's reforms don't go as far as Mr. Fillon's, but he'd also cut the corporate-tax rate to 25%, reform the work week and reduce labor-related taxes for entrepreneurs. But the 39-year-old has never held elected office and failed to sell this program to the National Assembly when current Socialist President François Hollande made him economy minister.

All four major candidates are polling at around 20%, but Mr. Mélenchon has momentum and the highest personal favorability. A Le Pen-Mélenchon finale would be a political shock to markets and perhaps to the future of the EU and eurozone. The best result would be for one or both centrists to make it through, but the fact that both could lose to the radicals is an indictment of the main political parties.

Mr. Hollande's Socialists have made France the sickest of Europe's large economies, with growth of merely 1.1% in 2016, a jobless rate above 10% for most of the past five years, and youth unemployment at nearly 25%. His predecessor, Nicolas Sarkozy, and the Republicans talked a good reform game but never delivered. Add the threats of Islamist terror and mass Syrian migration, and the stage is set for candidates who appeal to nativism or a cost-free welfare state. Let's hope a French majority steps back from the political brink.

now hanging a U-turn and will arrive in the Western Pacific in the coming weeks. On Wednesday Defense Secretary Jim Mattis said the U.S. is doing "exactly what we said we were going to do."

But North Korea's propaganda arm mocked the late arrival as a bluff, and a prominent South Korean politician told the Journal that if President Trump lied, then "South Korea will not trust whatever Trump says."

Some are asking if perhaps the misinformation was deliberate, and sometimes in war you have to fake out the enemy. But this isn't D-Day, and allies might wonder the next time the President trumpets an arriving "armada."

The White House is directing questions to the Pentagon, which has conceded it should have communicated the timing more clearly, but then the Defense Department did nothing to correct press reports suggesting the vessels were on their way. Mr. Trump broadcast a show of force to underscore the power of an American deterrent, but the lesson is that it's dangerous for Presidents to sell a military mirage.

Japan's Potato Panic

Potato-chip fans in Japan stocked up on snacks this week after Calbee and other makers announced that a poor potato harvest in Hokkaido is forcing them to shut down production lines. Japanese store shelves are already stripped of favorite flavors such as plum and French salad, leading to online auctions of hoarded chips.

The U.S. Agriculture Department says American growers supply 78% of Japan's potatoes and potato products. So why not simply import more potatoes?

The answer is Japan's agriculture lobby, which has largely succeeded in keeping out the fresh potatoes needed to make fried chips. The U.S. spuds exported to Japan are mostly dehydrated or frozen processed potatoes, such as the kind used at McDonald's.

Japan banned the import of American fresh potatoes in 1950, ostensibly because of concerns about the potato wart bacteria and the cyst nematode. That was part of a wave of protectionism based on spurious claims. Tokyo justified keeping out U.S. beef because Japanese intestines were supposedly unable to digest it.

After a bad harvest in 2006, Japan did open the door slightly: American potatoes from cer-

tain states can now be imported between February and June—as long as they go through special treatment procedures. While the tariff on fresh potatoes is low at 4.3%, non-tariff barriers have held U.S. sales in Japan to about \$10 million a year.

The Trans-Pacific Partnership trade deal would have cracked this valuable market for Idaho spud farmers. The National Potato Council supported TPP in part because it contains a mechanism to resolve phytosanitary issues—i.e. unjustified import restrictions based on disease. Potato Grower magazine estimated TPP would allow U.S. exports to grow to \$50 million annually within five years.

That appetizing opportunity was lost due to President Trump's decision to withdraw from TPP. While fresh potatoes may be a tiny part of Pacific trade, TPP would have expanded access to Japan's lucrative market for a broad range of agricultural products.

Fortunately for Japan, Prime Minister Shinzo Abe is still pursuing TPP to open his economy. If the U.S. stays out, American farmers will lose out to competitors. Japanese snackers could soon be munching on wasabi-flavored chips made with Australian-grown potatoes.

A Death in St. Petersburg

Journalists in authoritarian states are some of the bravest people on Earth, and often they pay with their lives. The latest is Russian Nikolai Andrushchenko, who died this week in St. Petersburg after a beating by unknown assailants last month.

The 73-year-old co-founded the weekly *Novy Peterburg* and was known for articles criticizing the Kremlin and President Vladimir Putin. His newspaper also dared to report on the connections between St. Petersburg officials and organized crime. Andrushchenko enjoyed the

relative freedom of the press after the fall of the Soviet Union in the 1990s, but he was one of the first in Russia to warn that the secret services were returning to political power after Mr. Putin's rise in 2000. Andrushchenko was previously beaten in 2007 and survived, but this time he never regained consciousness after brain surgery following the vicious assault.

His death is part of the tragedy of modern Russia, where critics of Mr. Putin often end up shot or beaten to death by killers who are never brought to justice.

Another critic of the Kremlin dies by unknown hands.

President Trump's Alliance Strategy



WONDER
LAND
By Daniel
Henninger

After 59 Tomahawk missiles landed on a Syrian airfield, followed by the dropping of a 21,600-pound bomb on Islamic State's hideouts in Afghanistan, the world has begun to ask: What is Donald Trump's foreign policy? And so the search

begins by pressing what Mr. Trump has done so far against various foreign-policy templates. Is he a neoconservative, a Scowcroftian realist or a babe in the woods?

We know this is a fool's errand. There will be no Trump Doctrine anytime soon, and that's fine. The Obama Doctrine, whatever it was, left his successor a steep climb in the Middle East and Asia. It is difficult to find doctrinal solutions for issues that everyone calls "a mess." It is possible, though, to see the shape of an emerging strategy.

The place to look for that strategy is inside the minds of Defense Secretary Jim Mattis and National Security Adviser H.R. McMaster.

During his Senate confirmation hearings, Mr. Mattis said something that jumped out at the time. He called the North Atlantic Treaty Organization "the most successful military alliance probably in modern history, maybe ever."

This was in notable contradistinction to the view of his president that NATO was obsolete. Then last week, after meeting with NATO Secretary General Jens Stoltenberg, President Trump said of the alliance: "I said it was obsolete. It's no longer obsolete."

Let's set aside the obligatory sniping over such a remark and try to see a president moving toward the outlines of a foreign policy that, for a president who likes to keep it simple, may be described with one word: allies.

NATO emerged as a formal alliance after World War II. Less formally, the U.S. struck alliances with other nations to base troops and ships, as in the Persian Gulf.

After the Soviet Union dissolved in 1991, foreign-policy thinkers began to debate the proper role of the U.S. as the world's only superpower. Liberals argued that maintaining the U.S. at the apex of this alliance system was, well, obsolete. Instead the U.S. should act more like a coequal partner with its allies, including international institutions such as the United Nations.

The idea of a flatter alliance structure, or leading from behind, came to life with the Obama presidency. It doesn't work.

If indeed Messrs. Mattis and McMaster are the architects of an emerging Trump foreign policy, their most formative experiences, in Iraq, may shape that policy.

After the Iraq War began in 2003, the U.S. tried to defeat the enemy essentially with brute force. Serving in different areas of Iraq—Gen. Mattis in Anbar province and then-Col. McMaster in the city of Tal Afar—

the two men realized that force alone wasn't winning. Instead, they sought, successfully, to gain buy-in from the local populations and tribal leaders. In return for that buy-in, U.S. forces provided security to their new allies.

The difficult and ultimately tragic question was, what happens after the U.S. leaves? In strategic terms: How does the U.S. stabilize a volatile world without becoming a permanent occupying force?

Last month, Mr. McMaster brought onto the NSA staff Nadia Schadlow, who has thought a lot about that question. Her assignment is to develop the National Security Strategy Report. The title of her just-released book, "War and the Art of Governance: Consolidating Combat Success Into Political Victory," summarizes its core idea:

Mattis and McMaster learned in Iraq that if you make allies, you should keep them.

Unlike its pullout from Iraq, the U.S. has to remain involved—engaged—in the turbulent political space that always exists between conflict and peace, a space filled with competition for influence and power. What Messrs. Mattis and McMaster learned in the wake of Iraq is that if you make allies, you should keep them.

Thus, Vice President Mike Pence stood at the DMZ across from North Korea reconfirming America's alliance with South Korea. A day later, he did the same in Japan.

Mr. Trump met in recent weeks with King Abdullah of Jordan, President Abdel Fattah Al Sisi of Egypt and, most importantly, Saudi Arabia's Deputy Crown Prince Salman. This week, Mr. Trump called to congratulate Turkish President Recep Tayyip Erdogan on his referendum "victory."

These are the Middle East's "tribal leaders," or allies, whose buy-in will be necessary if the U.S. is to consolidate gains from the military strikes in Syria and Afghanistan—possibly with the partition of Syria into three tribal sectors.

Russia has separated itself by choosing instead an alliance with Iran to create a Russo-Iranian Shiite crescent extending across the Middle East to the Mediterranean.

The Mattis-McMaster foreign policy taking shape looks like a flexible strategy born of military experience in fast, fluid circumstances—our world. It is based on both formal and mobile alliances with partners willing to use diplomatic, financial, political and, if necessary, military pressure to establish stable outcomes. The word "abandon" doesn't fit here.

Some might say that sounds like the U.S. leading alongside. With one big difference: The U.S. is in fact leading.

Write henninger@wsj.com.

My Children's Own (Nonelectronic) Devices

By Batsheva Neuer

My 5-year-old son is beyond his years in many ways—with one big exception. He still doesn't know how to turn on an iPad. In an effort to stave off a lifetime of device dependence, my husband and I have nurtured a screen-free environment in our home. It's kooky, but if you ask me, it's made all the difference in my children's development.

Having both been raised in homes without televisions, our decision to limit screens came somewhat naturally to us. We wanted to delay technologically induced social isolation and encourage our children to develop skills that would serve them well in the real world. In our minds, childhood should be about fostering social interactions, encouraging creativity and responding to real-world stimuli.

To cultivate a screen-free environment—if only for a few years—we've taken an old-fashioned approach. We bought a 1987 Golden Book Encyclopedia set on eBay. We've also developed a habit of contacting "local experts." How does the sun move? That's a good question for Uncle Ariel, who studied chemistry in college. How do you build a door? Ask Uncle David, the contractor. Who created the world? As the self-appointed Biblical scholar, that's my turf.

We aren't absolutists. The only way the children can survive the eight-hour drive to my Canadian parents' home in one piece is by watching "Sesame Street" on the TV screen in the back seat of our SUV. And when it's been weeks since they've seen their grandparents, we know that they have more to gain than lose by a video-chat session.

We're OK with making exceptions, so long as they remain only that.

The gains in their development and character have been invaluable. My children's concentration skills are strong. They can spend hours listening to tales of the gnarling and wizened trees of Narnia. They have learned how to share in household tasks, quickly becoming adept at polishing candlesticks, setting a table and folding napkins into stemware.

They question, imagine and create, while learning real-world social skills.

Most important, the no-screen rule is bringing our children closer to our extended family. The practice of asking questions to humans rather than the Google search bar has generated interest in the talents of family members and friends.

Albert Einstein said, "Imagination is more important than knowledge." So while my children don't have kids' die apps to master Mandarin or the fineries of classical music—at least not yet—they do a lot of questioning, imagining and creating.

I recognize that our hold on technology may only last for a few more years. At some point, my children will need to enter the digital world and learn the skills necessary to succeed there too. Undoubtedly, device dependence lies ahead. But for now I am glad that they can learn to depend on their own minds and hearts—and on the special humans in their lives.

Ms. Neuer is a writer in New York.

OPINION

Do You Want Reagan's Economy or Obama's?

By Phil Gramm
And Michael Solon

The best way to gauge America's capacity to reignite economic growth through tax reform is to move beyond congressional economic models and look to the empirical evidence of the country's historical ability to grow and prosper. America's economic exceptionalism has been the product of freedom and opportunity, secured through limited government. When government policies have strengthened or impeded these sources of American exceptionalism, they have yielded quantifiably different results.

America's economic exceptionalism has been the product of freedom and opportunity and the policies that promote them.

The economic policies implemented by Presidents Reagan and Obama were the polar extremes of postwar policies. The economic consequences of those policies defined the highs and lows of America's postwar experience. These extremes help define what might be expected if the current administration and Congress are successful in reversing the Obama program and moving toward a more Reagan-type policy of tax reform and regulatory relief.

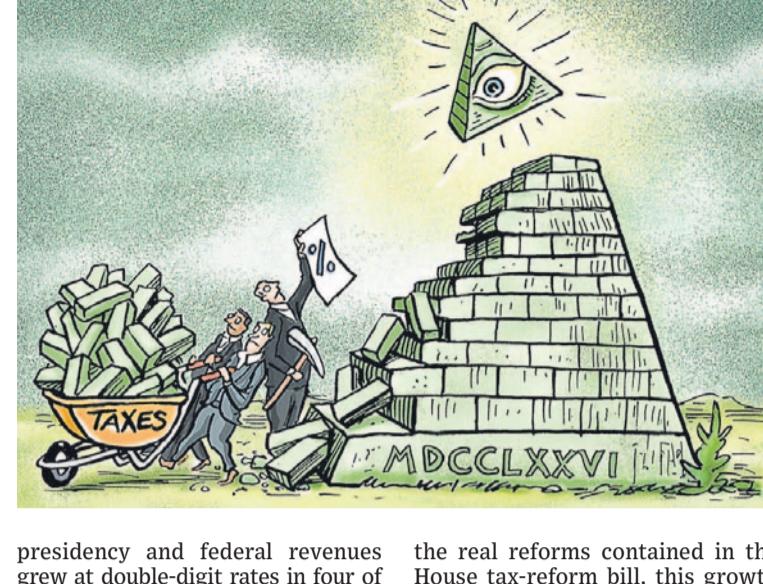
Mr. Obama implemented policies dramatically different from the postwar norm. Marginal tax rates soared; federal spending spiraled with a nearly trillion-dollar stimulus; Social Security Disability and food-stamp qualifications were

eased; work requirements in welfare programs were suspended; Medicare and Medicaid were expanded and ObamaCare created. Federal debt doubled, and public and private debt held by the Federal Reserve quadrupled. New legislation, an unprecedented number of new regulations, and a torrent of executive orders transformed the role of government in American life.

Dramatically different policies were followed by dramatically different economic results. Economic growth during the Obama years averaged an astonishingly low 1.47%, as compared with the 3.4% average throughout all the postwar booms and busts before 2009. The extraordinary economic failure of the Obama era is not found in the recession that ended six months into his presidency but in the subsequent failed recovery, where real growth in gross domestic product averaged 2.1% a year, less than half the 4.5% average during previous postwar recoveries of similar duration.

Even after Mr. Obama announced a "summer of recovery" in 2010, the Congressional Budget Office was repeatedly forced to cut GDP and federal-revenue estimates—by a total of \$9 trillion and \$4.2 trillion, respectively—due to weak economic growth. Federal revenues were supposed to rise by \$650 billion over the following decade because of the Obama 2013 tax increase. They are now projected to fall by almost five times that amount because economic growth continues to falter.

GDP growth averaged 2.5% between 1974 and 1980. After taking office during a recession in 1981, Reagan cut marginal tax rates, cut nondefense and entitlement spending and reduced the regulatory burden. Once those policies were in place, economic growth averaged 4.6% during the remainder of his



increased annual economic growth by an additional 1% over his presidency. The CBO originally assumed that the 1986 tax reform would produce no economic benefits and that the 1997 Balanced Budget Act would have only a small positive effect, yet together they helped produce a quarter-century of rapid growth, surging federal revenues and a balanced budget.

Since its models are incapable of distinguishing between failed and successful economic policies, the CBO will not score the economic growth and federal revenue coming from improved economic policy. If the House drops the proposed border-adjusted tax, the current tax-reform bill could still be considered in the context of the budget-reconciliation process, which requires only 51 votes in the Senate. But under Senate rules, a tax reform passed that way would be in place for only 10 years. If the reforms work as they have in the past, Republicans will win the 2018 elections, and then they can make the tax reform permanent.

Critics will denounce the idea that good policies have anything to do with economic growth. These are largely the same critics who have spent most of the past eight years denying that President Obama's policies had anything to do with poor economic performance. But America itself is proof that policies matter. After all, policies of freedom and opportunity are what allowed America to take the world's "huddled masses" and produce the most impressive empirical evidence the world has ever seen.

Mr. Gramm, a former chairman of the Senate Banking Committee, is a visiting scholar at the American Enterprise Institute. Mr. Solon is a partner of US Policy Metrics.

presidency and federal revenues grew at double-digit rates in four of his last six years in office.

With efforts now under way to repeal the Obama program and replicate, at least in part, the successful tax reform of the Reagan era, it seems reasonable to assume that the economic benefits from these changes would help to pull the economy out of its current low-growth rut and propel it toward its historical postwar norm. Lifting the economy from the CBO's post-Obama projection of 1.8% growth to the 3.4% postwar average would generate \$4.6 trillion of additional federal revenues over 10 years.

Even if tax reform and the repeal of the Obama program closed only half the gap between the current 1.8% GDP growth rate and the 3.4% GDP growth rate that the economy averaged for the previous 64 years, that alone would deliver \$2.3 trillion in new revenues due to higher growth over the next 10 years. This is important because together with

the real reforms contained in the House tax-reform bill, this growth potential would make it possible for the House to drop the proposed border-adjusted tax, which would supposedly raise \$1.1 trillion in revenue. This change alone would remove the biggest obstacle to passing tax reform.

Budget and economic data over the seven postwar decades prove that American exceptionalism flourishes when supported by policies that promote freedom and opportunity and disappears when they are suppressed. But the CBO's methods do not recognize that truth. No single part of the Obama program was ever scored in advance by the CBO as losing \$4.2 trillion in federal revenues, but those losses reflect the totality of the impact of his policies.

No single Reagan action was ever scored by the CBO as producing the equivalent of \$2.9 trillion in new revenues (relative to the current GDP), but that was the overall result of his program, which in-

Scientists Take a Stand Against Academic Boycotts of Israel

By Ruth R. Wisse

More than 100 Boston-area researchers in health care and the life sciences released a statement on April 13 defending "the liberal ideals which have shaped our democracy" and in support of "the free flow of ideas and information" that is central to their work. Why affirm something so obvious? To stop academic blacklisting by the Boycott, Divestment and Sanctions (BDS) movement, which targets Israeli universities and scholars.

Attempts to isolate Israel and its educational institutions aren't new. In 1945 the Arab League declared that all Arab institutions and individuals must "refuse to deal in, distribute, or consume Zionist products of manufactured goods."

The original boycott soon extended to entities that traded with Israel. This did great economic and political damage until the U.S. Congress in 1977 prohibited American companies from cooperating with it, as some were doing. Only U.S. prohibition of the prohibition had the force to guarantee free international trade.

In 2002, a group of professors from Harvard and the Massachusetts Institute of Technology were among the first academics to advocate divesting from Israel. Two years later the Palestinian Campaign for the Academic and Cultural Boycott of Israel was founded with the explicit purpose of isolating Israeli academics and institutions. Its goal was to deny Israeli scholars access to scholarly conferences, journals and employment opportunities. The boycott also includes keeping unwelcome speakers and information from campus to maintain Israel as the permanent object of blame.

The campaign's efforts paid off in the U.S., where the American Studies Association and the National Women's Studies Association approved boycotts in 2013 and 2015, respectively. Academic associations that have so far voted such resolutions down—the American Anthropological Association, Modern Language Association and American Historical Association—introduce new ones every year.

Only through a concerted effort by school administration can universities

remain free spaces. Jewish students shouldn't be expected to bear the full brunt of attack by those who import the Arab-Muslim war against Israel into the American campus.

Researchers in science and medicine have a special interest in opposing a boycott that tries to destroy

How can scholars reconcile opposition to the Trump travel ban with blacklists aimed at the Jewish state?

the benefits of shared ideas and knowledge. Although people in the sciences don't normally issue collective political statements, signatories of the recent letter cite the collaboration of Israeli scientists in lifesaving treatments as reason enough to protest the blacklist. Their statement condemns boycotts that contravene core democratic values and threaten "the free flow of information and ideas," which functions as "the lifeblood of the academic world."

The Boston group's aim is similar to those of recent academic protests against President Trump's temporary travel ban. A friend-of-the-court brief filed by 17 universities affirms that students from the six suspect countries could have much to contribute by "making scientific discoveries, starting businesses, and creating works of literature and art that redound to the benefit of others" far beyond university campuses.

If universities are willing to fight the government's travel ban against students from Muslim-majority countries, why are members of their faculties fighting to prevent exchange with academic counterparts in the Jewish homeland?

American academics ought to entertain pluralistic and multicultural perspectives and refrain from cutting themselves off from those with whom they disagree. Universities cannot pretend to be protecting the free flow of information while their faculty members try to prevent interaction with the most dynamic academic center in the Middle East.

The restrictions the Trump administration placed on potentially hostile immigrants were intended to prevent attacks on America's liberal democratic way of life. Meantime, the goal of the BDS campaign is to attack the freest democracy in the Middle East. Not coincidentally, Iran and Syria, two countries singled out by the travel ban, are also dedicated to the destruction of Israel. The repressive tactics of BDS proponents resemble the strategy and destructive aims of those who threaten the U.S.

Perhaps the academics who signed the statement in defense of liberal ideals can help stop the aggression against Israel in academia, a place that, in their words, promotes "the dialogue and cooperation essential to advancing knowledge, solving problems, and promoting understanding." The rest of the academic community and all who benefit from its labors would be grateful.

Ms. Wisse, a former professor of Yiddish and comparative literature at Harvard, is the author of "Jews and Power" (Schocken, 2007).

The World Needs a New Economic Goal: Resilience

By Wolfgang Schäuble

When the financial community gathers for its traditional meetings this weekend in Washington, inclusive growth will be the talk of the town. That economic growth must benefit more people than before has emerged as the answer to rising populism and disappointment with elites.

As a politician from the country with the lowest inequality among large industrial nations, it has always been clear to me that we must prevent societies from growing too far apart. This is now a concern for economic elites as well.

While there is increasing agreement on the goal, there are, as

usual, differences on how to get there. I believe we should prioritize enhancing resilience. This is the ability to withstand shocks and to recover from adversity and unforeseen events, and it applies not just to individuals but to countries as well.

Strengthening resilience is a global challenge. And it isn't just a concern for economists. Economic, financial, social and political aspects are interlinked. Citizens and companies enjoy better and safer job opportunities and a more conducive business climate when they live in a sustainable environment. Growing confidence and prosperity provide strong foundations against protectionism, populism and nationalism.

Resilience, therefore, is essential to bolstering our free and open market economies for the benefit of all.

Germany, as the current president of the G-20, has made resilience one of its main objectives. At the meeting of G-20 finance ministers and central-bank governors last month in Baden-Baden, we agreed on a set of "resilience principles." Now it's up to each member to work up its own specific agenda.

The timing for this is good. The global economic outlook is brighter. Growth prospects in many advanced and emerging economies have improved. There is no need to deliberate further fiscal or monetary stimuli. We can now start tackling all the unresolved issues on our way to sustainable, long-term growth, to improve the fundamentals that deliver better opportunities for all.

Increased spending now would achieve the opposite result. Only structural reforms would unlock the potential for innovation and the efficiency gains of competition, locally and globally. Let's not put them on the back burner again.

To achieve financial resilience, we must tackle the unresolved debt overhang. Public and private debt around the globe is too high and progress on debt reduction is too slow. High debt is mirrored by asset-price bubbles that pose increasing systemic risks.

Empowering people to bounce back after a crisis is the best response to rising populism.

In many advanced economies, public indebtedness is the most pressing issue. In some emerging markets, private debt is the main problem. Some countries have both. National governments must implement country-specific measures to tackle these risks. Deleveraging will enhance resilience everywhere.

For monetary resilience, it's important to realize that monetary policy has reached its limits. In many countries, fiscal consolidation and reform efforts have slowed

down. In turn, monetary policy has taken on too much of the burden of dealing with too-high debt and structural shortcomings. Negative side effects continue to grow so long as ultraloose policies persist. Monetary normalization should not be unduly delayed.

Social resilience may be the trickiest of all. There are some core ingredients that would help us succeed.

Sound public finances would allow a political system to cope with unforeseen events. This means concentrating on core services that enhance people's opportunities and their ability to deal with change. Good infrastructure, strong public-education systems and adaptable labor-market institutions would also help bring people into work and to provide opportunities.

We also need a tax system where everyone pays their fair share. This requires international cooperation. Our work against large corporations taking advantage of tax havens is one example of this.

With sound public finances and fair taxation, you don't need another social-welfare debate on more redistribution. In most Western countries, we already have a heavy burden of welfare spending that undermines productive spending and the government's ability to support social resilience.

People want opportunities and participation, not alms. A political system that enhances opportunities is the best precondition to achieve sustainable growth for all in the long run.

Mr. Schäuble is Germany's federal minister of finance.

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Notable & Quotable

From "How Late-Night Comedy Fueled the Rise of Trump" by Caitlin Flanagan in *The Atlantic's May issue*:

Somewhere along the way, the hosts of the late-night shows decided that they had carte blanche to insult not just the people within this administration, but also the ordinary citizens who support Trump, and even those who merely identify as conservatives. In March, Samantha Bee's show issued a formal apology to a young man who had attended the Conservative Political Action Conference and whom the show had blasted for having "Nazi hair." As it turned out, the young man was suffering from Stage 4 brain cancer.

LIFE & ARTS

EXERCISE

A Fitness Empire Quietly Rises on YouTube

Fitness Blender has amassed 4 million subscribers with video instruction that's down-to-earth—and free

BY RACHEL BACHMAN

ONE OF THE NATION'S hottest gyms isn't a gym. And it's free.

Fitness Blender, an online-workout company run by personal trainers Kelli and Daniel Segars, is the most-watched fitness channel on YouTube and just passed 4 million subscribers. That's more than one of the nation's biggest health-club chains, 24 Hour Fitness, has members.

Fitness Blender's YouTube channel and corresponding website feature more than 500 workout videos, most of them filmed in the Segars' garage north of Seattle. Against a plain-white background, they sweat through basic but challenging moves, including the occasional stumble.

"These people look normal," says Haley Wilson, a 20-year-old fan in Fort Erie, Ontario, who last year had Fitness Blender's logo tattooed on her left arm. "They're like your fit best friends who can help you be healthy, too."

Fitness Blender is a leader in the quiet migration away from traditional health clubs and toward on-demand services such as online-streaming workouts that people can do in their living room.

Boutique online offerings have gained traction, such as Peloton, which streams live classes for \$39 a month to those with one of the company's \$2,000 bikes. Fitness Blender is the leader in free workouts. The site's fans have embraced its simple approach to health: Do a blend of exercise types and eat whole, healthy foods.

"It's not about being bikini-ready," Ms. Segars says. "It's about not dying of a heart attack."

Fitness Blender workouts have no music, no yelling, no fitness models glistening in the background. Most workouts require little equipment, such as a set of dumbbells, or none. The company employs one full-time staff member, one three-quarters time and six to 12 contractors. It doesn't sell nu-



Daniel and Kelli Segars, right, make exercise videos in the converted garage, above and top right, in their home outside Seattle.



FROM LEFT: DANIEL SEGARS; KELLI SEGARS (2)

tritional supplements, a lucrative part of the fitness industry.

"The usefulness of any kind of supplementation is nowhere near the potential risk or financial cost of them," says the 36-year-old Mr. Segars, who has a degree in food nutrition from Texas Tech University. "You simply just don't need them."

Fitness Blender makes most of its revenue from video ads, plus digital eating plans and workout plans that sell for \$6 to \$25. Despite the bare-bones approach, or perhaps because of it, the seven-year-old Fitness Blender has grown into what the Segars say is a multimillion-dollar business with revenue growing more than 20% a year.

Cynthia Winward of Provo, Utah, uses Fitness Blender's online calendar to queue up workouts for herself and her husband, Paul, five days a week. He does them first thing in the morning, she after the children go to school.

The site because it was less "girly" than the videos Cynthia favored, she says, and more low-key

than others they'd done that featured bellowing trainers.

"Certain famous workout people, they like to yell at you," says Ms. Winward, who runs an embroidery-design business from home. The Segars "were like, 'Take a break if you need to.'"

Trine Kleiveland, a 24-year-old grocery-store employee, couldn't afford to join another gym after moving from a smaller city to Bergen, Norway. An instructor at her old gym recommended Fitness Blender. "I must say, the workouts kicked my butt!" Ms. Kleiveland said in an email.

More than half of Fitness Blender's users live outside the U.S., Mr. Segars says. The workouts include a thermometerlike progress clock and an inset video showing how to do the next exercise, making them easy for non-English speakers to follow.

Fitness Blender was born during the financial crisis. The Segars closed on their first house in 2008 on a Friday, got married on Sunday

and lost their jobs at the gym where they met on Monday, Ms. Segars says.

As they cobbled together a living—Daniel as a plumber's apprentice and personal trainer, Kelli writing freelance and counseling unemployed people—they began filming and posting full workout videos on YouTube. The idea was to get their ideas out to as many people as possible, Mr. Segars says. At the time, most fitness gurus saved their best content for DVDs or paid-subscription services, using YouTube only for promotional clips.

"I think we kind of shook the industry a little bit," says Ms. Segars, who is 33. "You can get free workouts built by professionals and you never have to open your wallet."

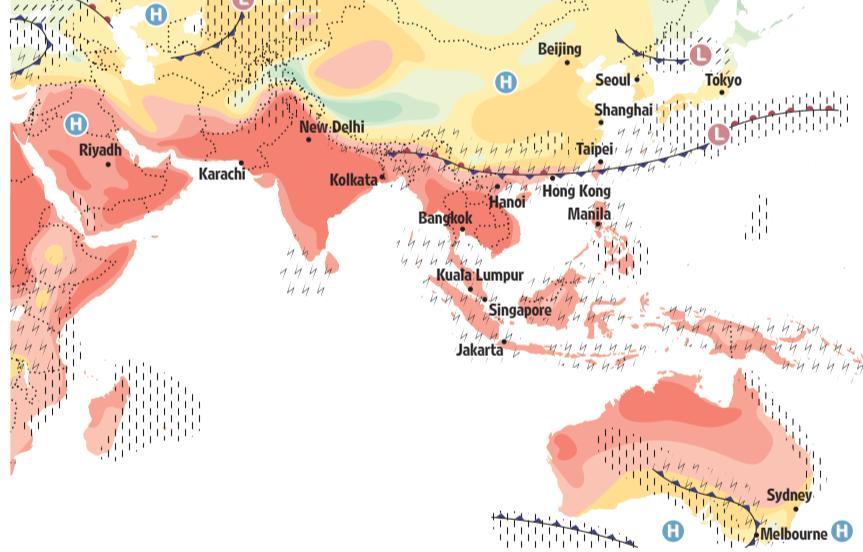
In the faddish fitness industry, Fitness Blender has shown staying power. It has a four-year-old workout that's still getting 30,000 views a day, says Kevin Allocca, head of culture and trends at YouTube.

Amy Harris Gray, a 52-year-old physical therapist and group-fitness instructor in West Linn, Ore., says Fitness Blender's thorough warm-ups and cool-downs and modifications for people with sore joints are unusual among the many paid and free workout sites she's tried.

"No one else compares in quality, personality, options and with balanced, safe workouts," Ms. Gray says.

The Segars were silent in the early workout videos but found that people liked it better when they were talking and "huffing and puffing along with them," Ms. Segars says. They also began sharing more of themselves through their website and social media. Ms. Segars choked up as she spoke of her struggle with an eating disorder, and the couple has slammed photoshopping and body-shaming.

Weather



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The WSJ Daily Crossword | Edited by Mike Shenk



PUZZLE CONTEST

- 61 Bids first
62 "Forget You" singer Green
63 Suffix that may indicate bribery
64 Legal postponements
65 Birthplace of Donny and Marie
66 Rely (on)
Down
1 Smile upon
2 Summer of music
3 Where Lot lived
4 Bombshell
5 Journalist Fallaci
6 Each gallon holds eight
7 Outdo
8 "____ lighter note..."
9 Absurd
10 One might be thumped at the market
11 Screech source
12 Cheyenne enemies
13 Present from Santa
19 Nature Valley offering
21 "Message received"
24 Entree add-ons
25 Clockwork components
26 Dodge
27 Minimal amount
Across
1 What co. directors sit on
4 "Get moving!"
9 Declaration at a poker game
14 Canterbury can
15 Stellar hunter
16 Certainly not an old pro at
17 Bring to a close
18 Songwriters' workplace of old
20 Show disdain for
22 Start of a Cuban count
23 South Pacific islanders
24 Casey in Cooperstown
28 "Today" rival, initially
29 Vault feature
30 Anticipatory night
31 Flummoxed
34 Peace Nobelist Anwar
36 Org. offering motel discounts
37 Colorful language (and where you'll discover a helpful question)
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22 Start of a Cuban count
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42 Beginning
43 Worker who uses CPR
44 Bruins legend
45 Luxury resort amenity
46 "Hiroshima Mon Amour" director Alain
49 Ms. co-founder
53 28-Across's network
54 Penthouse adjunct
55 Musical based on the Faust legend
60 Autonomous software program
Quartets | By Marie Kelly

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Friday - Sunday, April 21 - 23, 2017 | B1

Yen vs. Dollar 109.4160 ▲ 0.51%

Hang Seng 24056.98 ▲ 0.97%

Gold 1278.10 ▼ 0.26%

WTI crude 50.47 ▲ 0.06%

10-Year JGB yield 0.015%

10-Year Treasury yield 2.253%

China Stocks Get Nod of Approval

By GREGOR STUART HUNTER

Big fund managers are saying for the first time that they are comfortable with including domestic Chinese equities in key global indexes, a sign that the mainland's huge stock markets may finally be coming of age.

BlackRock Inc., the world's largest asset manager, said Thursday it supports including mainland shares in the benchmarks of **MSCI** Inc., whose indexes are used by global money managers to guide trillions of dollars in investments. Deutsche Asset Management, one of the world's biggest managers of exchange-traded funds, said that from the ETF perspective there are no more technical problems with including domestic equities, known as A-shares, in MSCI indexes.

Other fund managers such as **UBS Asset Management**, Fi-

dentity International and Matthews Asia said they think inclusion is becoming more likely.

MSCI, which typically tweaks its indexes each year around June, declined to comment.

Inclusion of A-shares in MSCI indexes could be a watershed for China's \$7.82 trillion in domestic equities. China's markets have slowly opened to foreign investors, and in previous years MSCI has said the markets weren't accessible or transparent enough to warrant inclusion of mainland stocks. Only Chinese companies listed offshore in places such as Hong Kong and New York are included in MSCI indexes.

The inclusion of A-shares would mean that the many global fund managers, including pension funds and insurers, that invest based on MSCI indexes would have to add mainland equities to their portfolios. Funds that compare

their performance to that of an MSCI index that included Chinese stocks would likely buy those shares as well.

MSCI's Emerging Markets Index, for instance, is the most

widely tracked benchmark of performance of stocks in the developing world and is followed by money managers with \$1.6 trillion in assets. Société Générale SA estimates that in-

clusion of A-shares in MSCI indexes could immediately lead global funds to buy about \$13 billion in Chinese equities.

Chinese authorities have been lobbying for MSCI inclusion for years, taking steps to fix problems such as unclear ownership laws and curbs on the amount of money foreigners can invest in mainland shares. Two years ago, selected shares on the Shanghai Stock Exchange were opened to foreign investment through a trading link with the Hong Kong market—an improvement over previous rules that permitted only a few hand-picked fund managers to buy shares under a quota system.

In December, China opened a similar trading link to the Shenzhen Stock Exchange. Please see **MSCI** page B2

◆ Heard on the Street: An MSCI move would be too soon... B8

Sources: MSCI; HKEX (Data on Stock Connect trading link); World Federation of Exchanges (total listings)

Stocks being considered for listing on the MSCI 169

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Total number of companies listed in China 3,162

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MSCI

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One of the major hurdles for China in winning the trust of global investors has been the memory of the 2015 market crash, during which more than a thousand companies suspended trading of their shares—some for months.

Chinese exchanges implemented rules last year that limit the circumstances under which shares can be suspended, while MSCI has pledged it would remove shares from its index if they have been frozen for more than 50 days.

To be sure, many investors

Chinese authorities have been lobbying for MSCI inclusion for years.

remain wary of onshore markets, where the state invests heavily and regulations are often opaque. Performance of Chinese companies listed in Hong Kong has been much better than those in the mainland this year, and not much money is flowing through the trading links with Shanghai and Shenzhen.

MSCI has also scaled back its China ambitions, trimming the number of mainland shares it proposes to add to 169, a third of what it had suggested in 2016. It also said

that Chinese officials have addressed many of its past concerns. The company will make a decision on A-share inclusion this summer after consulting with its clients.

The biggest of those is BlackRock, which manages \$5.4 trillion in assets and says it is in favor. Another, Deutsche Asset Management, which manages \$746 billion in assets, said the fund no longer sees technical obstacles to including Chinese stocks.

Some hurdles to foreign investment remain, such as different holiday schedules, the lack of a method of determining closing prices in Shanghai and a daily quota for orders through the trading links with Hong Kong, investors say.

The limited number of shares MSCI is proposing to add this year means the inclusion could be mostly symbolic, said Catherine Yeung, investment director at Fidelity International.

But the more modest proposal is also more likely to succeed, said Geoffrey Wong, head of global emerging-markets equities at UBS Asset Management in Singapore. He said the fund manager isn't lobbying for inclusion but that its clients are looking at the change more favorably.

Andy Rothman, investment strategist at the San Francisco-based fund manager Matthews Asia, said the firm is buying more A-shares in anticipation of an inclusion. "From an investor's perspective, you just have to assume that China is going to be included in the not-too-distant future," he said.

Bankers world-wide.

Like his counterparts in Sweden, Australia and New Zealand, countries that also have struggled to recover from the credit crisis or have been hit by the more recent downturn in commodities prices, Mr. Poloz is keeping interest rates at rock-bottom levels to foster growth, and is maintaining that position despite exposure to a possible housing correction. Canada's central bank has cut rates twice since January 2015 to 0.50%, and isn't expected to begin raising them until next year.

Canadian policy makers have reached for other tools to try to tame the frothiness in housing prices and to limit risky borrowing. Federal officials have stepped in on six separate occasions since 2008 with measures ranging from requiring larger down payments on costlier homes to re-

Health Insurers Peer Ahead

Uncertainty about Affordable Care Act complicates planning state by state

By ANNA WILDE MATHEWS AND LOUISE RADNOFSKY

Anthem Inc. made preliminary filings indicating it will offer plans on the Affordable Care Act marketplaces in Virginia and Kentucky next year, providing insight on the insurer's exchange business.

Cigna Corp. and **Aetna** Inc., which like Anthem have said they are reconsidering their exchange offerings, are among insurers that made similar filings in Virginia. But one current Virginia ACA insurer, **UnitedHealth Group** Inc., didn't file 2018 forms, and a spokesman confirmed it would leave the state's marketplace next year.

The filings represent early moves toward offering plans on those states' exchanges, but the insurers could reverse course in coming weeks or months, and their strategy may be different in other states. The disclosures also don't include details such as rates and the specific regions where they intend to participate.

Insurers are currently struggling with decisions about their 2018 exchange offerings, amid what they have complained are mixed signals from the Trump administration and congressional Republicans about the future of the ACA. In particular, the insurers want guarantees that they will continue to receive federal payments that help cover the cost of care for lower-income ACA exchange enrollees.

Without the payments, industry officials have said the exchanges



White House support for the ACA is in flux. Above, an enrollment event in San Antonio last year.

may see significant rate increases and pullbacks.

President Donald Trump has threatened to stop funding the ACA's cost-sharing subsidies—which help lower-income enrollees with expenses such as deductibles—in an effort to prod Democrats to negotiate over a health bill. A White House spokesman said earlier this week that the ACA is "already collapsing on its own" and the president will work with Congress on replacement legislation.

Virginia and Kentucky have some of the earliest filing deadlines among state regulators. Virginia has a policy of quickly making the forms public. The Kentucky Department of Insurance disclosed 2018 filing information in response to a public-records request.

Virginia may not be indicative of broader trends. Its marketplace has eight insurers offering exchange plans in 2017,

according to health-care research nonprofit Kaiser Family Foundation, and it was one of the few states to retain robust offerings from national insurers.

UnitedHealth, which this year withdrew from all but a handful of states' ACA marketplaces, declined to comment on future plans for its other remaining states.

Anthem, which is a major exchange insurer in 14 states where it is a Blue Cross Blue Shield licensee, is being closely watched by government officials and investors as it makes decisions about 2018.

The company has said it is considering pulling back if the business isn't stabilizing. Anthem's final decisions in Virginia and Kentucky will be especially important because it is the only exchange insurer in 28 Virginia counties and 59 Kentucky counties, according to the Kaiser data. An Anthem spokes-

woman declined to comment.

Aetna, which pulled out of most of its state exchanges this year, has already announced that it will leave at least one more state, Iowa, in 2018. Aetna also sells exchange plans in Delaware and Nebraska. A spokesman said the company will participate in the filing process in Virginia, but "no final decisions have been made due to continued uncertainty and financial risk," adding that the insurer had "no update at this time on our potential presence in other states."

Cigna offers exchange plans in seven states. A Cigna spokesman said final plan decisions typically occur in the third quarter of the year, and "we will continue to assess our participation based on the evolving rules, regulations and design of the marketplace throughout this process."

DEAL

Continued from the prior page

Virtu has entered technology-sharing agreements with clients such as T. Rowe Price Group Inc. and J.P. Morgan Chase & Co., but such deals account for a small part of the company's revenues.

The deal comes 4½ years after Virtu made an unsuccessful offer to buy the firm that gave KCG its initials, Knight Capital Group. In August 2012, a trading glitch caused Knight to lose \$440 million in a single day, forcing it to scramble for outside capital. Virtu bid for Knight but lost out to Chicago-based trading firm Getco LLC. Knight and Getco completed their merger in 2013, becoming KCG.

Mr. Cifu said Virtu's management began to think seriously about another bid for KCG last



Virtu Financial's \$1.4 billion deal for KCG comes at a difficult time for high-frequency traders.

year, after Virtu founder and chairman Vincent Viola emerged as President-elect Donald Trump's first choice to serve as secretary of the Army.

Although Mr. Viola would later withdraw himself from consideration, the prospect of his exit sparked a se-

ries of discussions between him and Mr. Cifu about the firm's strategy, and the idea of acquiring KCG took shape in those conversations, Mr. Cifu said.

J.P. Morgan was Virtu's lead adviser on the deal and helped finance it. Other funding came from Singapore's state-owned

investment company Temasek Holdings Pte. Ltd.—a major Virtu shareholder—as well as Singapore sovereign-wealth fund GIC and Public Sector Pension Investment Board, a large Canadian pension fund manager.

KCG was advised by Goldman Sachs Group Inc.

PRICES

Continued from the prior page
isn't direct evidence showing that foreign buying has increased in Toronto, and Canadian data on such transactions are weak. Still, Canada's federal government in March has pledged \$241 million over a decade to bolster housing data collection.

Bank of Canada Governor Stephen Poloz, who has warned repeatedly about the growing risk of overvalued housing in Canada, last week cautioned that Toronto's gains are unsustainable and "divorced from any fundamentals that we can identify."

Mr. Poloz has also said an interest-rate increase wouldn't be the right tool to tame the housing market, highlighting the dilemma faced by central

bankers world-wide.

Like his counterparts in Sweden, Australia and New Zealand, countries that also have struggled to recover from the credit crisis or have been hit by the more recent downturn in commodities prices, Mr. Poloz is keeping interest rates at rock-bottom levels to foster growth, and is maintaining that position despite exposure to a possible housing correction. Canada's central bank has cut rates twice since January 2015 to 0.50%, and isn't expected to begin raising them until next year.

Canadian policy makers have reached for other tools to try to tame the frothiness in housing prices and to limit risky borrowing. Federal officials have stepped in on six separate occasions since 2008 with measures ranging from requiring larger down payments on costlier homes to re-

ducing the maximum period for paying off a mortgage to 25 years from 40 years.

Some of these measures aim to reduce the risk that a correction could create systemic financial mayhem, as happened in the U.S. subprime crisis. They made it tougher for first-time home buyers but are failing to target the real sources of frothiness, said Doug Porter, chief economist at BMO Capital Markets.

"That does absolutely nothing to stop a foreigner or a

speculator. And that's where the source of strength is now coming from," he said.

The Vancouver tax was introduced last July after some research showed that overseas buyers, mostly from China, were playing a significant role in pushing up prices.

As sales volume dropped in Vancouver, the new tax appeared to nudge foreign buyers toward at least a couple of new markets, including Seattle, where the median house

price in March rose 15.6% over a year to \$530,000.

In and around Toronto, an already heated housing market with year-over-year price gains of more than 16% in July 2016, started picking up steam after Vancouver's tax came into effect. Agents started to notice that overbidding was escalating to new levels, said Jessie Banwait, a Toronto-area real-estate agent with Re/Max Real Estate. Agents say that foreign buyers aren't the only ones fueling Toronto's froth.

John Pasalis, president of Toronto-based Realosophy Realty Inc., said domestic clients started approaching him last year about purchasing single-family homes as rental properties. Now, there also are signs that Toronto's overvaluation may spread to the greater Toronto area, which is home to 5.6 million people.

"This is no longer a Toronto and Vancouver story," said Stefane Marion, chief economist of National Bank Financial.

DRIVE

Continued from the prior page

Economy, Trade and Industry in Tokyo trying to crash cars—and failed every time. They escaped without a scratch because the vehicles were equipped with systems that detect imminent collisions and automatically hit the brakes.

"We want drivers, especially the elderly, to test-drive these cars and understand how they work," said Takeshi Inoue, head of the traffic bureau at the National Police Agency, after a **Mazda** Motor Corp. CX-5 crossover autonomously piloted him to safety.

Accidents caused by elderly drivers have been steadily declining over the last decade in Japan alongside a fall in the overall accident rate that police attribute partly to improving vehicle technology. Still, the rate of certain types of accidents rises quickly with old age: Drivers in the 80-84 age group have about four times as

many fatal crashes as drivers on average, according to Japanese police figures.

Police in one region of the country recently teamed up with a funeral home to offer discounts on funerals to seniors who proved that they surrendered their driver's license. Kagawa prefecture, in southern Japan, offers about \$270 to senior citizens who trade in their cars for ones with self-driving technology.

Hideo Sugiura, a 67-year-old retiree, said he was in the market to replace his 6-year-old Toyota Prius and wanted to get automatic braking, calling it "indispensable now because of the aging society." U.S. car makers have invested heavily for years in autonomous-driving research but have been more cautious about the technology for the near term. This is partly because American drivers, compared with those in Japan, tend to worry whether the computer knows what it is doing when it slams on the brakes, according to surveys that suggest most

U.S. came with the systems.

The U.S. makers say they are quickly expanding the number of models with self-driving technology. According to company representatives, General Motors plans to offer automatic braking in most of its U.S. models by the end of this year, and **Fiat Chrysler Automobiles** NV now offers it in eight models. **Ford** Motor Co. is adding the Mustang and F-150 to a lineup of cars with limited autonomy that already includes the 2017 Fusion sedan.

There is reason to believe American car buyers will warm to the technology. Once customers get accustomed to technologies like automatic braking, they tend to want more extensive autonomous-driving features. Nissan Motor Co. Chairman Carlos Ghosn has said. Nearly 60% of those buying Nissan's new Serena minivan in Japan paid more than \$1,000 to add the optional semi-autonomous ProPilot system, which can pilot a car at highway speeds, according to the company.

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AUCTION

NOTICE OF PUBLIC SALE OF CERTAIN ASSETS OF SIGNORELLI, LLC

By Order of Secured Creditor UCC 9-610 Foreclosure Auction Day and Date: Friday, April 28th, 2017 Time: 10:00am PDT

Location: Offices of Brian Testo Associates, LLC 21208 Costano St. #1, Woodland Hills, CA 91364

Description of assets to be sold: The assets to be sold consist of certain of the tangible and intangible assets used in the business of Signorelli ("Assets") including all inventory, equipment, general intangibles, investment property and all other assets (except accounts)

For a more detailed list of Assets or to arrange an inspection of them, please contact:

Brian Testo, Brian Testo Associates, LLC (818) 592-6592 x101, brianesto@gmail.com

www.btesto.com

BUSINESS NEWS

Ousted CEO Sent a Vague Threat

BY DANA MATTIOLI
AND DAVID BENITO

The letter that cost Klaus Kleinfeld his job as chief executive of aerospace-parts maker Arconic Inc. on Monday contained a vague threat toward the billionaire whose hedge fund had been campaigning for Mr. Kleinfeld's ouster.

The letter, sent earlier this month to Elliott Management Corp., referenced the alleged partying of Elliott's president, Paul Singer, at the 2006 World Cup in Germany, Mr. Kleinfeld's home country.

Mr. Kleinfeld wrote that while the two had never met, he had heard stories from friends in Germany about what the letter called Mr. Singer's "legendary" conduct during and after several matches. The letter alludes to the Wall Street magnate singing "Singin' in the Rain" in a fountain. Mr. Kleinfeld added that he had been looking for an Indian headdress to send to Mr. Singer. It isn't clear what he meant by that.

Along with the letter, Mr. Kleinfeld sent a commemorative soccer ball from the 2006 World Cup via a courier from Arconic's Park Ave headquarters in New York.



Klaus Kleinfeld was pushed out as Arconic's CEO on Monday.

the soccer ball, a person familiar with the matter said.

German business magazine WirtschaftsWoche earlier reported that the letter touched on the 2006 World Cup without giving additional details.

Elliott had been trying to get Mr. Kleinfeld fired since late January and last week released a 336-slide presentation bashing his performance.

The hedge fund has also raised questions around Mr. Kleinfeld's tenure at Siemens AG, which he left in 2008 amid a bribery scandal, and criticized steps he has taken to defend against Elliott's onslaught. Mr. Kleinfeld was never personally implicated in the Siemens scandal and denied wrongdoing. He rejected the criticism of his recent actions.

The abrupt and unexpected departure of Mr. Kleinfeld came amid a bitter fight between Elliott and Arconic, which is expected to culminate in a shareholder vote next month.

Elliott has sought to remove Mr. Kleinfeld and take over part of the company's board. It argues Arconic has underperformed its potential, pointing to lackluster stock returns and missed financial targets.

Wednesday. Mr. Kleinfeld couldn't be reached for comment.

Arconic said Monday that the letter was unauthorized and showed poor judgment. It said Mr. Kleinfeld was stepping down by mutual decision.

Elliott alerted the Arconic board on April 12, demanding to know if Mr. Kleinfeld even sent it. After Arconic disclosed its existence Monday, the hedge fund sent another letter complaining about the board's move to make it public and asking it to pledge that Mr. Singer faced no other threats. The hedge fund's security has

Wal-Mart Steps Up Its Grocery Price War

BY HEATHER HADDON
AND SARAH NASSAUER

1,300 workers, and is reducing planned capital investments by around a fifth this year.

Target Corp., where executives are trying to turn around a struggling grocery business, is also investing \$400 million in online sales and lower prices. It is simplifying its messaging to emphasize consistently low prices instead of complicated short-term deals, a spokeswoman said.

"We know we have to be competitively priced every day on those core essentials," Target Chief Executive Brian Cornell told investors recently.

Retailers are offering more discounts as food prices continue to fall. Year-to-year food retail prices declined for the 16th month in March, the lon-

gest stretch since 1956. But some believe the trend will reverse this year as commodity prices climb out of a multiyear rout. Moody's expects prices for food consumed at home to rise 1% in 2017.

Wal-Mart, based in Bentonville, Ark., has been fighting its competitors on price since its founding in 1962. But it backed off in recent years at the same time that customers started using mobile phones in stores to compare prices on Amazon and discounters rapidly added stores.

Fighting back, Wal-Mart executives in 2015 said they would invest heavily to lower prices over three years. In a presentation to suppliers in February, Megan Crozier, Wal-Mart's senior vice president of packaged goods, said Wal-Mart wants its prices to be 15% lower than its competitors' 80% of the time, according to attendees.

Fox News Says Host Will Leave Network

BY JOE FLINT

Fox News is parting ways with Bill O'Reilly in the wake of a sexual-harassment scandal, bringing an end to the combative host's two-decade run that drew millions of loyal viewers and helped build the network's political influence.

The decision to cut ties with Mr. O'Reilly, a staple of the Fox News Channel since its launch in 1996, is a sea change for both the network and its parent company 21st Century Fox.

Mr. O'Reilly's take-no-prisoners approach to hosting and glee in belittling those he disagreed with became the tem-

plate for much of the network's programming strategy. The absence of Mr. O'Reilly's "no spin zone" will be the most high-profile change for viewers in the past 10 months that has also seen the exit of Fox News Chairman Roger Ailes and popular host Megyn Kelly.

Mr. O'Reilly is being swept out of Fox News after revelations that he and the company paid settlements to women who accused him of sexual harassment and verbal abuse.

A New York Times report detailing the \$13 million paid to five women who worked at or appeared on his show led to dozens of advertisers boycot-

ting his program and brought a slew of negative attention to the company. While the company initially defended him, the emergence of more complaints against Mr. O'Reilly during an internal probe by law firm Paul Weiss, Rifkind, Wharton & Garrison LLP became the deciding factor in the Murdoch family's decision, according to a person familiar with the matter.

"After a thorough and careful review of the allegations, the company and Bill O'Reilly have agreed that Bill O'Reilly will not be returning to the Fox News Channel," 21st Century Fox said in a statement on Wednesday.

Mr. O'Reilly, who announced on the air last week that he was taking a vacation until April 24, cut his Italy trip short amid the firestorm and returned to New York on Wednesday. He has consistently denied any wrongdoing, saying he paid settlements only to put controversies to rest "to spare" his children.

"It is tremendously disheartening that we part ways due to completely unfounded claims," Mr. O'Reilly said in a statement.

To plug the huge hole in the network's prime-time lineup, Fox News announced it is moving Tucker Carlson up one hour into Mr. O'Reilly's 8 p.m. slot.

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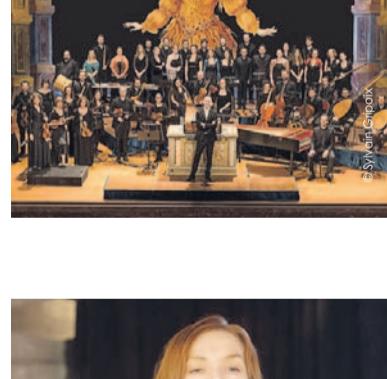
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Inventing le Louvre: From Palace to Museum over 800 Years aims to present the universality and vitality that has characterised the Musée du Louvre since its beginnings. The collection that will be displayed in Hong Kong Heritage Museum will illustrate the diversity and richness of the museum's collection from different periods of time within history.



FESTIVAL OPENING: THE ROYAL CONCERT OF THE NIGHT "THE BIRTH OF THE SUN KING" 6 MAY, 2017

This masterpiece, created for Louis XIV as a ballet - lost for 400 years - has been rediscovered by Sébastien Daucé after three years of research and reconstruction. Especially for Le French May Arts Festival and for its concert version, French video artist Etienne Guiol has created a video based on the iconography of costumes and marquetry from the 17th century and today, enabling us to travel back in time to one of the most marvellous spectacles of King Louis XIV's reign.



FRENCH CINEMA: CELEBRATION OF THE ARTS 4 - 29 MAY, 2017

Celebration of the Arts pays tribute to the Masters and unknown artists as well as the philanthropists and anonymous whose life would be nothing without the Arts. Celebration of the Arts gathers the great figures of French Cinema: Gérard Depardieu, Isabelle Huppert, Gérard Philippe, Anouk Aimée, Jean-Pierre Léaud.



PARIS BALLET LEGENDS: A NIGHT WITH THE STARS 11 & 12 MAY, 2017

Paris Ballet Legends, is a tribute to both Paris and the artists who were inspired by it: Petit to Carné, Petipa to Piaf, and Bizet to Prévert. Each piece extracted from different chef-d'œuvre such as Giselle, Swan Lake, The Lady of Camellias, will be performed by a wonderful cast of Etoiles from Paris, European principal dancers and Hong Kong Ballet.



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Gripes Have Samsung Seeing Red

Customer complaints of tinted displays are threatening the high-stakes phone launch

BY EUN-YOUNG JEONG

SEOUL—After rave reviews for its latest flagship smartphone, **Samsung Electronics** Co.'s Galaxy S8 reaches U.S. consumers this week in one of the most closely watched product launches of the year.

Samsung needs a seamless start for the S8 to help win back consumer trust, following its costly recall last year of 3 million Galaxy Note 7 devices due to overheating batteries.

The company is holding its breath. Some customers in South Korea—where preorders of the new phone became available Tuesday—are already complaining that their screens have a red hue.

Samsung says the red-tinted screens aren't defects, and that users can rectify it by adjusting the color range of the display in the device's settings.

"Galaxy S8 was built with an adaptive display that optimizes the color range, saturation and sharpness depending on the environment," the company said in an emailed statement. Samsung declined to say how many complaints it has received about the screen



Shoppers examine the Galaxy S8 in Seoul. Samsung is still smarting over its Galaxy Note 7 recall.

phone, said Claire Wen, principal research analyst specializing in display technologies at research firm Gartner Inc.

Samsung, through its display unit, supplies the vast majority of organic light-emitting diode, or OLED, screens such as the ones used in the Galaxy S8.

Several factors could cause a red tint in Galaxy S8 phones, according to industry experts including Ms. Wen, who said the functioning of the chipset that is attached to the OLED panel and which adjusts the screen's color performance could be to blame.

Dr. Raymond Soneira, president at Amherst, N.H.-based DisplayMate Technologies Corp., a display-technology research company, said it was extremely unlikely that red-tinted screens stemmed from hardware issues.

Dr. Soneira, who said that he has extensively tested display panels on the Galaxy S8, said the issue could stem from the phone's numerous display settings. Still, he acknowledged that the issue could also arise from problematic factory calibrations of the OLED panels, or a software bug.

"If it's a software issue, it can be fixed on the fly," said Dr. Soneira. "But if it's a factory calibration issue, then, well, the phones just have to go back to the factory."

Verizon Loses Core Wireless Customers

BY RYAN KNUTSON
AND JOSHUA JAMERSON

Verizon Communications Inc., once the untouchable leader of the U.S. wireless industry, is struggling to hold on to customers and get them to pay a premium for its service.

The carrier posted its first-ever quarterly net loss of wireless subscribers during the first three months of 2017, showing the extent of the damage resurgent rivals T-Mobile US Inc. and Sprint Corp. have inflicted on the nation's largest carrier by subscribers.

Verizon unexpectedly brought back unlimited data plans in February, which it had stopped selling in 2011, seeking to blunt the appeal of similar offers from T-Mobile and Sprint. That offer hit financials: Verizon had a 5.1% decline in revenue in its wireless business, to \$20.9 billion.

The results will put pressure on Verizon's management to either find a way to turn things around or make moves that will diversify the company away from the wireless business, where most Americans already have a smartphone and price wars have pinched profits.

Verizon has spent more than \$10 billion on smaller deals such as AOL and Yahoo Inc., but neither deal is enough to move the needle.

The company has also explored bigger transactions, including with Charter Communications Inc., The Wall Street Journal has reported, though executives have recently signaled the two sides are far apart.

Verizon reintroduced unlimited wireless plans to counter offerings from rivals.

"We're confident in executing our strategy organically, but if there's the right opportunity out there to accelerate the strategy inorganically in a way that adds holder value, we're always looking at those opportunities," said Verizon Chief Financial Officer Matt Ellis on a call with analysts.

More Verizon customers used the unlimited plan to reduce their bills—moving from expensive data plans to the cheaper unlimited one—than customers chose to pay up.

Average revenue per account, including device payments, increased by only \$1, to \$166 from \$165 in the year-ago period.

The introduction of unlimited plans, along with a "safety mode" feature launched last year, also chipped away at lucrative "overage" revenue, which comes from the fees Verizon charges when customers exceed their monthly data limits.

The company's revenue and profit came in less than Wall Street was expecting. The stock, already down 8.3% so far this year, fell another 1.1% to \$48.39 by midday Thursday.

Verizon reported a net decline of 307,000 retail postpaid connections during the first three months of the year, including 289,000 phone losses. That compares with 640,000 retail postpaid net additions in the year-ago period, including 8,000 phone losses.

China Presses Apple in Anti-Porn Warning

BY EVA DOU

BEIJING—A new challenge looms for **Apple** Inc. in China after internet regulators warned three video-app firms to do a better job of screening out pornography—an eye-popping task, as is evident here in the offices of the popular Huajiao streaming service.

A team of workers, tasked to police output, watches as images of young women and other video performers flash across their computer screens every two seconds in grids that allow them to watch 60 shows at a time. The mission: to make sure the coquettish video stars don't do anything to violate China's ban on steamy content.

"It's tough because a girl can be talking normally and then suddenly take off her clothes," said a worker.

When the Cyberspace Administration of Beijing issued the warning Tuesday to Huajiao and two other app companies to improve censorship, it also said it planned to summon Apple executives to discuss stricter oversight of the company's App Store. Under regulations issued last year, app stores in China share responsibility for ensuring content is legal.

Apple is the only foreign company running a major app store in China. Its App Store includes video streaming services among its thousands of apps, but Apple itself doesn't

stream videos. Apple has said it follows local law about what content is illegal and must be censored. The company and the Beijing Cyberspace Administration didn't reply to requests for comment.

China's app regulations are in line with Beijing's censorship strategy of leaning on private companies to self-censor. The amount of effort that responsibility entails for a live video app could be seen at Huajiao's offices on Thursday.

Huajiao said that before Tuesday's warning it already had 150 in-house employees and around 450 contractors who work three shifts to keep eyes on live videos around the clock; the company hasn't added personnel but has

In response to Journal inquiries about El Camino Hospital, Tanium said, "In the early days of our company, Tanium periodically demoed our product using a live customer environment, to which the customer had provided us remote access." Tanium said it attempted to hide the customer's name and sensitive data, "but we recognize that we did not go far enough to ensure that particular customer's operational information was sufficiently anonymized." The company added that it doesn't believe any data it showed put its customer at risk, but "we apologize for any concern that has caused."

The three demonstration videos that had been posted online were removed this week after the Journal's inquiries.

An Allscripts spokeswoman said her company "did not grant Tanium permission to use El Camino Hospital's data for customer demos." El

stepped up monitoring since receiving the warning, it said.

Every video stream—Huajiao said it has around 1 million a day—is monitored at half-hour intervals.

China's live-stream video hosts are similar to YouTube stars, self-made entertainers who do all kinds of performances. Some feature flirtatious young women who sing or chat with viewers, and cajole them to buy virtual gifts for them through the apps. Sometimes they use nudity to encourage gift-giving.

In China, the range of forbidden content extends beyond pornography and violence to political speech. For chat apps and blogs, Chinese internet companies feed blacklists of

sensitive words into screening software.

This week's official warnings come as part of a broader push by authorities to update the country's longstanding online censorship mechanism for the mobile era. China issued the app regulations last year and in January put some of the onus on app store operators by requiring them to register.

With Google Play blocked in the country, Apple has been the only Western company with broad powers to influence what digital content reaches Chinese consumers' phones. That has meant Apple frequently comes under the scrutiny of censorship authorities.

—Yang Jie contributed to this article.

Startup Exposed Hospital's Data Without Permission

BY ROLFE WINKLER

For years, cybersecurity startup **Tanium** Inc. pitched its software by showing it working in the network of a hospital it said was a client, according to people familiar with the matter and videos of the demonstrations.

That and other efforts helped the company grow quickly, notching a valuation of \$3.5 billion and a big investment from **Andreessen Horowitz**, one of Silicon Valley's most prominent venture firms.

But Tanium never had permission to present the demos, the hospital said, meaning a company selling security actually was giving outsiders an unauthorized look at information from inside its customer's system.

Tanium sells software that rapidly maps computer networks and diagnoses companies' vulnerabilities. To drive sales, co-founder and Chief Executive Orion Hindawi designed a presentation that he said showed his company's software running inside a client. The system in the demo belonged to El Camino Hospital, a nonprofit

community hospital based in Santa Clara County, Calif. He and his staff gave the presentation hundreds of times, from at least as early as 2012 through mid-2015, according to people familiar with the matter and three demonstration videos posted online by Tanium and its resellers.

"The hospital did not authorize desktop management data or other information to be used in any product demonstration and was not previously aware of these demonstrations or videos," El Camino Hospital said in a response to inquiries by The Wall Street Journal. "We are dismayed to learn that desktop and server management information was shared. We are thoroughly investigating this matter and take our responsibility to maintain the integrity of our systems very seriously." The hospital said Tanium didn't have access to any patient information, and said, "based on our review to date, patient information remains secure."

People familiar with the matter said Tanium's software was installed on El Camino Hospital's network around 2010 by Allscripts Healthcare

Solutions Inc., which then managed the hospital's systems. A person familiar with the matter said Tanium no longer has a relationship with the hospital. Details of the past relationship are unclear.

In response to Journal inquiries about El Camino Hospital, Tanium said, "In the early days of our company, Tanium periodically demoed our product using a live customer environment, to which the customer had provided us remote access." Tanium said it attempted to hide the customer's name and sensitive data, "but we recognize that we did not go far enough to ensure that particular customer's operational information was sufficiently anonymized." The company added that it doesn't believe any data it showed put its customer at risk, but "we apologize for any concern that has caused."

The three demonstration videos that had been posted online were removed this week after the Journal's inquiries.

An Allscripts spokeswoman said her company "did not grant Tanium permission to use El Camino Hospital's data for customer demos." El

Camino Hospital didn't respond to a question about what type of authorization Mr. Hindawi might have had.

Mr. Hindawi didn't respond to a direct request for comment. Late Wednesday, after this article was first published, he issued a statement on Tanium's blog saying "we take responsibility for mistakes in the use of this particular customer's demo environment. We should have done better anonymizing that customer's data."

Andreessen Horowitz, which

poured around \$150 million into the company in 2014 and 2015, declined to comment.

Tanium has confronted challenges lately. At least 10 senior executives have left or been fired since the summer. Some current and former employees have said that Mr. Hindawi bullies employees—such as by humiliating them in front of colleagues—and that, to lower compensation costs, he has targeted some for termination just before their stock compensation vested, according to people familiar with the complaints. Bloomberg reported those complaints earlier.

In his blog post, Mr. Hindawi denied the company has a toxic culture. "We do not belittle each other at work, and it is completely untrue that we fire people to save a few shares of stock," he said.

"We work incredibly hard and hold ourselves to high ethical and performance standards," a Tanium spokesman told the Journal this week. He said a company investigation had found that "data confirmed that there is no pattern or practice of terminating employees based on their vesting cliff date."

YUAN

Continued from page B1

seat on the board.

LeEco didn't respond to requests for comment.

The chairman of Sunac China Holdings Ltd., the post-cash-crunch investor, said recently the real-estate developer has improved LeEco's corporate governance by installing a board director and three accountants with the company.

Bringing in professional help is common for U.S. startups. Google's co-founders hired Eric Schmidt as CEO early on. Mark Zuckerberg turned to Sheryl Sand-

berg to help steer Facebook Inc. Uber Technologies Inc.'s Travis Kalanick is the latest to admit he needs leadership help after troubling news about his behavior and the company's work culture.

A study of 16,000 startup founders over 15 years by Harvard Business School's Noam Wasserman found that 52% had been replaced as CEO by the time a third round of outside financing was raised. Three-quarters of the time, the founder didn't want to go.

Though similar data aren't available for Chinese startups, investors say that the proportion of founders replaced is nowhere near

as high. Chinese investors usually bet everything on the founders, in part because dislodging them is nearly impossible, says Jenny Zeng, founding partner

of Magic Stone Alternative Investments, a Beijing-based firm.

When it comes to oversight of publicly listed companies, Chinese corporate

boards tend to exercise little power, investors say.

"Corporate boards in China are rubber stamps, just like China's parliament," says a venture capitalist who serves as an independent director on over a dozen boards. Independent directors are often friends of senior managers, he says.

Letting a founder with a controlling stake remain as CEO can be positive, says Wang Cong, a finance professor at China Europe International Business School.

Founders usually think longer-term, he says. The key is what they do with their control.

Mr. Jia used his to push LeEco into a broad range of



A major investor is putting pressure on LeEco founder Jia Yueting.

DAVID PAUL MORRIS/BLOOMBERG NEWS

businesses to try to dominate both content—films and sports—and the hardware for accessing it: smartphones and cars. In recent years, LeEco has raised at least \$3.15 billion for new businesses, according to company announcements, while Mr. Jia has spent or pledged to spend more than \$5 billion on deals.

Because so much of its financing is debt, LeEco still scrambles at times when payments peak, says Mr. Zeng, the investor. It dropped a \$2 billion deal to acquire U.S.-based TV maker Vizio Inc., citing regulatory headwinds, though people familiar with the situation say cash played a role.

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LOTTE WORLD TOWER – A BEACON FOR TOURISM

The view from the 123rd floor of Lotte World Tower is spectacular. From the observation deck and glass-floored Sky Deck, visitors can see the whole of Seoul and as far as the Yellow Sea, some 50 km to the west of South Korea's capital city. Little wonder at that height. The 555 meter Lotte World Tower is South Korea's first supertall building and the fifth highest in the world.

Most sightseers will be glad they don't have to climb up; which is what hundreds of competitors will be doing April 23, when the building hosts the Lotte World Tower International Skyrace, the country's first international stair climbing race. As part of the celebrations for the Tower's grand opening, the Vertical World Circuit exhibition race will see local and international runners take part in the extreme challenge of ascending 2,917 steps in the fastest time possible.

The less ambitious can reach the top of Lotte World Tower via its double-deck elevators called the 'Sky Shuttle', which make the journey in just one minute. Operating like a double-decker bus, the 17 elevators can carry up to 50 people from two different floors on a single trip.

THE SKY'S THE LIMIT

The height of Lotte World Tower is a key factor in Lotte Group's dream to boost tourism in South Korea. The project was conceived by Lotte Group founder and General Chairman Mr. Shin Kyuk-ho who worried about the lack of major landmarks to drive tourism. "Only a few ancient palaces are shown to foreign visitors now. We need a world-class landmark to attract tourists," he said.

And a landmark is what Lotte has created. Located in the Songpa district, south of the Hangang River, the slender, tapered building rises above the city and is expected to bring in more than 800 billion won in tourism revenue and generate 20,000 jobs.

“WE NEED A WORLD-CLASS LANDMARK TO ATTRACT TOURISTS.”

Super-tall structures are becoming a focus of national tourism. Taipei Financial Center, better known to the world as Taipei 101, celebrated the arrival of its 20 millionth visitor in 2016 and welcomes some 2.88 million visitors a year. Burj Khalifa, the world's tallest building, located in Dubai, is visited by over 1.87 million people each year, according to latest statistics. Next door, The Dubai Mall has seen an annual footfall of 80 million visitors for the last three years. Similarly, the Petronas Towers in Kuala Lumpur and Marina Bay Sands in Singapore are must-see attractions in their respective cities.



LOTTE WORLD TOWER WITH A MAGNIFICENT VIEW OF SEOUL AND THE SEOKCHON-HOSU LAKE

Emphasizing height is a tried and tested way to encourage tourism. Opened in 1889, the Eiffel Tower in Paris was originally planned for the Exposition Universelle, to celebrate the 100th year anniversary of the French Revolution. Only intended to last 20 years, it has become a symbol of France and attracts nearly 7 million visitors a year and much welcome tourism dollars.

A TOURISM AND ENTERTAINMENT HUB

Last year, Korea saw more than 17.2 million tourist arrivals, up 30 percent on 2015, reports the Korea Tourism Organization. They spent an estimated US\$23 million, an average of US\$1,341 per person.

“SUPER-TALL STRUCTURES ARE BECOMING A FOCUS OF NATIONAL TOURISM.”

According to Lotte, the majority of visitors to Seoul visit Gyeongbok Palace, Namsan Tower, and the Myeong-dong and Dongdaemun Market shopping areas. They rarely make it south of the river. Lotte World Tower is anticipated to become a focus of a "greater Gangnam tourism belt," incorporating the south and southeast.

Attached to the giant Lotte World Mall and Lotte World Adventure, Lotte World Tower is expected to encourage

tourists to stay longer to shop and sightsee.

Lotte World Mall is already a major draw card for the area. It features approximately 1,000 stores, a 21-theater cinema, Lotte Mart, Lotte Duty Free and Lotte Aquarium. On the fifth and sixth level, it has recreated street scenes from the 1930s and 1980s.

The well-established Lotte World is the world's largest indoor theme park as well as an outdoor leisure centre with an artificial island, monorail, shopping malls, a luxury hotel, Korean folk museum, sports facilities and movie theaters.

The Lotte Cultural Foundation operates Lotte Concert Hall which has been the venue for several renowned orchestras and performers. This year's performers include the winner of the 17th International Chopin Piano Competition, Cho Seong-jin; the Royal Northern Symphony, the U.K.'s leading chamber orchestra; opera singer Matthias Goerne; and a host of Korean stars including pianists Kim Sun-wook, Son Yeol-eum and Shin Dong-ill.

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Korea's highest hotel, luxury above the clouds

PRIME OFFICE (OFFICE) FLOORS 14-38

Global business hub attracting multinational corporations

PREMIER 7 (PRIVATE OFFICE) FLOORS 108-114

Korea's highest office facility and also venue for social events

SIGNIEL RESIDENCE (RESIDENTIAL FACILITY) FLOORS 42-71

Future-oriented 223 luxurious residential units in supertall building

PODIUM (LOBBY & MULTI-PURPOSE SERVICE SPACE) FLOORS 1-12

Facilities to enable one-stop living, includes financial institutions and fitness center

STATISTICS

TOTAL FLOOR AREA

LAND AREA

TOWER WEIGHT INVESTMENT

AMOUNT

CONSTRUCTION BEGIN DATE

Height 555m, 6 Floors Above Ground, 123 Floors (Lotte World Mall: 11 Floors Above Ground)

805,872m² (Tower 420,310m², Mall 385,562m²) (Equivalent to 115 Football Fields)

87,183m²

750,000 tons (Equivalent to Weight of Seoul's Entire 10-million Population)

4.2 Trillion Won

November 2010 (Site Selected in 1987)

CREATING A CULTURAL EXPERIENCE

Lotte envisages also attracting visitors through art and music. It cites its public art project 'Supermoon' in October 2015 as an example. The installation on Seokchon-hosu Lake attracted 6 million visitors and increased local retail revenues by more than 20 percent.

Spanish artist Jaume Plensa's new installation "Possibilities" at the base of the Tower is expected to be another draw for visitors. The 8.5 meter white stainless sculpture of a human figure is created with the letters of hangul or the Korean alphabet.

“LOTTE WORLD MALL IS ALREADY A MAJOR DRAW CARD FOR THE AREA.”

Czech designer Maxim Velcovsky has created a bespoke lighting sculpture made up of thousands of hand-blown glass spheres in the shape of a diver, floating in the Tower's atrium.

A statue of German writer Goethe also sits in the open park behind Lotte World Tower. Goethe is famously the model of inspiration for Mr. Shin when he founded the Lotte Group. The company's name Lotte was inspired by Charlotte, the female protagonist from Goethe's novel, "The Sorrows of Young Werther."



LOTTE WORLD TOWER OFFERS ART INSTALLATIONS ACROSS THE PROPERTY.

PRIME OFFICE AND RESIDENTIAL SPACE

Amid the entertainment, it's almost easy to forget the commercial side of Lotte World Tower. The building houses 25 floors of prime office space targeted at multinational, regional and large domestic corporations. Just below the Observation deck is the Premier 7 luxury private office floors.

The Signiel Residence on floors 42 to 71 offers 223 luxury residential units of between 209 and 1,238 square-meter floor area. Lotte reports a month-long waiting list to view the show apartment.

And high above it all, as a beacon for tourists, is the Signiel Seoul Hotel, occupying floors 76 to 101. The first landmark luxury hotel in Korea, which will also open in April, features 235 rooms, 4 restaurants and bars, a swimming pool, as well as 5 function rooms for special events with Korea's first Michelin 3-star chef menu. Lotte Hotels and Resorts currently operates 21 hotels and resorts worldwide.

“MONTH-LONG WAITING LIST TO VIEW THE SHOW APARTMENT.”

As a futuristic 'sky city', Lotte World Tower signals a new era of innovation for Korea's economy. Lotte expects the Tower to become an icon for Koreans and international visitors alike.

LOTTE

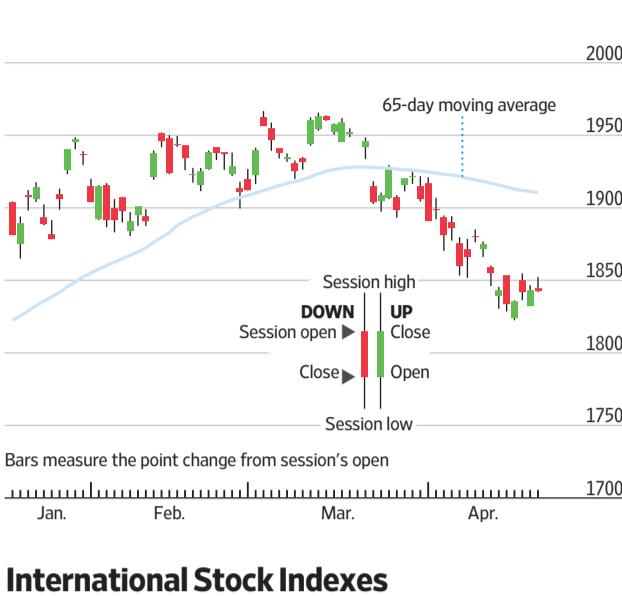
LOTTE WORLD TOWER

MARKETS DIGEST

Nikkei 225 Index

18430.49 ▼1.71, or 0.01%

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



Bars measure the point change from session's open

Jan. Feb. Mar. Apr.

STOXX 600 Index

378.06 ▲0.82, or 0.22%

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

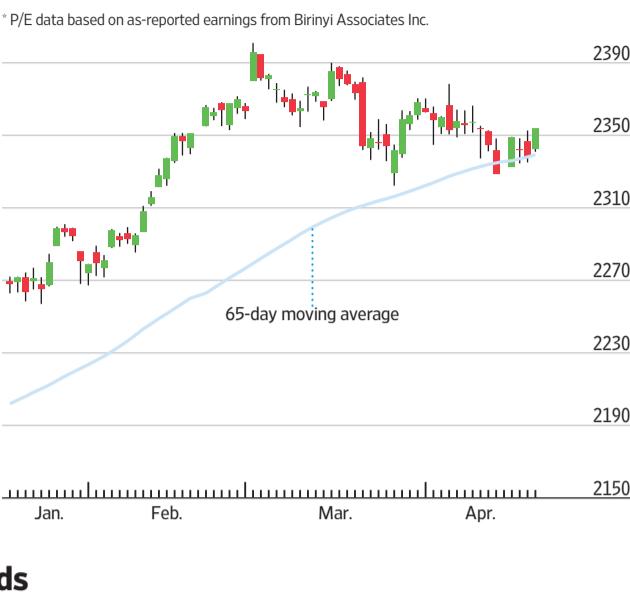


Jan. Feb. Mar. Apr.

S&P 500 Index

2354.09 ▲15.92, or 0.68%

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



Jan. Feb. Mar. Apr.

Data as of 12 p.m. New York time

Last Year ago

Trailing P/E ratio * 24.45 24.15

P/E estimate ° 18.25 18.50

Dividend yield 1.98 2.19

All-time high: 2395.96, 03/01/17

* P/E data based on as-reported earnings from Birinyi Associates Inc.

International Stock Indexes

Data as of 12 p.m. New York time

Region/Country	Index	Close	NetChg	% chg	52-Week Range	Low	Close	High	YTD % chg
World	The Global Dow	2662.49	15.49	0.59	2193.75	2193.75	2720.47	2720.47	5.3
	MSCI EAFE	1780.98	6.17	0.35	1471.88	1471.88	1956.39	1956.39	3.8
	MSCI EM USD	958.25	5.33	0.56	691.21	691.21	1044.05	1044.05	20.7
Americas	DJ Americas	568.02	3.66	0.65	480.90	480.90	577.65	577.65	5.1
Brazil	Sao Paulo Bovespa	63814.30	407.33	0.64	48066.67	48066.67	69487.58	69487.58	6.0
Canada	S&P/TSX Comp	15648.48	95.60	0.61	13535.54	13535.54	15943.09	15943.09	2.4
Mexico	IPC All-Share	48955.41	81.57	0.17	43902.25	43902.25	49753.57	49753.57	7.3
Chile	Santiago IPSA	3711.42	-22.95	-0.61	2998.64	2998.64	3786.05	3786.05	15.1
U.S.	DJIA	20559.41	154.92	0.76	17063.08	17063.08	21169.11	21169.11	4.0
	Nasdaq Composite	5910.10	47.06	0.80	4574.25	4574.25	5936.39	5936.39	9.8
	S&P 500	2354.09	15.92	0.68	1991.68	1991.68	2400.98	2400.98	5.1
	CBOE Volatility	14.58	-0.35	-2.34	9.97	9.97	26.72	26.72	3.8
EMEA	Stoxx Europe 600	378.06	0.82	0.22	308.75	308.75	381.90	381.90	4.6
	Stoxx Europe 50	3112.33	6.87	0.22	2626.52	2626.52	3182.84	3182.84	3.4
France	CAC 40	5077.91	74.18	1.48	3955.98	3955.98	5142.81	5142.81	4.4
Germany	DAX	12027.32	10.87	0.09	9214.10	9214.10	12375.58	12375.58	4.8
Israel	Tel Aviv	1393.14	3.85	0.28	1372.23	1372.23	1502.27	1502.27	-5.3
Italy	FTSE MIB	19849.44	24.83	0.13	15017.42	15017.42	20540.39	20540.39	3.2
Netherlands	AEX	511.72	0.44	0.09	409.23	409.23	521.48	521.48	5.9
Russia	RTS Index	1083.35	14.80	1.39	873.58	873.58	1196.99	1196.99	-6.0
Spain	IBEX 35	10372.50	2.20	0.02	7579.80	7579.80	10534.50	10534.50	10.9
Switzerland	Swiss Market	8557.87	25.60	0.30	7475.54	7475.54	8710.26	8710.26	4.1
South Africa	Johannesburg All Share	52496.62	-48.50	-0.09	48935.90	48935.90	54704.22	54704.22	3.6
Turkey	BIST 100	92039.38	1235.25	1.36	70426.16	70426.16	92116.57	92116.57	17.8
U.K.	FTSE 100	7118.54	4.18	0.06	5788.74	5788.74	7447.00	7447.00	-0.3
Asia-Pacific	DJ Asia-Pacific TSM	1537.66	3.37	0.22	1308.52	1308.52	1570.38	1570.38	8.1
Australia	S&P/ASX 200	5821.40	17.40	0.30	5103.30	5103.30	5934.00	5934.00	2.7
China	Shanghai Composite	3172.10	1.41	0.04	2806.91	2806.91	3288.97	3288.97	2.2
Hong Kong	Hang Seng	24056.98	231.10	0.97	19694.33	19694.33	24593.12	24593.12	9.3
India	S&P BSE Sensex	29422.39	85.82	0.29	25101.73	25101.73	29974.24	29974.24	10.5
Indonesia	Jakarta Composite	5595.31	-11.21	-0.20	4704.22	4704.22	5680.24	5680.24	5.6
Japan	Nikkei Stock Avg	18430.49	-1.71	-0.01	14952.02	14952.02	19633.75	19633.75	-3.6
Malaysia	Kuala Lumpur Composite	1741.61	2.66	0.15	1614.90	1614.90	1754.67	1754.67	6.1
New Zealand	S&P/NZX 50	7188.05	-30.46	-0.42	6664.21	6664.21	7571.11	7571.11	4.5
Pakistan	KSE 100	48743.56	1140.08	2.39	33572.13	33572.13	50192.36	50192.36	2.0
Philippines	PSEI	7563.45	40.47	0.54	6563.67	6563.67	8102.30	8102.30	10.6
Singapore	Straits Times	3137.88	11.60	0.37	2729.85	2729.85	3187.51	3187.51	8.9
South Korea	Kospi	2149.15	10.75	0.50	1925.24	1925.24	2178.38	2178.38	6.1
Taiwan	Weighted	9632.69	-7.25	-0.08	8053.69	8053.69	9972.49	9972.49	4.1
Thailand	SET	1566.28	-0.91	-0.06	1381.69	1381.69	1591.00	1591.00	1.5

Sources: SIX Financial Information; WSJ Market Data Group

Currencies

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Country/currency	Thu	US\$ vs. YD ^d	YD ^d	Country/currency	Thu	US\$ vs. YD ^d	YD ^d
Americas				Europe			
Argentina peso-a	0.0649	15.3990	-3.0	Bulgaria leva	0.5499	1.8184	-2.2
Brazil real	0.3172	3.1528	-3.1	Croatia kuna	0.1442	6.933	-3.4
Canada dollar	0.7419	1.3479	0.3	Euro zone euro	1.0749	0.9304	-2.1
Chile peso	0.001539	649.90	-3.0	Czech Rep. koruna-b	0.0398	25.107	-2.3
Colombia peso	0.003487	2868.07	-4.5	Denmark krone	0.1445	6.9194	-2.1
Ecuador US dollar-f	1	1 unch		Hungary forint	0.003424	292.07	-0.8
Mexico peso-a	0.0530	18.8613	-9.0	Iceland krona	0.009109	109.78	-2.8
Peru so	0.3083	3.2441	-3.2	Norway krona	0.1164	8.5889	-0.6
Uruguay peso-e	0.0352</td						

FINANCE & MARKETS

Abu Dhabi Fund Changes Tack

By SIMON CLARK

An Abu Dhabi sovereign-wealth fund has agreed to invest money for one of Europe's biggest private-equity firms, according to people familiar with the matter, in the latest sign of how weak oil prices are changing the way such funds do business.

Mubadala Development Co.'s deal with Paris-based **Ardian**, valued at as much as \$750 million, according to the people, is unusual because Mubadala, which has \$676 billion of assets, is normally the one providing cash to other firms to invest.

"This is the first time I have heard of a sovereign-wealth fund doing this," said Sunaina Sinha, founder of **Cebile Capital**, which advises private-equity firms on fundraising. "Sovereign-wealth funds are looking for new sources of capital following the decline in oil prices."

Since its creation in 2002 by the oil-rich government of Abu Dhabi, Mubadala has become an important source of

Stalling Funds

The growth in assets managed by sovereign-wealth funds is slowing.

Aggregate sovereign-wealth fund assets under management

*Preqin changed their year-end period for data collection from Dec. 31 in 2013 to March 31 in 2015

Source: Preqin



THE WALL STREET JOURNAL.

money for cash-hungry investors, such as Washington-based private-equity firm Carlyle Group LP, in search of backing for funds and takeovers.

Until now, Ardian only bought assets from sovereign-wealth funds or raised money from them to invest, rather than providing them money to manage.

"It's unusual for a fund like Ardian to give new money to invest to a sovereign-wealth fund," Vincent Gombault, a member of Ardian's executive committee, said in an interview.

Ardian will initially give Mubadala's private-equity team, overseen by Hani Barhoush and Adib Mattar, \$500 million to invest in new private-equity funds and corporate takeovers, according to people familiar with the transaction. It will also buy \$1.75 billion of existing private-equity assets, which Mubadala will continue to manage. If the team reaches agreed performance targets, Ardian will provide a further \$250 million to invest in new funds and takeovers, the people said.

The funding gives Ardian access to the sovereign-wealth

fund's network of contacts, said Mr. Gombault. Private-equity firms often offer sovereign-wealth funds lucrative opportunities to invest directly in companies alongside them.

"We are buying access to the network of the sovereign-wealth fund," Mr. Gombault said. "They are good at leveraging relationships with private-equity firms."

Oil prices have fallen more than 50% since 2014, prompting oil-rich governments from Norway to Kazakhstan to tap sovereign funds to help patch their strained budgets. Total assets of sovereign-wealth funds rose just 1%, to \$6.59 trillion, in the 12 months to March 31, according to the research firm Preqin.

Mubadala, whose chairman is the crown prince of Abu Dhabi, is merging with another Abu Dhabi sovereign-wealth fund, International Petroleum Investment Co., or IPIC, which will boost its assets to \$125 billion. IPIC is entangled in a legal dispute involving billions of dollars it

has said it is owed by a Malaysian state investment fund.

Ardian has \$60 billion under management, including directly owned stakes in companies and commitments to private-equity funds. It also buys private-equity assets from other investors. It has previously acquired private-equity assets from sovereign-wealth funds, including the Abu Dhabi Investment Authority.

The \$1.75 billion of assets Ardian is buying from Mubadala include stakes in 14 private-equity funds as well as 14 direct stakes in companies.

The funds are managed by companies including Carlyle, **BDT Capital Partners** LLC and **Raine Group** LLC, the people familiar with the matter said.

Mubadala is also buying stakes in EMI Music Publishing, Burger King owner Restaurant Brands International Inc., Los Angeles-based **Lemonade Restaurant Group**, Mexican pipeline operator **Fermaca**, and talent agency **WME-IMG**, the people said.

Profit at Blackstone Surged in Quarter

By MATT JARZEMSKY

Blackstone Group LP's first-quarter profit more than doubled as the firm took advantage of buoyant markets to sell a record \$16.6 billion worth of private-equity, real-estate and other assets.

Eight years into a bull market for equities, the New York asset manager is still benefiting from economic growth and healthy investor appetite for equities and corporate debt and other assets. Blackstone's buyout and private-equity businesses sold a combined \$12.9 billion of assets during the quarter at an average 2.6 times what the firm paid, executives said on conference calls Thursday.

Its private-equity and buyout arms sold \$12.9 billion of assets during the quarter.

Meanwhile, the firm invested \$11.7 billion in the first three months of the year, marking its second-biggest quarter ever for putting new money to work.

"Although we were selling a lot, we're also investing a lot," Chief Executive Stephen Schwarzman said on a conference call with analysts.

Blackstone said it would pay a dividend of 87 cents a share, its second-highest dividend ever.

The New York private-equity firm's earnings rose to \$461.8 million, or 69 cents a share, from \$159.8 million, or 23 cents a share, in the same period a year earlier.

Blackstone's first-quarter economic net income rose to \$986 million, or 82 cents a share, from \$370.7 million, or 31 cents a share, a year earlier. The result beat the estimate of 70 cents a share by analysts polled by FactSet. Economic net income includes unrealized gains as well as cash earnings.

Blackstone's private-equity holdings appreciated 6.9% during the quarter and its buyout business sold \$6.2 billion worth of investments, its best quarter ever for exits.

The firm's \$102 billion real-estate business, its largest business by assets, sold out of \$6.7 billion in assets, helped by its sale of a 25% stake in **Hilton Worldwide Holdings** Inc. to Chinese conglomerate HNA Group.

U.S. Stocks Get Lift From Earnings

By AKANE OTANI
AND RIVA GOLD

U.S. stock indexes climbed, led by gains in shares of financial and industrial companies.

The Dow Jones Industrial Average was up 168.91 points, or 0.8%, at

THURSDAY'S MARKETS 20573.40, at early afternoon Thursday. The S&P 500 was up 0.7%, and the Nasdaq Composite rose 0.9%.

In Asian markets, stocks closed flat to broadly higher on bargain hunting following recent volatility and as iron-ore and steel futures climbed. The Hang Seng Index added 1%, snapping a three-day losing streak, while Australia's S&P/ASX 200 added 0.3%.

The Shanghai Composite was flat, with an ambitious goal on initial public offerings this year by the local exchange operator spooking investors. The Nikkei Stock Average also ended flat, as a late-session pickup in the yen offset data showing Japan's exports rose more than expected in March. Among key exporters' stocks, though, Sony rose 1.9%, and Nissan Motor gained 1.2%.

Major U.S. stock indexes got a boost from a stabilization in oil prices and a stream of better-than-expected earnings reports. Signs of corporate and economic health should buoy stocks, analysts say, even as investors weigh doubts over the Trump administration's ability to push through policy



Shares of railroad operator CSX led gains in the S&P 500's industrial sector on Thursday.

changes such as tax reform and fiscal stimulus.

Still, some say the stock market has already largely priced in expectations of firming economic data and improving earnings. Stocks are unlikely to rise much more this year without meaningful developments on tax reform, said Eric Aanes, founder and president of Titus Wealth Management.

"We're at the stage where we believe we could have heightened volatility," said Mr. Aanes, who said he recently hedged clients' portfolios to protect against a pullback in U.S. stocks.

American Express was up 5.5% in early afternoon trading after it posted a smaller decline in profit than expected. Shares of **Citizens Financial**

Group, which reported record first-quarter net income before the opening bell, rose 2.8%, and the KBW Nasdaq Bank Index of big U.S. commercial lenders advanced 1.5%.

Industrial stocks in the S&P 500 rose 1.1%, led by gains in **CSX**. The railroad operator rose 6.9% by early afternoon after it beat Wall Street forecasts for earnings.

"So far, the corporate side looks pretty good," said Randy Frederick, vice president of trading and derivatives at the Schwab Center for Financial Research. Investors are more worried about the coming U.S. growth figures than company performance at the moment, he said.

Oil prices stabilized, with U.S. crude up less than 0.1% to \$50.42 a barrel in early afternoon trading, after Saudi Arabia's energy minister said the Organization of the Petroleum Exporting Countries is likely to reach an agreement to extend the group's production cuts into the second half of the year. Prices remain down around 4% for the week amid worries about rising U.S. gasoline stockpiles.

Energy stocks rose, posting a 1.1% gain in the S&P 500.

U.S. government bonds ticked lower, with the yield on the 10-year U.S. Treasury note rising to 2.257%, according to Tradeweb, from 2.202% in the previous session.

Elsewhere, the Stoxx Europe 600 Index rose 0.2% to 378.06, led by a 1.5% climb in France's CAC-40 index ahead of Sunday's first round in the presidential election.

FINANCE WATCH

WELLS FARGO

OCC Criticizes Itself Over Sales Abuses

A national bank regulator blamed itself for failing to catch questionable sales practices at **Wells Fargo & Co.** for years before a national scandal last fall.

The Office of the Comptroller of the Currency on Wednesday published the results of an internal review that found OCC supervisors missed or failed to address warning signs about the bank's sales incentive program.

The bank examiners knew of reports of sales integrity violations as far back as 2010, but "didn't take timely and effective supervisory actions," the report said.

The bank paid a \$185 million fine in September 2016 for what authorities called illegal sales practices that led to the opening of as many as two million phony customer accounts.

—Ryan Tracy

INSURANCE

Weather Hurts Results at Travelers

Travelers Cos. earnings fell in the first quarter as tornadoes, hailstorms and icy weather caused losses.

Across the industry, insurers are expected to report \$5.8 billion in U.S. catastrophe losses for the year's first three months, the highest level for a first quarter in more than 20 years, according to Barclays. About \$2

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FUND NAME GF AT LB DATE CR NAV YTD 12-MO 2-YR

Chartered Asset Management Pte Ltd - Tel No: 65-6835-8866

Fax No: 65-6835-8865, Website: www.cam.com.sg CAM-CF Limited OT MUS 04/19 USD 31348.35 3.8 8.7 -3.5

Value Partners Investing through discipline

Website: www.valuepartners-group.com Tel: (852) 2143 0688

China A-Share Fund Cls A AUD H OT HKG 04/19 AUD 12.67 7.5 12.4 -4.9

China A-Share Fund Cls A AUD H OT HKG 04/19 AUD 11.66 6.7 12.7 -4.6

China A-Share Fund Cls A CAD H OT HKG 04/19 CAD 11.70 7.1 10.8 -5.2

China A-Share Fund Cls A EUR H OT HKG 04/19 EUR 12.26 6.7 9.5 -6.2

China A-Share Fund Cls A EUR H OT HKG 04/19 EUR 12.40 7.5 13.3 NS

China A-Share Fund Cls A GBP H OT HKG 04/19 GBP 12.30 6.8 13.4 -4.4

China A-Share Fund Cls A GBP H OT HKG 04/19 GBP 12.49 7.4 20.4 -12.2

China A-Share Fund Cls A HKD H OT HKG 04/19 HKD 12.49 7.1 11.1 -5.6

China A-Share Fund Cls A NZD H OT HKG 04/19 NZD 12.41 11.3 7.8 -6.6

China A-Share Fund Cls A NZD H OT HKG 04/19 NZD 12.49 7.7 12.8 -3.3

China A-Share Fund Cls A SGD H OT HKG 04/19 SGD 10.94 9.8 8.6 NS

China A-Share Fund Cls A SGD H OT HKG 04/19 SGD 13.66 8.9 14.9 -3.0

China A-Share Fund Cls A USD H OT HKG 04/19 USD 12.35 11.0 8.6 -6.6

China A-Share Fund Cls A USD H OT HKG 04/19 USD 12.46 7.1 11.5 -5.8

China Greenchip-A Units AS EQ CYM 04/19 HKD 57.53 13.1 17.2 -9.8

China Greenchip-A Units AS EQ CYM 04/19 AUD 9.73 13.3 17.9 -10.3

China Greenchip-A Units AS EQ CYM 04/19 CAD 9.45 13.0 16.5 -11.1

China Greenchip-A Units AS EQ CYM 04/19 NZD 9.99 13.3 18.5 -9.4

China Greenchip-A Units AS EQ CYM 04/19 USD 9.58 12.8 16.9 -10.8

China Greenchip-A2 QDIs Units AS EQ CYM 04/19 HKD 10.44 13.1 17.2 -9.9

GC HI Yield Inc-Cls A MDLS GBP H OT CYM 04/19 GBP 9.92 6.5 18.2 11.0

GC HI Yield Inc-Cls A MDLS H OT CYM 04/19 AUD 9.45 6.7 18.9 11.4

GC HI Yield Inc-Cls A MDLS H OT CYM 04/19 CAD 9.99 6.7 19.1 11.9

GC HI Yield Inc-Cls A MDLS H OT CYM 04/19 EUR 10.39 6.9 19.3 11.6

GC HI Yield Inc-Cls A MDLS H OT CYM 04/19 GBP 9.49 6.9 19.3 11.6

GC HI Yield Inc-Cls A MDLS

MARKETS

Oil Prices Stop Swinging for Now

Commodity has been volatile in the past two years, but that has changed in 2017

By TIMOTHY PUO AND ALISON SIDER

The wild price swings that characterized the oil market for much of the past two years have faded in 2017, a welcome development for stock and bond investors whose holdings tend to suffer when crude turns volatile.

U.S. oil prices traded in a range of \$50.82 to \$54.45 a barrel for most of the past four months. No 60-day trading range has been that tight in nearly 14 years.

Two opposing forces have trapped oil prices in that narrow band: Production cuts by the major producing nations have limited price declines while growing U.S. supply has held rallies in check.

That doesn't mean the market is free from the occasional big price swing. Crude futures declined 3.8% on Wednesday after a surprising increase in U.S. gasoline stockpiles. But even those losses weren't enough to knock prices below \$50 a barrel, and traders and investors are still betting that the market will remain stable in coming weeks.

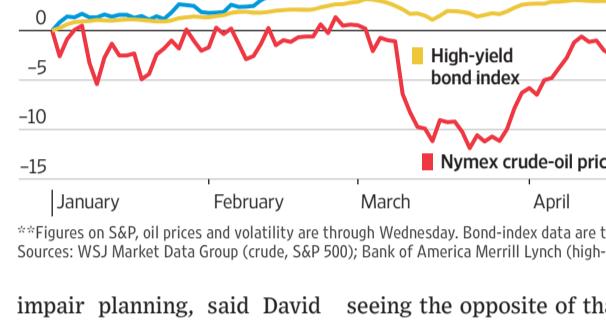
The low volatility is a stark change from the previous two years, when prices often swung \$10 or more monthly, as the Organization of the Petroleum Exporting Countries ramped up production to compete with U.S. shale drillers. Prices fell from \$100 a barrel to less than \$30 before rebounding last year after OPEC began to explore reductions to output.

Oil-price stability is a bullish indicator for other financial markets, many investors say. Fuel and shipping are major costs for businesses, so big swings in energy prices can

Oil's New Calm

After two years of volatility, oil prices have been trading in a tight range since December. That calm has helped stocks and high-yield bonds. Traders are betting that this period of placid oil prices will last for months.

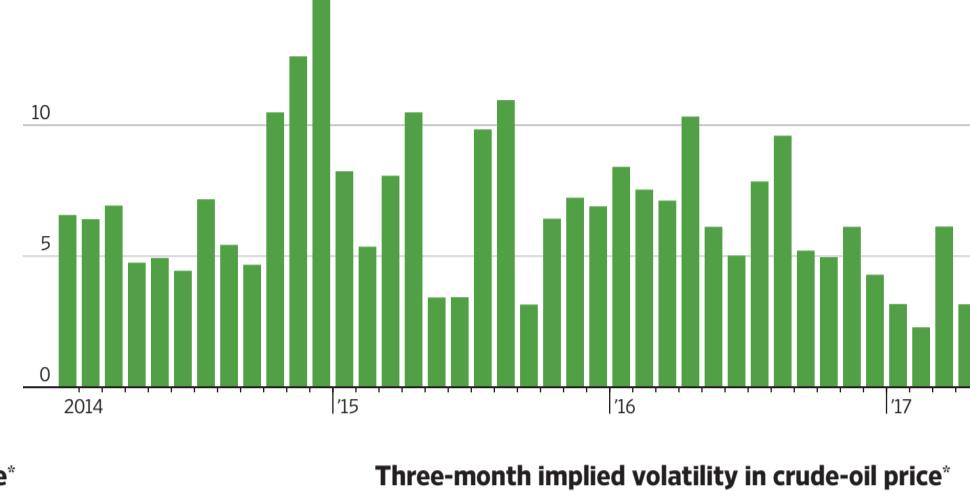
Year-to-date performance*



*Figures on S&P, oil prices and volatility are through Wednesday. Bond-index data are through Tuesday.

Sources: WSJ Market Data Group (crude, S&P 500); Bank of America Merrill Lynch (high-yield index); Thomson Reuters (implied volatility)

Monthly spread between high and low price for Nymex crude-oil futures



Three-month implied volatility in crude-oil price*



THE WALL STREET JOURNAL.

Extension To OPEC Cuts Seen

BY SUMMER SAID

ABU DHABI—OPEC is likely to reach an agreement to extend the group's production cuts into the second half of 2017, Saudi Arabia's energy minister said Thursday.

Saudi support is essential for the 13-member Organization of the Petroleum Exporting Countries to renew its agreement at its next meeting in Vienna on May 25. The group committed last year to cut about 1.2 million barrels of oil a day in a bid to bring a global oversupply of crude back in line with demand and thus raise petroleum prices.

At an energy conference here, Saudi Arabia's energy minister Khalid al-Falih hinted at the extensive behind-the-scenes negotiations among big oil producers ahead of next month's meetings. He said a preliminary agreement to extend the cuts had been reached, but it still needed final sign-off from some OPEC members.

"Consensus is building, but it is not done yet," Mr. Falih said, saying he was still consulting with fellow oil ministers. "We are talking to all countries. We haven't reached an agreement for sure, but the consensus is building."

He said the six-month agreement struck in November could be extended for three months to a year.

Analysts and some OPEC members have warned that cutting too much output for too long could send oil prices high enough to kick-start output from American shale producers, who can ramp activities up and down faster than most oil companies. When oil prices were consistently around \$100 a barrel from 2011 to 2014, U.S. producers helped create the glut of oil that caused prices to collapse.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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Global Refiners Feel China's Sting

Hungry Chinese refineries were once a boon for oil-sector investors. But what China gives, China can also take away: The global refining business is now in the crosshairs of its big oil firms.

Chinese oil demand has skyrocketed this century, but its refining capacity has risen faster, tripling to 15% of the global total by the end of 2015, according to BP's annual world energy report, and a level nearly 20% higher than China's annual oil consumption.

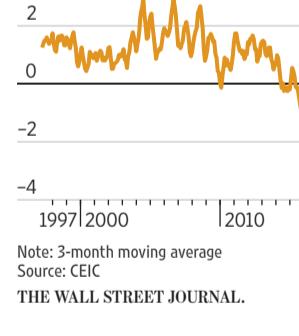
Diesel and gasoline exports have surged. China National Petroleum Corp. predicts a 5% rise in China's capacity in 2017 and a 55% rise in net diesel exports.

China's rising refining overcapacity has followed a pattern that previously helped sink global margins in steel, aluminum, and solar-panel manufacturing. State-backed firms, which face little problem getting access to credit, pile into what initially look like profitable sectors.

As long as the economy is humming along, this strategy

Whirlpool

Chinese net imports of petroleum products



Note: 3-month moving average

Source: CEIC

THE WALL STREET JOURNAL.



An oil refinery in Wuhan, Hubei province

works fine. But when growth slows, all that new diesel or steel needs to find a new home. As the Chinese economy slowed sharply in late 2014, China moved from being a net importer of fuel products to one of the world's largest exporters—a position it still holds.

The situation was exacerbated last year by a new rule spurring higher output by independent "teapot" refineries, and by Beijing's continu-

ing price controls: While global crude prices rose over 60% in yuan terms, domestic diesel prices rose only 19%. With margins narrowing and the yuan weakening, refiners had a strong incentive to send production abroad, primarily into the Asian market, the world's biggest source of demand. Asian refining margins had plunged 40% by late 2016.

Things are improving somewhat this year. The

—Nathaniel Taplin

yuan has stabilized and so has domestic growth. That won't be enough to erase the now-structural overcapacity in Chinese refining. Along with the rise in U.S. shale-oil production, this factor could help keep global crude prices in check: Competing regional firms facing structurally lower margins—including the likes of Korea's SK Innovation and Japan's JX Holdings—would be even less inclined to build up inventories if crude-oil prices start rising.

The impact is spreading to European firms like Royal Dutch Shell and Total. McKinsey notes that lower refinery run rates in Europe last year were partly due to a surge in Middle Eastern fuel imports, which had been diverted from Asia as inventories there headed skyward.

As Chinese oil products start leaking under the door, Western oil refiners celebrating the prospect of higher global growth this year—including in China—should temper their optimism.

—Nathaniel Taplin

OVERHEARD

International Business Machines

Machines should be happy about high-margin revenue from its vast library of intellectual property.

It has generated more than \$1 billion in annual sales this way at least as far back as 2009.

But as IBM's core business has faded, this has grown more vital to the technology company.

That intellectual-property business accounted for a record 31% of pretax earnings from continuing operations in the first quarter versus 13% in 2016 and an average of 4.5% over the previous five years.

This feeds the "quality problem" many on Wall Street see in IBM's bottom line.

Despite topping analysts' earnings-per-share estimates for 10 consecutive quarters, the stock has declined following nine of those earnings reports, including on Wednesday.

Patents provide only so much padding.

Signs of Life In Emerging Markets

Soggy results from emerging markets offset by U.S. resilience: This is the growth formula investors in consumer-facing multinationals have gotten used to over the past half-decade. But the paradigm may be shifting.

Nestlé and Unilever, Europe's largest packaged-goods companies, both posted weak North American numbers Thursday. Unilever said unit sales in the region fell 1.1% while Nestlé flagged "soft consumer demand."

The North American slowdown weighed on results overall: Headline growth for both companies was lower in the first quarter even than it was last year, the sector's weakest in recent memory.

More significantly, there are hints that conditions in emerging markets—once the growth engine of consumer groups—are finally bottoming out. Last year was marked by a toxic combination of price increases to make up for currency devaluations in South America and weak pricing in Asia driven by stiff competition and commodity surpluses.

Graeme Pitkethly, finance chief at Unilever, says the situation is now normalizing. Emerging-market currency movements, too, have been more favorable this year.

If emerging markets stage a long-overdue recovery in 2017, it would be better for Unilever, which makes almost three-fifths of sales in the developing world, than for Nestlé, where the share is 44%. Unilever is also under greater pressure to boost its margins.

With the shares trading at similarly expensive earnings multiples, the Anglo-Dutch company may prove the better buy.

—Stephen Wilmot

It's Too Soon for MSCI to Give Chinese Stocks Its Blessing

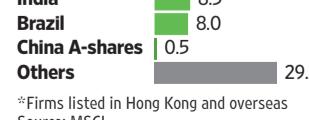
It looks like it could be fourth time lucky for China and MSCI Inc.

The index compiler appears set to include Chinese stocks listed in Shanghai and Shenzhen in its key indexes—tracked by global funds holding hundreds of billions of dollars—for the first time this summer. It shied away from this move for the past three years, citing concerns around China's capital controls and regulatory quirks. Now, though, fund-management beasts like BlackRock, who are also MSCI's largest customers, are backing Chinese shares to get the nod. The decision is far from a no-brainer.

Sure, MSCI has narrowed

Joining Up

Initial weightings in MSCI Emerging Markets Index if A-shares are added



*Firms listed in Hong Kong and overseas

Source: MSCI

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getting their money out of China. At most, only 169 domestic Chinese stocks, known as A-shares, will be added to MSCI's indexes.

That will minimize the initial impact, as A-shares will make up just 0.5% of the key MSCI Emerging Markets Index, roughly equal to the current weightings of Greece or Colombia. Goldman Sachs estimates \$7 billion could flow into Chinese stock markets from funds benchmarked to MSCI indexes—a blip compared with the \$70 billion daily turnover in Shanghai and Shenzhen.

But investors should be concerned if this proves a prelude to full inclusion. Chinese

stocks' weighting in the Emerging Markets Index will initially be based on 5% of their free float. If that is eventually adjusted to 100%, A-shares could account for around 10% of the index. Add in Chinese stocks listed in Hong Kong and the U.S., and that proportion could grow to about one-third.

That would give undue prominence to a market still subject to fundamental distortions. Many Chinese firms have only a small effective public float, with big shareholders—often including the state—owning the vast majority of stocks. Chinese markets are vulnerable to wild swings, while corporate disclosure of

ten remains sketchy.

Beijing has a deeper role in the markets, with state-backed funds among the biggest investors.

This distorts market valuations, meaning passive investors tracking MSCI indexes could be forced to buy into overpriced stocks. And while regulators have tried to crack down on companies suspending their shares when prices fall too fast, there remains a risk the market could be frozen when crisis hits, as it did in 2015.

MSCI will likely make its first small step into China. Investors should ask if that means strides down the road.

—Jacky Wong

A crowd-pleasing meal from ingredients many chefs would chuck **WS**



OFF DUTY



How do we love the Honda Civic's value proposition? Dan Neil counts the ways **WS**

EATING | DRINKING | STYLE | FASHION | DESIGN | DECORATING | ADVENTURE | TRAVEL | GEAR | GADGETS

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THE WALL STREET JOURNAL.

Friday - Sunday, April 21 - 23, 2017 | **W1**

Set Sail For Speed

Why sail *in* the water when you can glide over it at motorboat-like velocity? A new fleet of 'foilers,' whose hulls hover in the air, lets even amateur skippers high-tail it toward distant shores

BY MATTHEW FUTTERMAN

ANTHONY KOTOUN was raised on the water, sailing dinghies in the Virgin Islands, before becoming an All-American sailor in college. But none of that prepared him for the shock of his first voyage in a hydrofoil sailboat about nine years ago, when he was in his 30s. With the vessel's hull lifted several feet above the water's surface, balanced on what resemble skinny skis, Mr. Kotoun hit speeds he never dreamed he could attain without the help of gasoline and horsepower. The only sound was the taut flutter of the sails above him.

Mr. Kotoun has since won multiple national championships piloting a Moth, the smallest established class of "foilers," as these preternaturally fast sailboats are known. "Extremely fast and incredibly quiet" is how he describes the sport. "I can tell you this. It's not just kicking your feet up and sipping wine."

Indeed, as a new fleet of more accessible foilers sends amateurs tearing across the water at nearly 30 knots (or over 34 mph), in winds half that speed, the pastime is start-

Please turn to page W2

Fleet Streak
With its hulls lifted out of the water, this Flying Phantom Essentiel, a foiling catamaran, can hit 28 knots (or 32 mph), even in modest winds.

Mass Appeal Once the multimillion-dollar playthings of the superelite racers, foilers can now be had for as little as \$13,000. This one goes for \$23,500.

Buoyed Spirit
How can a boat this big balance on dainty foils? Thank the high viscosity of water, which is roughly 800 times more dense than the air.

OFF DUTY

HIGH FLYING ON THE HIGH SEAS

Continued from page W1

ing to appeal even to the gin-and-tonic set.

For years, sailors have essentially been divided into two camps. In one: the casual boaters who just want to catch enough wind to enjoy a peaceful afternoon on the water. In the other: racers chasing down the newest speed-boosting technologies. Recently, the bleeding edge on the latter front has been the foil—a daggerboard, made of carbon-fiber or aluminum, that lifts the hull out of the water so the boat can go faster with far less power. (The approach works because pushing a hull through the water rather than over it creates drag; worse, resistance increases with speed.)

I can tell you this—it's not just kicking your feet up and sipping wine.'

But those two camps are quickly converging as foil designs get safer and everyday sailors clamor for the high-octane experience they see in the America's Cup race, where the lightning-fast boats are all foilers.

"This is the future, and it's going to become more and more mainstream," said Jimmy Spithill, the America's Cup-winning skipper of Oracle Team USA. "There is a trickle-down effect in this sport," Mr. Spithill said, referring to small, lower-priced boats that are being outfitted with foils adapted from the multimillion-dollar vessels Mr. Spithill commanders. Sure, higher speed means higher risk of capsizing and crashing. That said, "you can set the boat up more conservatively"—adjusting the foils to make the boat easier to handle, he explained. "Once you get the hang of it, it's just like riding a bike."

Instead of the speed-optimized J- and L-shaped foils found on most America's Cup boats, the foils on smaller craft have slower but steadier designs. France-based Phantom International, for example, employed four foils, two of them Z-shaped, on a new catamaran aimed at lay sailors because the setup provides increased stability. Some boats have foils that can automatically maintain a less harrowing pitch.

Another major benefit of foiling is that it relies less on the whims of nature. "You can have a lot of fun in very little wind," said Thijs van Riemsdijk of DNA Performance Sailing, whose foiling catamarans range from 18 to 46 feet in length. A beginner can rig and launch the company's F1 A-Class catamaran, an 18-footer, from a beach in 20 minutes, and it can reach speeds of nearly 30 knots in a 15-knot wind. Starting price: \$30,000. "In one to two hours you are exhausted and you've had your fun and gotten your adrenaline rush," said Mr. van Riemsdijk.

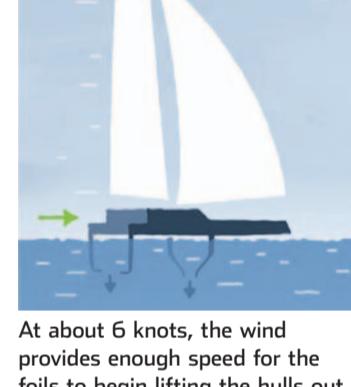
DNA Performance Sailing also built the F4 catamaran, a high-tech foiler that Mr. Spithill skippered through 20-foot swells from New



RAISED EXPECTATIONS // BREAKING DOWN HOW THE PHANTOM ESSENTIEL FOILING CATAMARAN TAKES FLIGHT



At rest, the Essential's hull and foils remain submerged. Two mid-hull foils prevent sideways drifting, while two rear foils maintain the pitch.



At about 6 knots, the wind provides enough speed for the foils to begin lifting the hulls out of the water.



With the boat at full speed, the foils support the vessel's weight. The angle of the mid-hull foils help keep the catamaran stable in high winds.

way up the chain. For the 2013 competition, all of the America's Cup boats needed to use foils, and teams snatched up the 11-foot Mach 2, a \$25,000 high-performance moth, so crew members could get a crash course in foiling. (Last summer, the Mach 2's creator, Andrew McDougall, released the Waszp, a \$13,000 version for the everyday sailor.)

Alex Udin, the founder of France's Phantom International, followed Mr. McDougall's lead. In 2014, Phantom had launched the Elite, a \$42,500, 18-foot racing boat that can easily go twice as fast as the wind speed but requires sailors to hang from a trapeze off the side—a position that will appeal only to extreme thrill-seekers. At last December's Paris Boat Show, Phantom unveiled the Essential (\$23,500), which allows sailors to sit on wings made of aluminum and carbon that extend off the sides of the hulls. Not only does this make for a much safer ride, it also lets you control the boat more easily.

In Mr. Udin's ideal world, the Essential will become what the early Hobie Cats were in the 1970s, fun, accessible toys that introduced a new generation to the sport. "You can sail it with two people or even alone in a light wind," Mr. Udin said. "Or you can even bring a third guy, as long as he's not too heavy."

one of the first commercially available foilers. (The design was Greg's college thesis.) The Kettermanns thought they had launched the next great trend in adventure water sports.

But the boat was expensive for its time (\$13,000), wasn't dock-friendly and needed to be launched in waist-deep water. It also required about 12 knots of wind to go 20, when a typical Hobie-made catamaran was easier to handle and plenty fast. The brothers never sold more than 15 a month. With little demand, produc-

tion soon ceased.

The real breakthroughs came in the early 2000s, when Australian sailors competing in the dinghy class started hacking early foil designs. These vessels, also known as moths, were ripe for experimentation, because competition guidelines place few restrictions on the boat's construction. After Aussie Rohan Veal used a foil to obliterate his opponents at the 2005 Moth World Championship, foils quickly became standard.

Then the technology worked its

IF YOU COULD WALK ON WATER // FOUR FAST FOILERS, RANGING FROM THE EASY-TO-SKIPPER TO THE STUFF OF NAUTICAL DREAMS



Flying Phantom Essentiel

Unlike the three-foiled racing version of this catamaran, the Phantom Essentiel has four foils, which makes it more stable and allows it to rise out of the water in just five knots of wind (which is practically no breeze at all). Daggerboards that are easily inserted and removed from above the hulls allow the boat to be conveniently stowed on a beach. An alloy mast and a fiberglass hull reinforced with carbon contribute to the lower price. \$23,500, phantom-international.com



DNA Performance Sailing G4 Catamaran

The recently released G4, a 40-footer intended for weekend jaunts, is the lay sailor's version of the high-performance vessel that America's Cup captain Jimmy Spithill skippered from New York to Bermuda last fall. The G4 combines the adrenaline rush of high-octane racing and the more laid-back pleasures of cruising, thanks to a small cabin with a fridge, head and room to sleep six. \$1 million, dnaperformancesailing.com

Oracle America's Cup

The ultimate sailing machine: 50 feet long, requiring a crew of five (plus a captain), and capable of reaching speeds of around 46 knots, which would feel dangerous in boats with a motor attached at the stern. The main sail, which stretches as high as a seven-story building, functions more like the fixed wing of an aircraft than a traditional sail on a sailboat. Helmets very much required. Price of entry: starting your own America's Cup team. oracle-team-usa.americascup.com



Waszp

This beginner-friendly foiler was created to be an accessible version of the racing-centric Mach 2. To keep the price low, the Waszp's foils are made of aluminum, its hull of fiberglass, which are both less expensive than the Mach 2's aerospace-grade carbon fiber. But newbies will appreciate the relatively inexpensive replacement foils (handy should you ruin the existing ones by running aground) and a "beginner mode" that positions the foils in an easier-to-handle horizontal position. \$13,000, waszp.com

OFF DUTY

20 ODD QUESTIONS

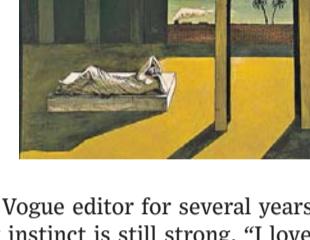
Lauren Santo Domingo

The co-founder of luxury e-commerce site Moda Operandi on her rival addictions to atypical trench coats and political news

LATE SOCIALITE NAN KEMPNER once told Lauren Santo Domingo she preferred the company of young people because they kept her current. "That stuck with me," said Ms. Santo Domingo, 41. "I always want to be curious about what's new. I say to myself, 'Why be boring?' It's my mantra."

It could also be the unofficial guiding principle of Moda Operandi, which Ms. Santo Domingo co-founded in 2011 as an online trunk show that let shoppers preorder directly from the runway days after a fashion show instead of waiting months to see if their local retailers would carry a coveted look. The company excels at discovering new brands, like that of Colombia-based designer Johanna Ortiz whom Ms. Santo Domingo found on Instagram. The site has also expanded with by-appointment showrooms in New York and London, with another set to open in the Middle East this year.

Ms. Santo Domingo, a native of Greenwich, Conn., is married to Colombian beer-fortune heir Andrés Santo Domingo, with whom she has two children. She maintains homes in New York and Paris, and her social calendar necessitates a closet of gowns. Ms. Santo Domingo was a Vogue editor for several years and remains a contributor. Her storytelling instinct is still strong. "I love to share and make connections, [telling friends] I think you'll love this designer," she said. "It's my nature. I have other girlfriends with magical Botox fillers and they would never divulge. I gush and share."



I always start my day with: a cappuccino from Maialino at the Gramercy Park Hotel. It's a great, strong burst of coffee to get me going. I cut through Gramercy Park to walk there. It's so beautiful, you feel like you're in a European city.

My style is inspired by: no one in particular. I strongly believe that the biggest mistake you can make in life is to listen too much to other people. But I admire certain ladies before me—like Deeda Blair, Jayne Wrightsman, Marella Agnelli. They had the best style and the best jewels.



My most recent fashion purchase was: a white Schiaparelli blouse with an embellished gold sun. Very surrealist and quite special. I can wear it with a blazer for day and a great heel at night.

My workout routine is: irregular since I travel quite a bit. I like Ballet Beautiful. So many of my close friends also do it. I think it says so much about our personalities. It's not like SoulCycle, grunting and sweating. We do leg lifts, drink coffee and chat.

My last holiday was to: Marfa, Texas, my second time there. It's a town that Donald Judd discovered in the 1970s, and where his foundation is based. It's since taken over as a

center of art and culture. There is an art and music festival called Marfa Myths. I stayed at the Hotel Saint George, which had just opened.

The soundtrack to my life is: really the news. At this point, I'm obsessed with politics. As for the musical soundtrack of my life, my husband has a record label called Mexican Summer, but I listen to everything: new bands like the Allah-Las and Connan Mockasin, and old ones like the 13th Floor Elevators and Pharoah Sanders.

My closet is: organized, but every New Year's I try a different strategy—dividing the clothes by brand, by silhouette, by day and night.

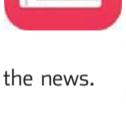
My favorite designers are: new Americans like Gabriela Hearst and Rosetta Getty. I find them really exciting. I also love Brandon Maxwell for evening.

I indulge myself with: hardcover books. It's the one way that I refuse to modernize. I just love them, love carrying them around. In this age of being inundated with new texts and communication, finishing a real book is a victory against the bombardment.

My packing strategy is: to keep it



MADAME MODA Clockwise from top: Lauren Santo Domingo at Moda Operandi's Manhattan showroom; Schiaparelli top; Apple News app; Hotel Saint George; Marella Agnelli; a favorite book; Giorgio de Chirico's 'The Soothsayer's Recompense,' now up at New York's CIMA. Inset: her usual morning coffee.



could say I'm addicted to the news.

My home décor is: a mix of styles. But I'm not one of those people that has a decorator choose things. Anything we have is something that we found, and there's a story. I'm not a collector per se, but I do have a number of Japanese lacquer boxes.

The artists I'm most drawn to are: mostly surrealists—Magritte, Ernst and Dalí. De Chirico's painting "The Song of Love" is a favorite.

I'll never get rid of: my evening gowns. I save them all. I try to wear them again and again, but it's also for the memories. Though I'm going to have to make some room for them. They're taking up a lot of real estate.

—Edited from an interview
by Nancy Macdonell

FÊTE ACCOMPLI A GOOD-LOOKS GUIDE TO RECENT EVENTS



GALLERY GIRLS AND BOYS

Tales of fashion, art and holiday travel at Barneys New York's cocktail party for London designer Osman Yousefzada

COZIER BEDFELLOWS THAN art and fashion might be hard to find. The two chummy worlds converged again last week at Salon 94, the townhouse-cum-gallery of art dealer and collector Jeanne Greenberg Rohatyn, where guests mingled among works by Marilyn Minter and Urs Fischer.

The party, co-hosted by Barneys New York CEO Daniella Vitale, marked the debut of Afghani-British designer Osman Yousefzada's 9-year-old label, called Osman, at the department store, as well as

the latest edition of his seasonal art-meets-fashion magazine, "The Collective."

Ms. Vitale wore one of Mr. Yousefzada's loose-sleeved silk dresses with a print that could pass for abstract expressionism.

Among the women in his designs, model Alek Wek sported perhaps the prettiest, a tiered blush tulle frock. "I would have never thought of this color for me," she said, "but it's perfect with the weather."

The balmy temps and impending Easter weekend turned chatter to holiday get-

aways. Barneys fashion director Marina Larroudé, who grew up in Brazil, expressed a desire to reprise a trip to Rio de Janeiro:

"Last year, I went with my kids in August." Her accommodation recommendation: the Copacabana Palace instead of the buzzy Hotel Fasano. "It's a classic," she said. Ms. Wek, meanwhile, raved about a recent trip to Eleuthera and Harbour Island. "It was magnificent," she said. "The sand was the exact color of this dress."

—Nick Remsen

Jessica Joffe



Osman Yousefzada

Alek Wek
in an Osman dress

Daniella Vitale

Kimberly Drew

Lisa Perry

Sophie Elgort

Marina Larroudé

in a Saint Laurent dress

Mariana Herrera

BILLY FARRELL AGENCE

OFF DUTY

ON WINE LETTIE TEAGUE



Can American Syrah Rise From the Grave?

ONE OF THE MOST famous vineyards in California is home to two grapes. One is incredibly popular and one is so unfashionable that some retailers joke they can't give it away. I'm talking about Pinot Noir and Syrah. The vineyard is Gary's Vineyard, named after two friends, Gary Franscioni and Gary Pisoni, who planted the 50 acres in the Santa Lucia Highlands region of California in 1997. They sell lots of Pinot Noir and a little Syrah to some of the best winemakers in the world.

When the two Garys planted their vineyard, California winemakers' hopes for both grapes were high. Pinot Noir was already a star and, as Mr. Franscioni recently related, they hoped Syrah could be another. In fact, quite a few producers were convinced that Syrah was the Next Big Grape. Never mind that the northern Rhône Valley of France, the home of Syrah, had long held steady at approximately 1,000 acres planted to the grape—with no indication the world wanted more.

And yet stateside Syrah-loving producers plowed ahead. They kept planting the grape until there were over 18,000 acres of Syrah in California and 5,000 acres in Washington State, where it's currently the third most-planted red grape.

"We were growing Syrah at a modest rate and then all of sudden the plantings went up," said Adam Lee of Siduri Wines in Santa Rosa, Calif., who makes four Syrahs under his Novy Family Wines label. He also noted that the Syrah acreage in California increased almost 10 times over the past couple of decades: from 2,084 acres in 1996 to 18,063 in 2015. Syrah holdings went up in Washington too, from around 3,000 acres in 2011 to 5,325 in 2016.

Syrah grows all over California: Napa Valley, Sonoma, Carneros, Santa Barbara, Paso Robles, the Sierra Foothills and a few other places. It's important in Washington and grown in southern Oregon too.

The fact that Syrah is highly adaptable and easy to grow was a boon that turned into a flaw when



MATT MURPHY; F. MARTIN RAMIREZ/THE WALL STREET JOURNAL (BOTTLES)

the supply of Syrah far exceeded the demand. Wine drinkers failed to fall in love with the grape in large numbers and the subsequent glut dampened prices. Cheap Syrahs churned out to make a quick buck dampened the grape's reputation as well. And yet there are terrific Syrahs produced today, though few wine drinkers seem to know or care. What made oenophiles turn away—and what might make them turn back? I put the question to some of the country's best Syrah producers.

Matt Reynvaan, winemaker and vineyard manager of Reynvaan Family Vineyards in Walla Walla, Wash., thought Syrah's biggest problem was its "two faces," meaning the grape can produce two kinds of wine. Syrah from warmer climates skews rich, full bodied and higher in alcohol while the cool-climate ver-

sion tends to be more restrained, with higher acidity. Those drinkers not well-versed in wine regions might not know what to expect.

Winemaker Justin Smith of Saxum Vineyards, who produces highly acclaimed Syrah-dominant blends in Paso Robles, Calif., wondered if Syrah had been dragged down by an association with cheap Aussie-import Shiraz. "Yellow Tail Shiraz might have given them a bad taste of Syrah," he said. (The two grapes are the same, though Shiraz is typically a bigger, more fruit-forward wine.) Mr. Franscioni said, jokingly, that California Syrah from warm climates like Paso Robles should be called Shiraz (which sounded a bit punitive to me).

He made this remark after a tour of his vineyard, which I visited in late March, when we sat down to

taste with his son Adam. Mr. Franscioni's elegant 2011 ROAR Rosella's Vineyard Syrah showed how well Syrah ages, though his current vintages were impressive too: the pow-

There are terrific Syrahs produced today, though few wine drinkers seem to know or care.

erful 2014 ROAR Rosella's Vineyard Syrah, the lush 2014 ROAR Gary's Vineyard Syrah (both \$42).

Later I joined Gary Pisoni's son Mark Pisoni, who manages the Pisoni family vineyards, for a tasting.

Mark's brother, Jeff Pisoni, is the family winemaker, and Jeff's wife, Bibiana González Rave, makes wine from Pisoni and Franscioni fruit under her own Cattleya Wines label. Ms. González Rave's stunning 2014 Cattleya Soberanes Syrah (\$70) was one of my very favorites, a truly gorgeous example of Syrah that would easily have passed for a wine from the northern Rhône.

Encouraged by the high-quality Syrah I'd tasted in Santa Lucia, when I returned home I sought Syrahs from other regions in California and Washington, priced between \$20 and \$75. (Most under-\$20 Syrahs aren't very good.) I looked for wines from cooler climates because they seem to be the most versatile and food-friendly, and often contain more modest levels of alcohol, too.

At the lower end of the price range, I was impressed by the well balanced 2014 Stolpman Vineyards Estate Grown Syrah Ballard Canyon (\$22). In the middle I found a rich and densely fruited 2014 Carlisle Santa Lucia Highlands Syrah Sierra Mar Vineyard (\$40) and a supple 2013 Gramercy Cellars Lagniappe Columbia Valley Syrah (\$48) that proved particularly versatile with food—unsurprisingly since that winery's proprietor, Greg Harrington, is a former sommelier. At the upper end, the 2014 Reynvaan In the Hills Walla Walla Syrah (\$75) showed power coupled with finesse.

Mr. Harrington said he believes Syrah is a more versatile food wine than Pinot Noir. "I make a statement in jest that Syrah is a grape for Pinot Noir lovers who have sophisticated palates," he told me. "Syrah is the progressive Pinot Noir."

So, how to convince skeptical wine drinkers? Mike Officer of Carlisle Winery & Vineyards had a waggish suggestion. Perhaps the solution is cinematic. "They need to come up with a movie about Syrah," he said, adding, in a nod to the Pinot-focused movie "Sideways": "They could call it 'Up and Down.' "

► Email Lettie at wine@wsj.com.

OENOFILE // 5 AMERICAN SYRAHS THAT ARE RAISING THE GAME



2014 ROAR Rosella's Vineyard Syrah Santa Lucia Highlands \$42
Pinot Noir, Chardonnay and a little Syrah grow in Rosella's Vineyard. This big, bold wine is marked by aromas of black fruit and pepper. Its youthful tannins will benefit from time in the bottle or decanting.



2014 Carlisle Santa Lucia Highlands Syrah Sierra Mar Vineyard \$40
Sonoma County-based winemaker Mike Officer makes a range of wines from a variety of vineyards including Sierra Mar, the younger "sibling" vineyard of Rosella's. This is a powerful, lush but polished red.



2014 Stolpman Vineyards Estate Grown Syrah Ballard Canyon \$22
A food-friendly wine from the Ballard Canyon appellation of Santa Barbara, this medium-bodied Syrah has a modest (14.1%) alcohol level. Well priced, well made entry-level Syrah.



2014 Cattleya Soberanes Vineyard Santa Lucia Highlands Syrah \$70
Winemaker Bibiana González Rave turned out this exceptional red from a granite soil vineyard. It's an aromatically stunning, gorgeously textured wine truly reminiscent of a northern Rhône Syrah.



2013 Gramercy Cellars Lagniappe Columbia Valley Syrah \$48
Former sommelier Greg Harrington makes stylish, food-friendly wines in Washington. This medium-bodied red with floral, spice and dark berry aromas drinks well now and will likely improve with time.

SLOW FOOD FAST SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES

Steamed Halibut With Mushrooms and Spinach



The Chef

Edouardo Jordan

His Restaurant

Salare, in Seattle,

Wash.

What He Is Known For

Big-hearted Italian cooking, classical French rigor and warm Southern hospitality

"IT'S OVERWHELMING," said chef Edouardo Jordan of the abundance of fish available to him in the Pacific Northwest. A particular favorite for its subtle flavor, halibut features frequently on the menu at Mr. Jordan's restaurant Salare, in Seattle. "Its fat content isn't heavy. You don't get that big, fishy note, like you do with salmon," he said.

Here the chef calls for steaming halibut fillets and serving them with seared morel mushrooms—another ingredient he finds plenty of in his region—as well as wilted spinach and a light buttermilk sauce.

TOTAL TIME: 25 minutes SERVES: 4

- | | | |
|--------------------------------------|--|-----------------------|
| 4 (6-ounce) halibut fillets | 1 pound spinach leaves | into bite-size pieces |
| Kosher salt | 4 tablespoons salted butter | 10 sprigs fresh thyme |
| 6 tablespoons extra-virgin olive oil | 1 small shallot, minced | 1 lemon, halved |
| 2 cloves garlic, thinly sliced | ½ pound morel or other spring mushrooms, cut | ½ cups buttermilk |
1. Season fillets with salt, then place in a lightly oiled steamer basket, making sure not to overcrowd. (If necessary, steam fish in batches.) Add 2 inches of salted water to the bottom of a large pot and bring to a simmer over medium heat. Set basket into pot and steam until fish is opaque and flaky, about 8 minutes.
2. Set a sauté pan over medium-high heat and swirl in 2 tablespoons olive oil. Add garlic and cook until just beginning to color, about 1 minute. Stir in spinach and sauté until just wilted, 1-2 minutes. Season with salt. Transfer spinach to a paper towel-lined plate. Wipe pan clean.
3. Return pan to stove over medium heat and swirl in butter. Once butter begins to
- brown, add shallots and season with a pinch of salt. Cook shallots until translucent, about 3 minutes. Add mushrooms and thyme. Cook until mushrooms are tender and edges are lightly browned, about 4 minutes. Season with salt to taste and a squeeze of lemon juice. Remove thyme sprigs and discard.
4. Meanwhile, add buttermilk and remaining oil to a small pot over medium heat and whisk to combine. Cook, whisking, until sauce just warms through, about 1 minute. Season with salt to taste.
5. To serve, distribute spinach and mushrooms among 4 plates. Nestle steamed fish fillets over spinach and spoon buttermilk sauce over top. Serve immediately.



MORELS AND MORE Mushrooms sautéed in butter bring a rich, meaty element to this light dish of steamed fish.

OFF DUTY

SUNDAY LUNCH

No Parsley Sprig Left Behind

When chef Katie Button gathers a crowd around her table, it's a proper feast and not a scrap goes to waste

BY ELIZABETH G. DUNN

CALL IT "company's coming effect": the bloating of the grocery bill that seems always to accompany hosting endeavors. Why not turn a Sunday lunch into a clean-out-the-fridge occasion instead?

That's Katie Button's strategy. The chef-owner of Curré in Asheville, N.C., became committed to reducing food waste after opening a second restaurant in town, Nightbell, which focuses on the food of Appalachia. "A big part of the culture of Appalachia is trying to save everything," she said. "So we started looking at the whey leftover from making ricotta, or the ends of bread going in the garbage, and coming up with new dishes."

Unwanted cauliflower stems become a velvety soup at Nightbell; at Curré, garlic ends, onion tops and tomato skins are roasted and reduced down to a stock for vegetable paella. Any scraps that can't be used are set aside for compost.

In her own home kitchen, Ms. Button relies heavily on her freezer. She keeps a stack of plastic containers in cup, pint and quart sizes along with painter's tape and a Sharpie on hand to portion, clearly label and freeze anything perishable that she thinks her family won't consume within a week. If she opens a container of chicken stock or tomato sauce, she immediately portions and freezes the leftovers.

For milk nearing the end of its shelf life, Ms. Button uses lemon juice or vinegar to separate the curds into ricotta for pastas or grain salads; the tangy liquid whey left over has plenty of uses, too. "You can use it to cook grits or rice, like a stock," she said. "You can also reduce it down into a really flavorful sauce for vegetables."

Like the rest of us, Ms. Button often finds herself buying whole bunches of cilantro, parsley or basil for the use of just a few leaves. She adds oil, nuts, lemon juice and garlic to whatever is left and blends them into pesto. Then she freezes individual portions in an ice cube tray.

This Sunday lunch menu centers on foods that might otherwise have ended up in the garbage. For the centerpiece of the meal Ms. Button chose salmon collars, which fishmongers habitually trash after breaking the fish down into fillets. But there is great, flavorful meat nestled along the collarbone, and it can be oven-roasted, grilled or broiled and then eaten—for a fraction of the cost of a fillet.

With the salmon Ms. Button serves a salad of farro tossed with parsley-stem pesto and fresh ricotta. Leftover whey becomes a sauce for broccoli rabe. And that broccoli rabe needn't be perky and pristine.

Wilted vegetables sauté just fine as long as you reduce the cooking time. "I've cooked carrots that are practically folded over," said Ms. Button. "The flavor is still there."



Salmon Collars Provençal

Salmon collars usually have around 4 ounces of meat inside, so plan on at least 1 collar per person—alongside hearty portions of grain and greens.

TOTAL TIME: 30 minutes **SERVES:** 4-6

3/4 cup store-bought olive tapenade

Zest of 1 lemon, plus 1 1/2 tablespoons lemon juice

3 cloves garlic, minced

6 salmon collars (about 4 pounds total)

2 tablespoons olive oil Kosher salt and freshly ground black pepper

1. Set broiler to high. Combine tapenade, lemon zest and juice, and garlic, and set aside.

2. Coat fish collars with a small amount of oil and salt and pepper. Place collars skin-side up on a sheet pan and broil 5 minutes. Remove from oven, flip skin-side down and slather flesh with tapenade. Return to broiler and cook until flaky, 5-7 minutes more.

Farro With Pesto and Fresh Ricotta

TOTAL TIME: 20 minutes **SERVES:** 6

2 cups quick-cooking farro Kosher salt

2 tablespoons olive oil

4 teaspoons fresh lemon juice

2 small shallots, thinly sliced

1/2 cup parsley pesto (see recipe below)

1 tablespoon roughly chopped parsley leaves, roughly chopped

1 cup fresh ricotta (see recipe below)

2 tablespoons roasted salted sunflower seeds

1. In a large lidded pot over medium-high heat, combine 6 cups water, farro and salt, and bring to a boil, 2-3 minutes. Cover and reduce heat to a simmer. Simmer until tender, 6-8 minutes, then drain. (If using conventional farro, cook according to package instructions.)

2. Combine farro, olive oil, lemon

BIG GANG

THEORY The chef prepares her farro salad with pesto and fresh ricotta.

Above: Ms. Button lunches with family and friends in Asheville, N.C.

and leaves

1. Combine all ingredients in a blender or food processor and pulse until smooth, 30-45 seconds.

Parsley Pesto

TOTAL TIME: 5 minutes **MAKES:** 1 1/2 cups

1/4 cup salted roasted sunflower seeds

2 cloves garlic

Zest of 2 lemons

3/4 cup extra-virgin olive oil

1/2 teaspoon Kosher salt

2 tablespoons fresh lemon juice

1 bunch flat-leaf parsley (stems

juice, shallots, pesto and parsley, and toss to combine. Season with salt to taste. Place in a serving bowl, crumble ricotta over top and garnish with sunflower seeds.

2. Set a large skillet over medium-high heat. Add 4 tablespoons oil and heat until shimmering. Add broccoli rabe and 1/2 teaspoon salt let brown, stirring occasionally, 8-10 minutes. Transfer to a platter and cover.

3. Add remaining oil to pan and heat until shimmering. Add garlic and cook until fragrant, 2-3 minutes. Add whey and increase heat to high. Bring to a boil and whisk in fenugreek. Continue boiling uncovered, until sauce thickens and reduces to around 1/2 cup, 10-15 minutes.

4. Return greens to pan and stir in butter. Add salt as needed and a few grinds of black pepper.

Broccoli Rabe With Whey Sauce

TOTAL TIME: 45 minutes **SERVES:** 6

6 tablespoons canola oil

1 1/2 pounds broccoli rabe

Kosher salt and freshly ground black pepper

About 2 1/2 cups whey

4 cloves garlic, thinly sliced

1/4 teaspoon ground fenugreek

2 tablespoons unsalted butter

1. Bring a large pot of salted water to a boil. Blanch 1 minute then rinse in cold water.

2. Set a large skillet over medium-high heat. Add 4 tablespoons oil and heat until shimmering. Add broccoli rabe and 1/2 teaspoon salt let brown, stirring occasionally, 8-10 minutes. Transfer to a platter and cover.

3. Add remaining oil to pan and heat until shimmering. Add garlic and cook until fragrant, 2-3 minutes. Add whey and increase heat to high. Bring to a boil and whisk in fenugreek. Continue boiling uncovered, until sauce thickens and reduces to around 1/2 cup, 10-15 minutes.

4. Return greens to pan and stir in butter. Add salt as needed and a few grinds of black pepper.

and leaves

1. Combine all ingredients in a blender or food processor and pulse until smooth, 30-45 seconds.

Ricotta

This is a great way to use up milk getting close to its expiration date. You can scale the recipe up as much as necessary. Freeze any extra whey in 2-2 1/2 cup portions so you can make whey sauce for vegetables in the future.

TOTAL TIME: 1 hour **MAKES:** 1 cup

4 cups whole milk

1/4 teaspoon table salt

2 tablespoons white wine vinegar

olts, then use peel to garnish.

—Adapted from Vespr Coffeebar, Orlando, Fla.

3 The Negronifico

Sure, you could drink a mini Negroni with a beer back. But this version from Empellon Al Pastor in Manhattan combines both in a fizzy drink that nods in the direction of the Michelada, another easy-drinking beer cocktail.

Fill a beer glass two-thirds of the way with ice. Pour in 1/2 ounce

Broker's London Dry Gin, 1/2 ounce Campari and 1/2 ounce

sweet vermouth. Top with Pacifico beer and garnish with a strip of orange peel.

—Adapted from Empellon Al Pastor, New York

HALF FULL

THE NEGRONI VARIATIONS

These riffs take the classic gin-Campari-vermouth combo into new territory without losing sight of what makes the drink great

COCKTAILS DON'T GET much simpler than the Negroni, an equal-parts mix of gin, Campari and sweet vermouth. Now bartenders are complicating matters slightly, pushing past the classic recipe to new concoctions.

The versatile template of the original—and a hefty marketing push by Campari—has revived the drink's popularity in recent years. The new wave of variations also owes a debt to the explosion of new amaro and aperitif spirits now available in the U.S.

At Manhattan's Dante, a large glass cabinet showcases bottles of rosy "red bitters," Campari competitors such as Italy's Contratto, Meletti 1870 and Cappelletti, as well as American-made variations such as Bruto Americano from California's St. George Spirits. "There are so many aperitif spirits now," said Naren Young, Dante's beverage director, who built an entire subsection of his menu around the Negroni and its many vari-

ations. His "Unlikely Negroni" contains two of the three original ingredients, but also tequila, banana and pineapple vinegar.

The Coffee Negroni, a subgenre unto itself, features on drink menus across the country. "Cold brew [coffee] complements Campari's bitter notes," said Edd Siu, owner/manager of Vespr Coffeebar in Orlando, Fla., where cold brew replaces the gin for a low-alcohol eye-opener.

Some bartenders switch up the drink's texture—blending with ice, say, for a frozen variation, or carbonating the drink with a soda siphon, or adding a pour of sparkling wine.

Is there a point at which the drink ceases to be a Negroni? "It still has to look and feel and taste like a Negroni," said Mr. Young. "If you veer too far off that course, you really should call it something else." At right, three riffs that rightly bear the name. —Kara Newman



1 Negroni Frappe

In place of Campari,

this drink features Meletti bitter, which has a more subtle fruit-and-floral flavor profile. Orange juice and crushed ice give a tropical-drink look and feel.

Combine 3/4 ounce Jupiñero gin, 3/4 ounce

Meletti 1870 Bitter, 3/4 ounce Carpano Antica sweet ver-

mouth, 3/4 ounce or-

ange juice and 3 dashes orange bit-

ters in a cocktail shaker with ice. Shake

well and strain into a footed highball or Irish

coffee glass filled with crushed or pebble ice.

Garnish with grated orange zest.

—Adapted from Dante, New York

2 Cold Brew Coffee Negroni

There's no gin in this

drink; instead, cold-

brew coffee adds a bit-

tersweet touch while

dialing down the alco-

hol levels.

Combine 1 1/2 ounces cold-brew concen-

trate, 1 ounce Cam-

pari and 1 ounce sweet ver-

mouth. Top with Pacifico beer and gar-

nish with a strip of orange peel.

—Adapted from Empellon Al Pastor, New York

Broker's London Dry Gin, 1/2 ounce Campari and 1/2 ounce Cinzano Rosso sweet ver-

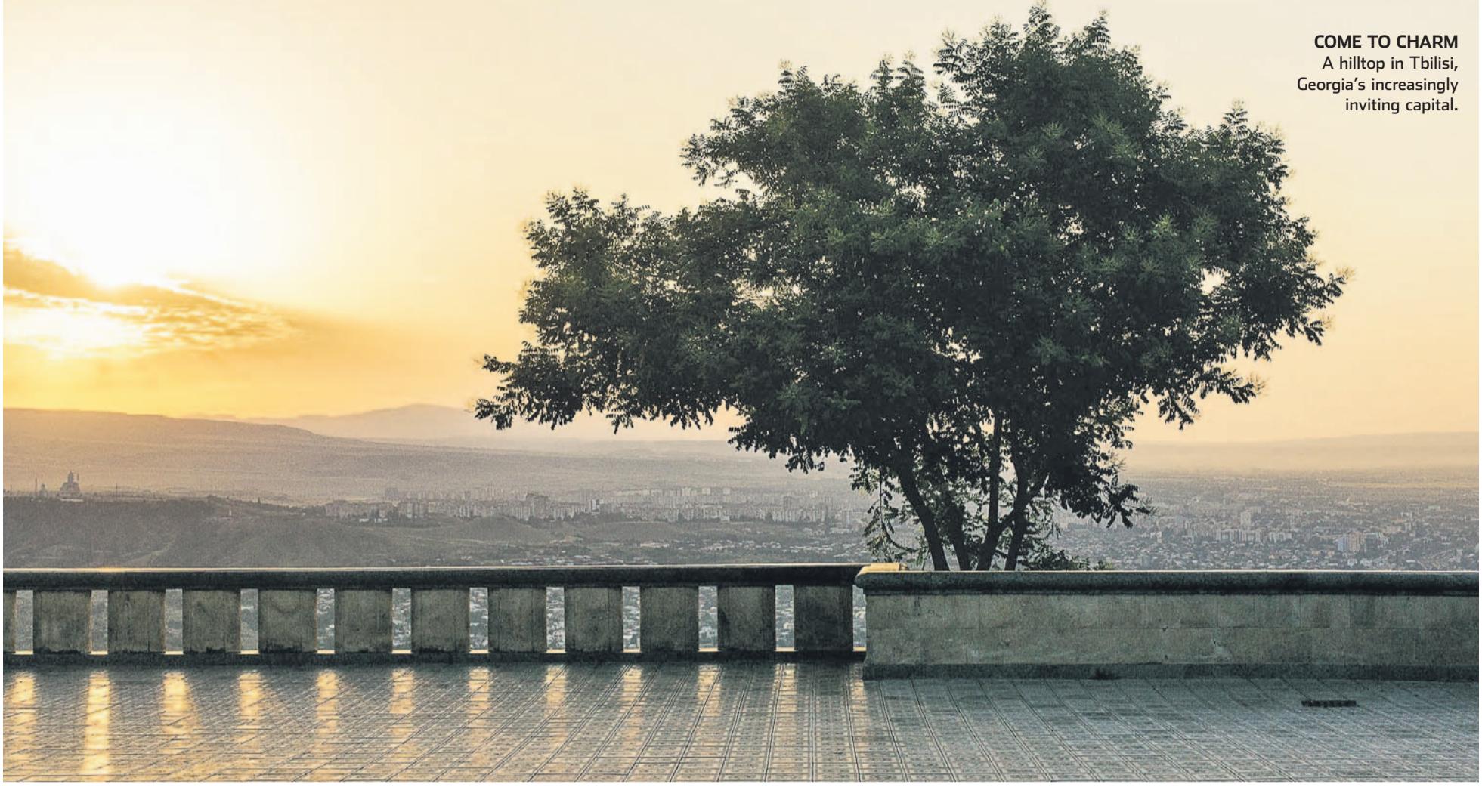
mouth. Top with Pacifico beer and gar-

nish with a strip of orange peel.

—Adapted from Empellon Al Pastor, New York

OFF DUTY

COME TO CHARM
A hilltop in Tbilisi,
Georgia's increasingly
inviting capital.



ROBBIE LAWRENCE FOR THE WALL STREET JOURNAL; MAP BY JASON LEE

A Post-Soviet Revolution

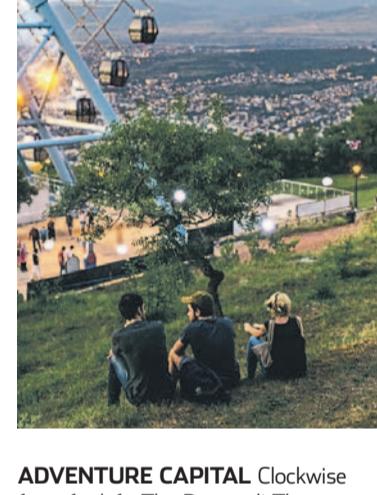
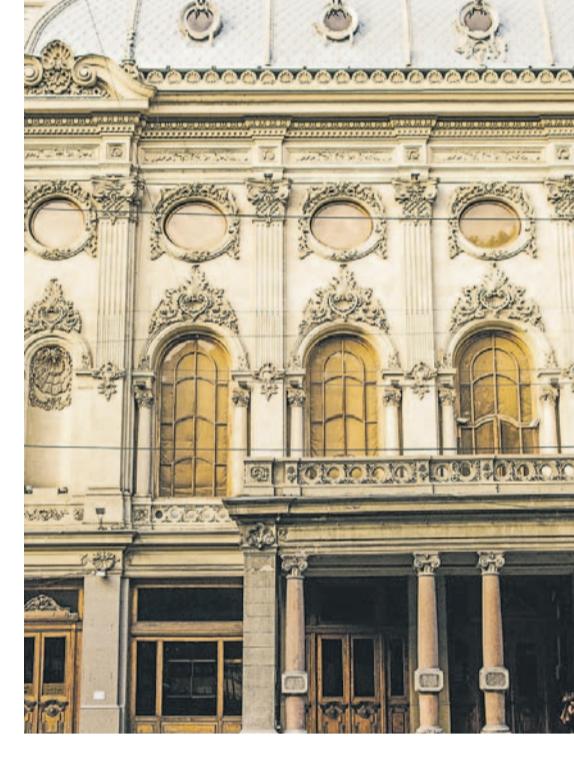
Once, few travelers visited the chaotic Georgian capital, Tbilisi. Now, newly polished, it's shaping up to be the life of the party

BY TARA ISABELLA BURTON

BY 10 P.M. at Ezo, a restaurant set in a garden between flaking art nouveau facades, confetti strewed the grass. The wooden tables were soaked with remnants of beer, Turkish coffee and wine. Toddlers dodged table legs, while a teenager with blue hair and multiple piercings kissed another in a leopard-skin coat. In Tbilisi, the capital of the former Soviet republic of Georgia, parties like this one—celebrating Ezo's first anniversary—appear to be a regular occurrence these days. Every member of the city's urban bohemia seemed in attendance. An Armenian journalist I'd worked with a few years back suggested a drink somewhere quieter; I agreed. The only trick was to figure out which of the places we remembered still existed.

In 2010, when I first moved to Tbilisi, a city of about 1.2 million people, it had few cafes like Ezo. Other than a string of seedy cheap-beer dives frequented by backpackers, the city's most popular bars were characterized by a slightly dilapidated, Russian-businessman glitz. I rented my two-bedroom apartment, with a terrace and views of the 4th-century Narikala fortress, for \$400 a month. To reach the traffic-clogged main square in the Old Town or the main bazaar across the moss-green Mtkvari River, I had to dodge feral cats, turning through alleys thick with sawdust, tripping over loose cobblestones.

I bought my bread—dough thrown against the walls of the stone ovens—from an unmarked bakery underneath the 19th-century brick seminary. I gathered up my pomegranates and figs from the small markets in subterranean underpasses, where fruit-sellers and purveyors of used clothes hawked their wares to the sound of traffic horns overhead. I fell in love with the city's strangeness, even if I cringed at the chaos. How could one of then-President Mikheil Saakashvili's skyscraper projects shoot up seemingly overnight, while the renovations on Rustaveli Avenue's Moorish-style Opera House remained "very nearly completed" for almost half a decade?



After several years away, at graduate school in Oxford, I returned to visit a few months ago to find the Tbilisi I knew a different city. My local teahouse is now a Georgian wine shop, catering to the tour groups that mill around the rose-perimetered Aliyev Park. The Meidan, the main square—newly paved and painted in pastels—looks, at first glance, implausibly tidy. Today's Tbilisi appears less raucous, less anarchic than the city I first fell for, but it has a relentless, youthful energy that feels no less thrilling.

The best cafes—like Ezo, like Le Toit, off Kote Abkhazi street—are either unmarked or on the upper floors of art nouveau apartment buildings, filled with Victorian-vin-

tage clutter (scattered gramophones, teapots). These aren't the gaudy, Plasticine "VIP bars" that lined Chardin Street in 2010, catering to businessmen of dubious provenance. They feel makeshift, just barely cobbled-together—and new. Nightclubs such as Bassiani, in the basement of the Dinamo football stadium offer exhilarating late-night dance spaces in converted swimming pools and repurposed Soviet seafood restaurants. The old amusement park on the hill of the

Mtatsminda district now hosts open-air parties.

At Fabrika, a Soviet factory turned hipster hotel-slash-gallery space nestled on a back street, splendidly colorful graffiti lines the walls. Down the road, the new restaurant Barbarestan—fully booked even at four in the afternoon—serves classic Georgian dishes lifted from the recipe-book of 19th-century Duchess Barbare Jorjadze.

Underneath my old apartment's windows sit 18th-century bathhouses, and beside them, several new restaurants overlook a recently excavated canal. Last year, Khasheria, the latest offering from Tekuna Gachechiladze (one of the country's best-known chefs) opened up, turning out contemporary, delicately spiced takes on traditional Georgian comfort food. The signature dish: khasha, or beef tripe soup, that Georgians swear by as a hangover remedy (here, it's served in a piquant broth warmed with a garlic-and-chili *ajika* sauce). Communal tables line the walls; the décor exudes a minimal post-industrialist chic, more artful than Soviet.

Still, some quintessentially Georgian eccentricities remain: When I plugged in my laptop at Khasheria, the entire outlet fell out of the wall,

ADVENTURE CAPITAL Clockwise from far left: The Rustaveli Theatre; Rooms Hotel; Mtatsminda Park; Dry Bridge flea market; locally sourced salads and dips at Ezo restaurant.

revealing a tangle of bare wires. The waiter shrugged, plugged it back in, and shoved the mass of exposed metal back into the wall. It worked.

On my last day in Tbilisi, I walked along the Dry Bridge: the overflowing weekend flea market where the same vendors I recognize from 2010 sell Soviet pins and Russian silver, icons and enamel, daggers and fur hats, and an array of ram horns (hollowed out and used for downing wine in a single gulp). Back then, the flea-market aesthetic was firmly outdated, targeting stray tourists or old women scrambling for deals. But today, impossibly fashionable Georgians in their 20s—wearing silk capes and ankle boots—were trying on enameled pendants, vying with backpackers for bargains.

I crossed the street to Saarbrucken Square at the eastern terminus of Agmashenebeli Avenue, the main boulevard of the city's right bank. Last time I was there, the street was a crowded mess of splintered, balconied buildings, honking Ladas and gaudy wedding-dress shops. Now, it's pedestrianized, and the newly smooth cobblestones were bordered with baskets of yellow flowers and historic photographs, and advertisements for Georgian brandy and wine. Women in traditional dress sold croissants and khachapuri—the ubiquitous Georgian cheese bread—side by side on long tables. The ruins of a church held a photography exhibition. A festival with panduri-strumming musicians was well under way. The gargoyles and the corbeille angels on the art nouveau buildings had been restored. Perfectly chiseled stone reliefs now hung over facades painted cerulean and magenta.

"The party is for the new street," one of the khachapuri-sellers told me. The renovations on Agmashenebeli had just finished that day. Everybody was celebrating. It looked nothing like the city I knew from seven years ago. I loved it anyway. Jazz music blared in the square, then Edith Piaf; people hummed along. I hummed, too, walking on.

THE LOWDOWN // JOINING THE FESTIVITIES IN TBILISI, GEORGIA

STAYING THERE The Rooms Hotel, located in a converted publishing house in the leafy Vera district, is the city's trendiest hotel. Tbilisi's better-heeled bohemians hold court in its library-themed lobby (*from \$140 a night, roomshotels.com*). You can find more traditional—and cheaper—options among the city's family homestays (more involved versions of the bed-and-breakfast experience) such as Tina's on Sulkhan-Saba Street, just off Freedom Square (*from about \$17 per person per night, tbilishomestay.com*).



live music and folk dancing. Head to the edge of town to the gardens and gazebos of Phaetoni for sour-plum-sizzled *shashlik* (tiny shish kebab) and a coriander-topped bean stew, plus boisterous entertainment (*Akaki Belashvili St.*). For a taste of modern Georgian fare, head to Tekuna Gachechiladze's Khasheria (23 Abano St.) or her older Café Littera, on the grounds of the art nouveau former Soviet Writers' House, where the seasonal menu includes inventive takes on Georgian classics, like trout tartare served with spicy *ajika* or creamy, walnut-puréed eggplant salad (*13 Ivane Machabeli St.*). Ezo, a typically raucous garden restaurant, focuses on locally sourced, sustainable regional food (*16 G. Kikodze St.*).

EATING AND DRINKING THERE The best traditional Georgian restaurants offer elaborate multicourse affairs, with

OFF DUTY

Velvet That Can Get All Wet

New sumptuous outdoor textiles can hang out on the patio all summer, no matter what befalls them



DOG DAY AFTERNOONS
Moray Chaise, from about \$3,900; seat-cushion-velvet, Beach Blanket Fabric in Cliff Sides, \$125 per yard; headrest fabric, Aqua Velvet II in Deep Water, \$115 per yard, Holly Hunt, 212-891-2500; Knot Stripe Towel, \$30, crateandbarrel.com

BY COURTNEY BARNES

INDOOR-OUTDOOR fabric of yore offered little in the way of luxury. Simplistic patterns and limited colors kept a lid on style, and textures ranged from scratchy to sticky. "I remember they were rough to the touch and very stiff," said New York designer Phillip Thomas of the patio materials of his youth.

In the last 15 years, however, the indoor-outdoor textile industry has literally gone soft, offering plusher options that can weather the elements. "When I started decorating, there was no such thing as an outdoor velvet," said Alex Papachristidis. Today, the New York designer uses this seductive cloth wherever his clients might be sitting down in a wet bathing suit. He covered the sofa in his own Bridgehampton, N.Y., pool house with a chocolate-brown all-weather gaufrage velvet from Lee Jofa. "I wanted the fabric to be elegant yet inviting and soft on the skin," he said.

Performance fabrics, made of hard-wearing, solution-dyed acrylics and treated blends, have been available for decades. But as backyards have stylistically and func-

tionally morphed into outdoor living rooms, textile manufacturers such as Sunbrella and Perennials have met the demand for weather-tolerant but chic fabrics. Workhorse cloths that resist mold and mildew now resemble their conventional cousins. They feature the luxe nap of corduroy and velvet, elegant linen-like weaves, and sophisticated color and pattern choices beyond cabana stripes and stain-camouflaging florals. You can reupholster furniture you already have or choose one of the new fabrics when creating pieces with a designer. Pottery Barn and Restoration Hardware offer them, too.

Portland, Ore., designer Max Humphrey said he and his clients marvel at the broad selection of styles now available in high-tech fabrics: "Mock linens that really do feel and look like fine linen, haute hippie stripes, ikats, bandanna patterns, fresh ginghams." California textile designer Peter Dunham's new collection of performance wovens adds paisleys and other global motifs to that range, Mr. Humphrey notes.

As indoor-quality textiles have migrated outside, so have outdoor fabrics become the go-to inside fabric for people with children—or

messy friends—because homeowners no longer have to settle for the mundane. Young families have driven the evolution of these fabrics, said Chicago designer and manufacturer Holly Hunt, whose recently-debutted outdoor Moray chaise (pictured, top) can be covered in one of her performance velvets or linens in dirt-daring colors such as pale gray and ivory.

These hearty, texturally pleasing fabrics, many of which can be cleaned with bleach, let parents furnish homes in hues heretofore re-

served for the childless: "Our clients are shocked when we present a scheme with white interior upholstery that can stand up to toddlers," said designer Joe Nahem, of New York's Fox-Nahem. Four years ago, the firm covered the sofa, chairs and dining banquette of a family of five's Miami apartment in white, including Chella Fabric's Montecatini in creamy Alabaster. Mr. Nahem, who recently visited, said of the upholstery, "It still looks new."

Pale tints also hold up well. Los Angeles interior designer Kerry Joyce offers nu-

anced colors, such as dusty violet, celery and pale blue, in his high-performance line, noting that because the acrylics are infused with pigment when still liquid polymers, "the fabrics retain their color in the sun and after many cleanings."

Designer Mr. Humphrey recently styled a photo shoot of materials created by Sunbrella together with Oregon heritage textile brand Pendleton. "The plaids look and feel like a really comfy vintage flannel shirt," he said, adding that the signature Pendleton styles, modeled

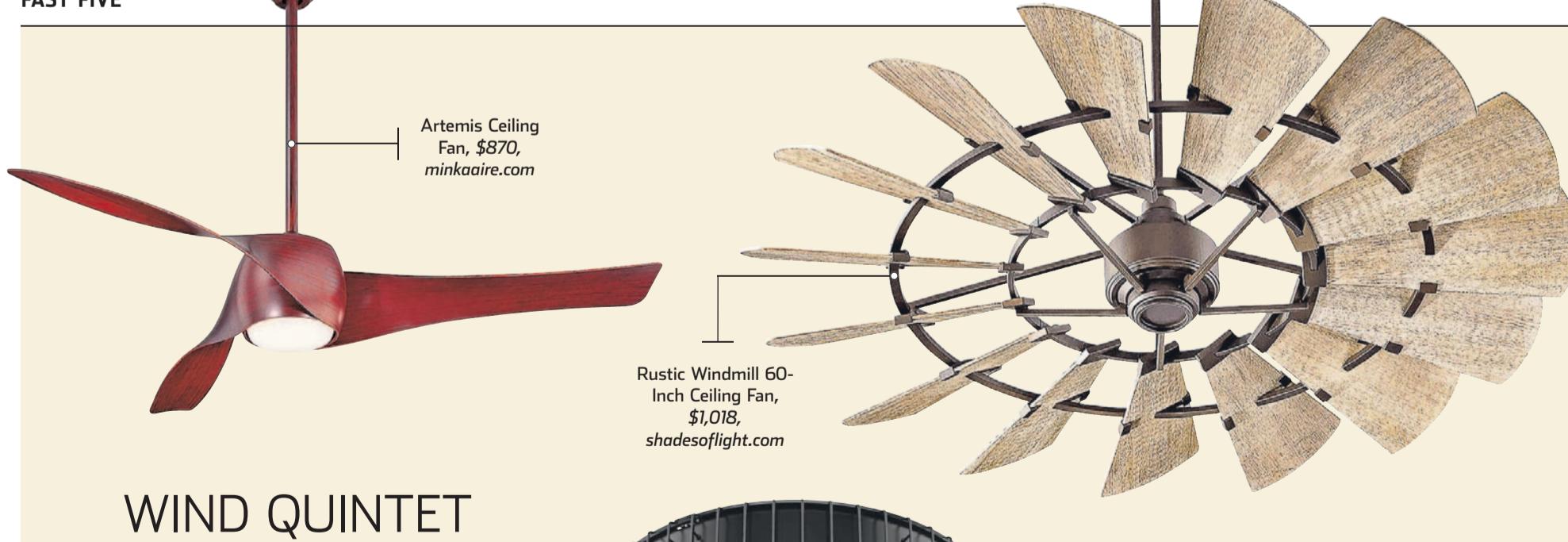
after Native American blankets, feel like soft natural fiber because they are woven, not printed.

"At my own house, I started using Perennials' 'cottons' for durability and easy clean up," said furniture designer Glenn Lawson, half of L.A. team Lawson-Fenning. "We liked the feel so much we used it on dining chairs and floor pillows, which can now be easily brought outside for entertaining," he said. "Most people can't tell the difference between the high-performance and conventional fabrics."



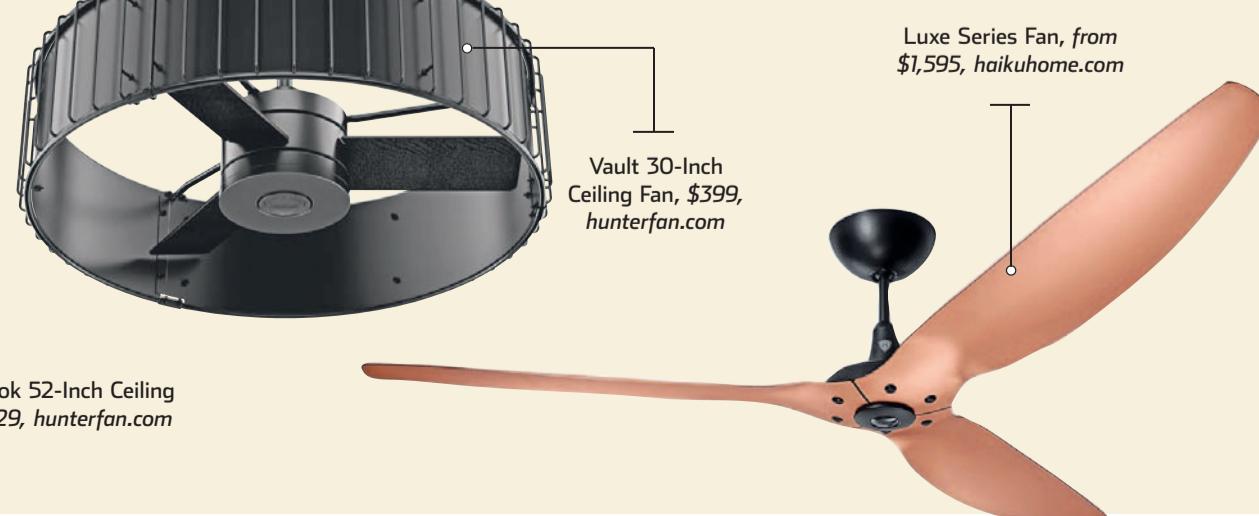
From left: Delany & Long Outdoor Leather, \$22 per sq. ft., D & D Bldg., 212-759-5408 ext. 204; Sommers, \$135 per yd., Madeline Weinrib, 212-414-5978; Dedar Tricot Tressage, \$179 per yd., D & D Bldg., 212-759-5408 ext. 204; Rocky Performance Velvet, \$118 per yd., Schumacher, 800-523-1200; Lulu DK Jill Fabric, \$248 per yd., Duralee, 800-275-3872

FAST FIVE



WIND QUINTET

Well-designed ceiling fans are no longer the unicorns of décor. These five put a new spin on cool



Artemis Ceiling Fan, \$870, minkaaire.com
Rustic Windmill 60-Inch Ceiling Fan, \$1,018, shadesoflight.com
Luxe Series Fan, from \$1,595, haikuhome.com
Vault 30-Inch Ceiling Fan, \$399, hunterfan.com
Cranbrook 52-Inch Ceiling Fan, \$229, hunterfan.com

OFF DUTY



ATTENTION, SHOPPERS
With a base price of \$22,175, the built-in-Britain 2017 Honda Civic Hatchback Sport offers exceptional bang for the buck.

HONDA

RUMBLE SEAT DAN NEIL



Honda Civic Hatch: The Price is Singularly Right

THE STICKER SAYS \$22,175. That's the as-tested price of our nicely equipped 2017 Honda Civic Hatchback Sport, including a free tank of gas and a barrel of candy-apple red paint. I consider that a reasonable proposition for a British-built hot-hatch with a six-speed manual transmission and center-mounted dual exhaust.

Look, it's just you and me out here, wandering the dealer lots by night, hiding from salesmen. I'll tell you how it is. Vehicles that start under \$20,000 are rolling bits of accountancy, designed and built to the penny. When you start comparing category competitors, as Car and Driver does, in a matrix of features and performance, you will discover a shocking sameness among them—of engines and gearboxes, of cut-and-sew upholstery, of fuel economy, of cabin noise, of instrumentation. If you are agonizing over the choice of a Hyundai Elantra, Toyota Corolla, Chevrolet Cruze, your loved ones would want me to tell you: Just pick the red one and move on.

But sometimes, amid the penny-pinching and profiteering, the needle swings the other way. Sometimes a company will build a fine little car and then take an unholy beating on it. That's what we're looking for. Call it revenge consumerism.

Such a case is the 2017 Honda Civic Hatchback. At least, I'm assuming as much. For one thing, the new Hatch is imported from Swindon, Wiltshire, England, where Honda builds Civic products for the European market. Honda of America's allotment will arrive at the port of Norfolk, Va. Some small part of the Hatch's low price reflects Honda's eating of shipping and handling, to say nothing of U.K. labor rates. I'm OK with that.

Like the Sedan and Coupe with which it shares nearly everything, the Hatchback is built on Honda's new global-product platform (front-transverse four-cylinder, front- or

all-wheel drive, four-wheel disc brakes, majority-steel unit-body, five seats and cargo). Not surprisingly, the hatchback version rides, drives and behaves with the same agreeable competence as its stablemates. The cabin materials overperform in look and touch. The instrumentation is smart and understated. This, the 10th-generation of the Civic series, rides on a big-boy chassis, with MacPherson struts in front and a multi-link suspension in the rear, all isolated from the body with vibration-quelling, liquid-filled bushings.

Under the hood lives Honda's hard-punching 1.5-liter turbo four (180 hp), paired with either an automatic transmission (CVT) or the aforementioned stick shift. So powered, the Hatch can nick to 60 mph in less than 8 seconds, amid two fervid upshifts, the turbo-four flitting like a songbird on a tether. Or it can hum quietly along the highway in sixth gear, averaging 39 mpg (33 mpg combined). Nice bandwidth, that.

On rare occasions a company will build a fine car and take an unholy beating on it. That's what we're looking for.

Stung by complaints over cabin noise and harsh resonances, the Civic team also ponied up for more soundproofing under the floor, around the engine compartment and wheel wells. Though not specific to the Hatch, these noise-abatement measures help address one of the liabilities of the hatchback design, per se: With the trunk and passenger space as one volume, noise energy tends to boom around the cabin.

On our winding-road test track, the Hatchback Sport gunned its little heart out. There is a surge of initial body roll as the car turns in hard for

a corner, but it quickly stabilizes and then hangs on like a puppy with a sock. The bigger tires have a lot of bite. Honda's algorithm-enhanced e-steering system feels nicely responsive off center and gains in heft and sensitivity as cornering energies rise. When the front tires finally wash out with understeer you really feel it.

It's a sturdy thing. The Hatchback actually feels weirdly overbuilt. And in a way, it is. Honda designed the structure so that it would earn five-star crash ratings for years to come. These tests included the rigorous small-offset barrier crash (40 mph) and insanely violent rear crash (50 mph). Such future-proofing represents an investment for Honda, which will save on retooling costs in the next decade. But for car-shoppers of 2017, the extra engineering feels like a gift.

To the foundational strengths of the Civic proper, the Hatchback adds ready, Costco-sized utility: 22.6 cubic feet of cargo space, enough to hold four large suitcases or three golf bags. The hatch opening itself is oversized, 37.4 by 45.3 inches, which makes it possible to stuff a crazy-big baby stroller in the back.

Enthusiasts may recall that Honda stopped offering hatchbacks in the U.S. in 2003, with the late lamented Civic Coupe Si, when the body-style fell out of fashion. And no wonder. Compared to the mega fauna of the age—the Hummer H2, Ford Excursion, Cadillac Escalade—hatchbacks started to look mighty small and pitiful, derided with the awful term “econo-boxes.”

Fourteen years after the Coupe Si, sedan-derived hatchbacks would seem positioned for a comeback. After all, SUVs, crossovers and wagons—vehicles with top-hinged lift gates—now make up more than half of U.S. new car sales, outside of trucks. Yet hatches remain stubbornly niche-y, representing less than 8% of compact-car sales in 2015 (about 186,000 vehicles).

And that space is highly contested by the charismatic likes of the VW Golf, Mazda3 5-Door, Ford Focus and Subaru Impreza.

Obviously, Honda of America means to prime the pump, thus the Hatch's entry pricing (\$19,700 base MSRP) and generously curated list of blandishments. The Sport trim, for example, includes the 18-inch sport alloy wheels; the boss center-mounted exhaust pipes; fog lights; piano-black body trim; leather steering wheel and shift knob; red instrument illumination; carbon-like dash trim; and, for the stick-shift model, three aluminum foot pedals.

Also included are many of what I consider first-order cabin conveniences: rearview camera and 5-inch LCD screen; USB; phone and audio connectivity; cruise control; power windows, doors and mirrors; push-button start with remote keyless entry; and electronic

parking brake.

You may wonder, if the margins are so small and demand such an open question, why would Honda import the Hatch at all? A clue is the rare availability of a six-speed manual transmission, a no-cost option over the CVT and the key to extracting the most fun out of these cars. Honda wants the Hatch to resonate with driving enthusiasts. There may not be many of them out there, but they are all potential brand missionaries. How 'bout it, Dad?

As for the Hatchback's looks, well, you can't have everything for \$22,175. The proportions are snooty; the surfacing a bit hectic; the faux air-intakes and vents in bumpers hurt my eyes. By far this car's best angle is the three-quarter rear, with a view of the glassine hump and the dramatic spoiler bridging between glowing LED taillamp instruments.

Anyway, just keep thinking about the price. The car gets prettier.



2017 HONDA CIVIC HATCHBACK SPORT

Price, as tested: \$22,175 (Sport trim level)

Powertrain: front-transverse mounted 1.5-liter turbocharged inline four-cylinder with variable valve timing; six-speed manual transmission; front-wheel drive.

Power/torque: 180 hp at 6,000 rpm/177 lb-ft at 1,900-5,000 rpm

Length/weight: 177.9 inches/2,871 pounds

Wheelbase: 106.3 inches

0-60 mph: 7.2 seconds

EPA fuel economy: 30/39/33 mpg, city/highway/combined

Cargo capacity: 22.6/46.2 cubic feet (rear seats back up/folded)

BOOKSHELF

A SPRING READING LIST FOR GEEKS

Brush up on comic-book history, landscape-photography dos and don'ts, and the very recent annals of women in tech

The Legion of Regrettable Supervillains: Oddball Criminals From Comic Book History

By Jon Morris

Elevator pitch Where do bad guys come from? With comics from the golden to modern ages, argues Jon Morris, villains are often born of the political climates of their times. Tino the Terrible Teen (the “richest teenager in the world”) reflected a fear of 1970s youth subculture, while Reefer King played off the circa-'40s fear of marijuana’s corrupting effects.

Very brief excerpt “Boasting a suit of armor that emits destructive beams of pure sound, Ghetto-Blaster is capable of bringing a building crashing to Earth. And the targets of his ire are, in fact, buildings—slums, to be more specific.”

Surprising factoid Villains didn’t always have eye-catching names and batty M.O.s. Superman’s earliest enemies were ho-hum politicians and gangsters.

READ THIS IF YOU WANT TO TAKE GREAT PHOTOGRAPHS OF PLACES

By Henry Carroll

Elevator pitch Look around you and imagine how you’d document your feelings about your current surroundings. Stumped? This beginner-friendly guide is for you. The author couples concise, to-the-point advice with motivatingly beautiful images by masters like Robert Adams, Martin Parr and Joel Sternfeld.

Very brief excerpt “You might need to move miles, or simply step to the left or right, because when photographing places, your physical position has a huge impact on meaning. That’s why all the photographers in this book are obsessively picky about where they stand. To join their ranks, you need to be the same.”

Surprising factoid To make your photos of buildings seem less flat, stand at a corner so two sides of the structure are visible. The 45-degree view will emphasize the edifice’s three-dimensionality.

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Geek Girl Rising: Inside the Sisterhood Shaking Up Tech

By Heather Cabot and Samantha Walravens

Elevator pitch This inspiring collection of success stories gives all the dish on the rise of under-the-radar women in the tech world.

Very brief excerpt “Dona Sarkar was wearing leopard and owning it. It was midnight in downtown Seattle, and the Renaissance woman was in her element on a giant soundstage. She was hosting the world’s first HoloHack, a forty-eight-hour brain-storming session for 100 techies, filmmakers, 3-D artists and sound engineers to try making the first apps for Microsoft’s augmented reality device, HoloLens.”

Surprising factoid Secret languages have helped make coding cool to tweens. Middle-schoolers didn’t embrace Jewelbot, a programmable friendship bracelet, until its creators allowed it to send covert messages via buzzes and blinks. —Lane Florsheim



INSIDE THE SISTERHOOD
SHAKING UP TECH

HEATHER CABOT AND SAMANTHA WALRAVEN

REVIEW BY LANE FLORSHEIM

F. MARTIN RAININ/THE WALL STREET JOURNAL

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THE WALL STREET JOURNAL.

"This must be a simply enormous wardrobe!" thought Lucy, going still further in....' —C.S. Lewis,
The Lion, the Witch, and the Wardrobe

Friday - Sunday April 21 - 23, 2017 | W9

OMG Closets!

More children and teens are getting custom closets with high-end accessories like boutique-style shoe racks, designer wallpaper and velvet-lined jewelry drawers.



DOROTHY HONG FOR THE WALL STREET JOURNAL (2)

SHOE BUSINESS On New York's Upper East Side, Kristen Swenson worked with a closet designer to create a custom walk-in for her teenage daughters, Emma and Ceci. Melanie Charlton, who designed the space, said custom closets with boutique-style shoe storage, adjustable hanging rods and specialized shelving start at between \$10,000 and \$15,000. Below, Emma at the closet entrance.

BY ALINA DIZIK

TAKING A CUE from lavish walk-in closets off the master bedroom, builders and designers are increasingly creating luxury closets for their pint-size clients.

More kids are getting boutique-style shoe racks, designer wallpaper and velvet-lined jewelry drawers, as well as practical accessories like baskets for superhero storage and rods to hang clothes for playing dress-up.

Costs can range from \$5,000 to \$15,000 to create a smaller, more playful version of a high-end closet inside a child's bedroom, says Lisa Adams,



founder of LA Closet Design in Los Angeles. "They always look more whimsical," she says. California Closets, a custom storage and design company, has seen a 30% increase in organizing kids spaces, which includes closets and toy storage, since 2015, according to the company.

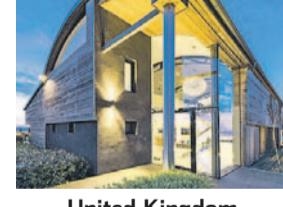
To create a walk-in closet for teenagers Emma, 16, and Ceci, 19, designer Melanie Charlton tore down part of the laundry room in a four-bedroom condo in Manhattan's Upper East Side neighborhood. The teens' mom, Kristen Swenson, worked with the designer to install three handblown glass chandeliers and glass shelving at the very top so it's easier for them to spot

Please turn to page W10

RENOIR AND DEGAS ON THE GUEST LIST

On the French Riviera, the home where artist Mary Cassatt lived and entertained is now on the market for about \$2.65 million. A diarist at the time described the painter's 'enchanting villa perched on the mountains.'

HOUSE OF THE DAY
wsj.com/houseoftheday



United Kingdom
An English barn turned upside down in Surrey



United States
A tropical compound in Key Biscayne, Fla.



United States
A Georgian Revival mansion in New York



BY RUTH BLOOMFIELD

SINCE THE LATE 18th century, legions of expatriates have traded city life for the sea and sunshine of the French Riviera. These itinerants left their mark on the region's history—and its architecture.

Among the grand villas along the Côte d'Azur is a Belle Epoch-style home built by John H. Harjes. Located in the village of Grasse, 12 miles inland of Cannes, the 3,767-square-foot home was built in the late 19th century and dubbed Villa Angeletto by Mr. Harjes, an American banker



BRUSH WITH GREATNESS The 3,767-square-foot home was built by John H. Harjes, an American banker who moved to Paris in the 1860s. In 1911, with Mr. Harjes' health failing, the family leased the house to another American expatriate, the artist Mary Cassatt.

FROM LEFT: CSU ARCHIVES/EVERETT COLLECTION; ANTHONY LANNEROTTE FOR THE WALL STREET JOURNAL

Please turn to page W12

MANSION

OMG CUSTOM CLOSETS FOR CHILDREN

Continued from page W9

folded clothing. The closet has a mirrored wall and extra boutique-style shoe racks for an ever-expanding collection.

"It's like decorating a room; everything is built-in and measured perfectly," says Ms. Swenson, a 49-year-old stay-at-home mother. She declined to disclose the cost of her children's closet, but Ms. Charlton, founder of New York-based Closette, said children's closets start at between \$10,000 and \$15,000. "It's almost like a little master walk-in version of the parents," says Ms. Charlton, who adds that high-end closet systems can increase home value once time to sell.

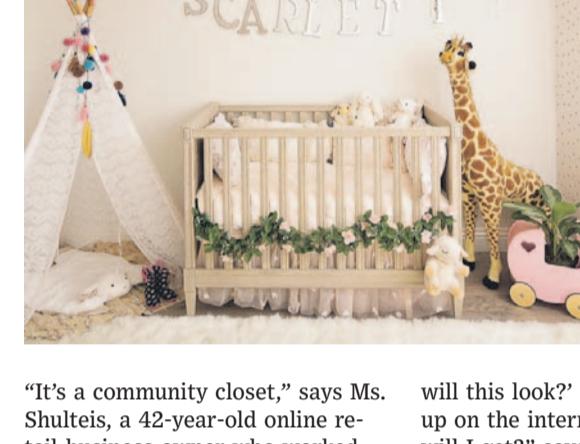
In her projects, Ms. Charlton sometimes uses chalkboard paint, on which children can write to-do lists or keep track of chores. Drawer surfaces and inserts are similar to what's found on patio furniture so they're durable and easy to wipe down. Kids' closets "need to be a little more bulletproof," she says. She also looks at shoe sizes and children's heights to devise a shelving system that can be adjusted with age by taking out dividers.

Likewise, Ms. Adams, the L.A. designer, makes sure that half of the closet is built at or below a child's current eye-level, with adjustable shelves to accommodate kids as they grow, she says. Often, she carries the theme of sports into a boy's closet by installing a locker-room style setup or adds gold-framed mirrors for girls along with their favorite color and acrylic accents. Carefully placed slide-out hampers encourage even the messiest kids to find time to throw in their dirty clothes, she adds.

In Manteno, Ill., Theresa Shulteis turned an exercise room into 500-square-foot dressing area shared by Sariah, 14, Skylar, 17, and Serena, 19, to keep clothing that overflows from their closets. Since the closet is next to the home's laundry room, Ms. Shulteis saves time by leaving washed, sorted laundry in front of each child's portion of the closet, which also has a built-in makeup vanity and window seating. A smaller portion of the room is also used by her and her husband, she adds.



ALL READY Stefanie Termini, shown with her dog Chloe, inside the nursery of her soon-to-be baby girl. 'We wanted more of a glamorous look; we wanted the bling,' Ms. Termini says. Below, the baby's crib and pull-out shelves for shoes.



"It's a community closet," says Ms. Shulteis, a 42-year-old online retail-business owner who worked with Closet Organizing Systems, a local firm, on the project.

Some parents are also creating Pinterest-worthy nurseries, says New York-based nursery designer Vanessa Antonelli. Infant closets tend to be reach-in closets, but can still be outfitted with high-end details. Often that means adding darker leather lining for boys and beaded or acrylic accents for girls.

"At least half of what my clients are thinking about is, 'How good

will this look?' and 'When I get it up on the internet, how many likes will I get?'" says Ms. Antonelli.

Getting the closet completed before giving birth was a relief for Stefanie Termini, 32, who worked with California Closets to create a reach-in closet for a baby girl due later this month who she plans to name Scarlett. The closet has a metallic rug, wallpaper with metallic dots and sparkly knobs, she says. "We wanted more of a glamorous look; we wanted the bling," says Ms. Termini, a stay-at-home mother who paid \$5,000 for the



ROBERT BENSON FOR THE WALL STREET JOURNAL (3)

infant closet in her Encinitas, Calif., home. The result, she hopes, will make it "easy to access stuff in the middle of night."

Paloma Contreras, a Houston-based interior designer, says that parents take more design risks when creating spaces for their children, including closets and bathrooms that are done in turquoise or pink hues and more playful than the rest of the home. "Even the client with a more restrained palette will be more adventurous in a child's room," she says. Many clients decide to rebuild the closets

"as a matter of necessity" after developers create a space without any drawers and hanging rods that are too high for younger children to reach, she says.

'At least half of what my clients are thinking about is, "How good will this look?" and "When I get it up on the internet, how many likes will I get?"' said Vanessa Antonelli.

After weeks of back-and-forth with the designer, Lori Underwood worked with Ms. Contreras to create two walk-in closets for daughter Ava, 13, and son Drew, 10 in their Houston home. The two walk-ins have display shelves for her kids' trophies and photographs, while dresser-like drawers allow "knick-knacky things" to be off the floor, says Ms. Underwood, a 39-year-old stay-at-home mother. "If we go on vacation and they bring home a rock or a seashell, it's always able to be tucked away and closed up," she adds.

Washington, D.C.-based professional organizer Rachel Rosenthal includes lots of space for accessories in kids' closets. She says she adds extra hooks, pegboards for hanging necklaces or purses, and baskets for storing action figures or dolls. She also designates hanging space near the front of the closet for children to play dress up. For day-to-day clothing, she adjusts hanger-rod heights to allow children to reach it on their own, and provides plenty of drawers and shelf space to create an easy-to-maintain area. "It's empowering to kids to get themselves dressed," she says.

When her youngest clients opt for pink, velvet-lined jewelry drawers, Ms. Rosenthal plays along as if she's protecting diamonds: "Their jewelry is plastic," she says, but "they will be excited when putting something away."

HOUSE CALL | JOHN OATES

It Started With An Elvis Flick

Hearing girls scream during 'Love Me Tender' inspired the future singer-songwriter; becoming Hall & Oates

My parents saved my life—and my career. When I was 13 months old, I had my tonsils removed. Rather than return to our Manhattan apartment, my parents stayed at the hospital to watch over me. At some point overnight, my stitches broke and I began coughing up blood. My parents ran into the hall for help.

Minutes later in the operating room, the doctor told my parents he'd have to cut open my throat to repair the stitches. In tears, my mother begged him not to do that.

The doctor relented and operated through my tiny mouth. Had my parents not been there, I probably would have drowned in my blood or wouldn't have had much of a singing voice.

We lived near the hospital on 24th Street between 2nd and 1st Avenues. It was an Italian neighborhood then. My mother, Ann, was Italian, and my father, Alfred, was British. She wanted to live near her family. Growing up, I spent much of my time looking out the window at the street below or visiting my grandmother, Clementina, on 26th Street. She fed me. I was the boy king.

My father worked for an airplane-parts maker. In 1952, the company was awarded a big contract and moved to Pennsylvania. They offered any employee who relocated a promotion. So one af-



ternoon, as I returned to our building after playing, I saw my parents in their car with my baby sister, Diana. They were waiting for me, and we left, just like that.

About 2½ hours later we moved into a house in North Wales, Pa., an hour northwest of Philadelphia.

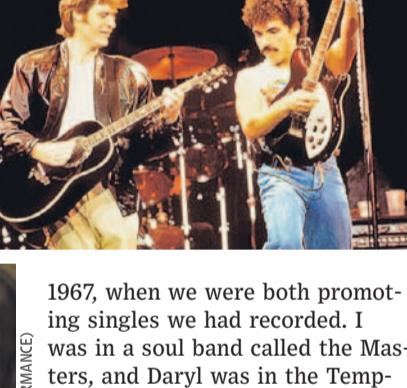
Moving wasn't a big deal for me. I missed my grandmother, but not for long. We began driving back to New York every weekend. My parents were homesick. The rest of the world was a jungle to them compared to the old neighborhood.

In North Wales, we first lived in a house my parents rented with a small yard. It was in the old part of town, which was separated from the new part by railroad tracks. At night, I loved listening to the trains pass by.

We were there for about two years. When I turned 6, we moved to a bigger house on 10th Street on the other side of the tracks. It was a spec house—a two-story Cape Cod with white siding and



ONE ON ONE John Oates, above, at Addiction Studios, Nashville; top right, on stage with Daryl Hall in the mid-1980s; left, at his First Holy Communion, 1955.



1967, when we were both promoting singles we had recorded. I was in a soul band called the Masters, and Daryl was in the Temples. We both were booked to play a hop when a gang fight broke out. Daryl and I escaped in a service elevator. We both went to Temple University and decided to team up.

In the 1990s, I discovered I had little money to show for all our hits. I needed to rethink my life and career. At the time, I had a little vacation condo in Aspen and decided I'd live out there.

Soon after relocating to Colorado from New York, I met my wife, Aimee. We built a five-bedroom log house in Woody Creek that matched my dream of a laid-back future. It's on a dirt road, with views of the mountains.

Last year, we also bought a three-story, four-bedroom 1925 Tudor Revival in Nashville, Tenn. We spend much of our time there, where I do most of my composing, producing and recording. We're in the city's oldest neighborhood. The tree-lined streets remind me of North Wales.

The kitchen has wraparound paned windows that give us a 180-degree view of the garden and the birds out there. Best of all, when it's quiet late at night, the last thing I hear before falling off to sleep is a train in the distance.

—As told to Marc Myers

John Oates, 69, is a guitarist and singer-songwriter who, as half of the Hall & Oates duo, co-wrote many of their hits in the 1970s and '80s, including "She's Gone" and "Maneater." He is the author of the memoir "Change of Seasons" (St. Martins Press).

three bedrooms. It was on the last street in town.

The radio became a lifeline for me. One night in 1956, when I was 8, my parents took my sister and me to the Willow Grove Amusement Park. Bill Haley and His Comets were playing in a bandshell.

I ran and stood at the foot of the stage. The beat grabbed me.

Later that year, my eccentric Aunt Mary took me to the Paramount Theatre in New York to see

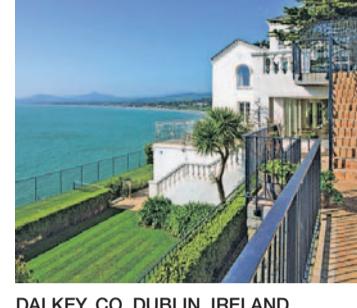
Elvis Presley in "Love Me Tender." Even though it was a movie, the girls were screaming. I knew what I wanted to do.

I began by taking voice lessons. The teacher taught me breath control and to sing using my diaphragm, not my throat. I also took a few guitar lessons, but I wasn't into playing the stuff the teacher gave me. I taught myself to play using chord books.

I first met Daryl Hall at the Adelphi Ballroom in West Philly in

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Sherry Fitzgerald



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Four separate waterfront lots 2.39± to 5.04± acres. Peter M. Turino +1 631 903 6115. pturino@bhsusa.com. \$2M-\$4M. Christine M. Saar. Web ID: 3550 +1 631 903 6148

Brown Harris Stevens of the Hamptons



DARIEN, CONNECTICUT

6-acre waterfront estate - Pear Tree Point, 8-bed Victorian w/ dock, pool & tennis court w/ views of Li Sound & NY. \$24M. Co-List Carolyn Sarsen. Web ID: 96706 info@davidogilvy.com

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Jackson Hole Real Estate Associates



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Brown Harris Stevens of the Hamptons



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This 112 sqm apartment comprises a double living room opening onto a balcony and 2 bedrooms. €2.25M. Marie-Hélène Lundgreen. Web ID: 1623291 mhl@bdfrance.fr · +33 (0) 6 34 14 62

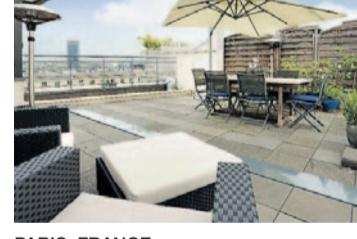
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MANSION

CASSATT'S VILLA ON THE FRENCH RIVIERA



Continued from page W9
and philanthropist who moved to Paris in the 1860s to set up a branch of his bank, Drexel, Harjes & Co. The Harjes family wintered at Villa Angeletto, but starting in 1911, with Mr. Harjes' health failing (he died in 1914), they agreed to lease the house to another American expatriate, the artist Mary Cassatt.

Cassatt was born in Pennsylvania in 1844 and art was her passion from an early age. Encouraged by her parents, Cassatt traveled Europe in her teens. She then studied painting at the Pennsylvania Academy of the Fine Arts in Philadelphia. In 1866 the artist—rather shockingly for the times—announced her intention to move to Paris to continue her training.

As a woman, and a foreign woman at that, Cassatt struggled to gain recognition in France. Her big break didn't come until 1874, when she came to the attention of the painter Edgar Degas. He invited her to show her work alongside the impressionists, a collective of experimental and rather outré artists whose number included a young Claude Monet.

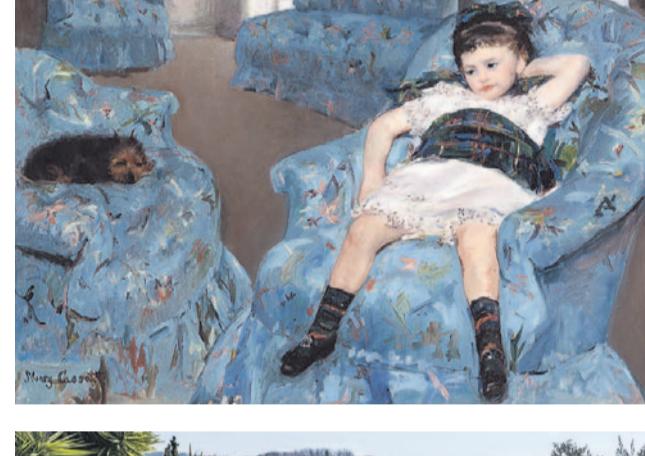
Degas was to become her lifelong friend and mentor. Under his tutelage her career flourished. In 1904 Cassatt was awarded the Legion of Honor, one of France's highest awards, in recognition of her contribution to the arts.

Her success—plus an inheritance from her parents—allowed her to lease Villa Angeletto. During World War I she decamped to the south almost full time to escape the privations of war. There she was visited by friends, including August Renoir and the Degas family.

In his diary, published posthumously in 1966, French art dealer René Gimpel wrote enthusiastically of Cassatt's "enchanting villa perched on the mountains like a nest amongst branches."

The current owners of Villa Angeletto are also expatriates, Rosemary and Patrick Ireland, who bought the property in 2006. The Irelands are British by birth and moved to France from Hong Kong in 2000 because their two daughters were approaching school age and they admired the French education system. Dr. Ireland is a physician and Mrs. Ireland

IN THE HILLS The villa was built in the late 19th century by John H. Harjes, an American banker. Above, an outdoor terrace and a living room. Below, 'Little Girl in a Blue Armchair,' painted by Mary Cassatt in 1878; bottom, the home's swimming pool.



has worked in publishing; both are in their 60s.

Like Mr. Gimpel, the Irelands were enchanted by Villa Angeletto. "It is an open, light, bright house, with high, high ceilings so different from some of the old farmhouses in this region, which are lovely but can be quite dark," said Mrs. Ireland. "I just thought it was the most lovely house I had ever seen."

The five-bedroom, four-bathroom villa was well maintained when the Irelands bought it, which meant they could simply begin enjoying it, breakfasting in the backyard and swimming in the pool.

Its main spaces include a sunny morning room and a living room with sea views and a marble fireplace. Villa Angeletto also has flaws. Its layout is unwieldy, with the main entrance leading directly to a slightly old-fashioned kitchen. And some period-inappropriate features, notably plastic-polymer windows, detract slightly from the home's allure.

Upstairs are three bedroom suites, with wooden doors that lead out onto the upper-floor terrace. There are two

attic bedrooms above, plus a fourth bathroom. Then, up a tiny flight of spiral steps, is a final surprise—a tiny aerie of a room in the tower, with windows to catch the full panorama of mountains and sea.

The Irelands, who moved to France for the sake of their family, are now selling Villa Angeletto for the same reason. Both daughters have recently had babies, and the couple wants to spend more time visiting their grandchildren at their homes in Singapore and Dubai. They plan to buy a smaller property nearby, giving them the freedom to globetrot.

The property has been listed with Sotheby's International Realty for about \$2.65 million for around a year—the couple's decision to sell coincided with a very slow real-estate market in France.

Ultimately Mrs. Ireland believes the house's history will help sell it. "Who do I think will buy it? Someone who likes big spaces, and who loves entertaining," said Mrs. Ireland. "Someone really who is not interested in something frightfully modern but who likes history and wants to be surrounded by it."

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Tommy Mottola Lists Connecticut Estate



Music executive Tommy Mottola is best known for guiding the careers of artists like Céline Dion and Gloria Estefan, but one of his lesser-known interests is real estate: The former chairman and CEO of Sony Music Entertainment has built or renovated some 14 houses over the years.

"It's really one of my passions," said Mr. Mottola, who quipped: "Instead of talking to you I should be having my head examined."

His latest creation, a Georgian-style estate in Greenwich, Conn., is hitting the market for \$19.95 million.

Mr. Mottola said he bought the 5.7-acre property for \$2.85 million in 2010.

Mr. Mottola, 67, and his wife, Mexican pop star Thalia, moved into the estate several

years ago with their two children after spending about three years designing and building the house.

The exterior of the house, with a columned portico, is meant to reflect "the tradition of backcountry Greenwich," Mr. Mottola said.

Inside, it has gallery-like, contemporary interiors to display the couple's art collection, which includes works by Andy Warhol and Keith Haring.

The nine-bedroom house spans roughly 12,300 square feet, not including a lower level that contains a gym, play room, and beauty salon/massage room where Thalia gets her hair and makeup done, ac-

cording to real-estate agent Lyn Stevens of Douglas Elliman Real Estate, who has the listing with colleague Robin Kencel.

A large entertaining space has 30-foot-high ceilings topped by a copper.

Thalia and Mr. Mottola each have their own two-story dressing room.

The home's four levels are accessed by an elevator. A terrace with an outdoor kitchen and fireplace overlooks the lake.

The gated estate also includes an outdoor swimming pool with a covered dining area where the family eats dinner most evenings in good weather, Mr. Mottola said.



Thalia and Mr. Mottola each have their own two-story dressing room.

The home's four levels are accessed by an elevator. A terrace with an outdoor kitchen and fireplace over-

looks the lake.

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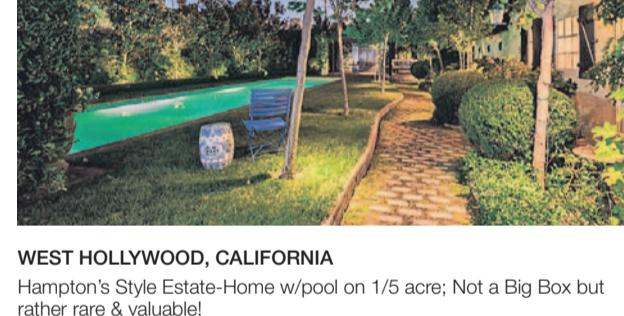
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Into the Woods in the Hudson Valley

Rosewood, walnut and teak root set the scene at a Brooklyn couple's weekend home in upstate New York

SHEENA MURPHY and her husband have long enjoyed weekends in the Hudson Valley, a few hours north of New York City, staying in AirBnB rentals while visiting friends.

When a baby came in the summer of 2015, Ms. Murphy, 36, an interior designer, and her husband, Paul, 37, a game developer, decided to look for a more permanent second home in the area—a getaway in addition to the Brooklyn home they own.

That year they paid \$775,000 for a two-story, 2,500-square-foot, three-bedroom, three-bathroom house on 6 acres in Hudson Woods, a development by Drew Lang's Lang Architecture, and moved in this past summer. Mr. Lang designed each home from locally sourced materials and, since it launched in 2013, has given home buyers the option to buy furnishings. (Of the 26 planned homes, 15 are completed; the rest are set for 2018.)

Ms. Murphy had her own ideas. "We wanted a comfortable weekend home with furniture that looks like it belongs to the 1950s," she says.



DOROTHY HONG FOR THE WALL STREET JOURNAL (2)

1. A fireplace from Wittus is designed and made in Denmark. "It's based off old wood-burning stoves," says Ms. Murphy, who bought it with the house. "There are so many windows in the room, so we wanted something heavy that would anchor the lounge." **Price:** \$10,000

2. The vintage bleached teak-root coffee table is from South of Market, a furniture retailer in Charleston, S.C. "The bleached wood contrasts with the darker elements and it is very durable," says Ms. Murphy. She estimates the table weighs over 500 pounds. **Price:** \$3,950

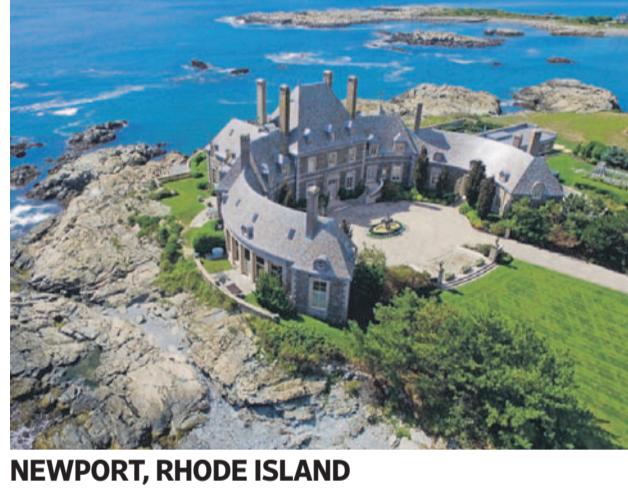


3. The lighting fixture on the wall is a double-shaded bent brass lamp from Brooklyn design studio Workstead. "It's based off a Midcentury style that's slightly modernized," says Ms. Murphy. She likes that it was made in New York and has a sculptural feel. **Price:** \$1,150

4. The couch, a recent addition to the home, is an original 1950s piece designed by Hans Wegner, a proponent of the Danish modernist aesthetic. The frame is made from rosewood and the leather has been reupholstered. **Price:** \$10,000

5. The walnut chair is made by Sawkill, a furniture company located in the Catskills. "The finish is really beautiful and consistent," says Ms. Murphy, adding the custom-made cushion is a "lovely soft detail on an otherwise hard, rigid chair." **Price:** \$1,800

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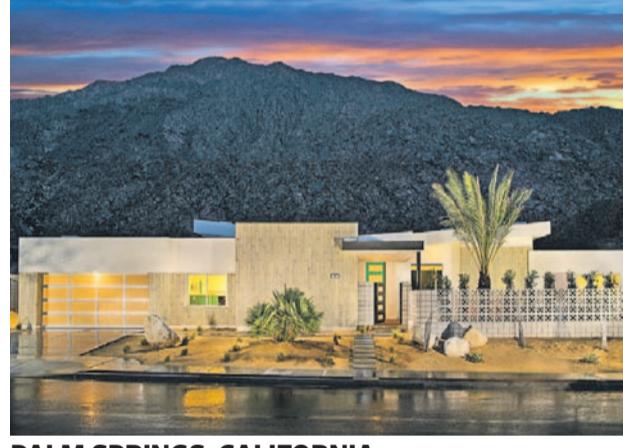
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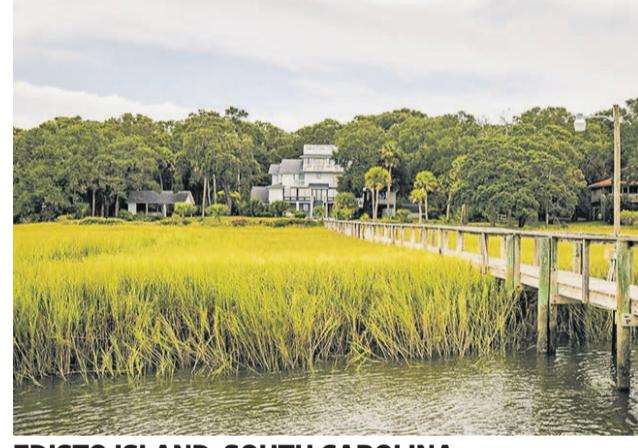
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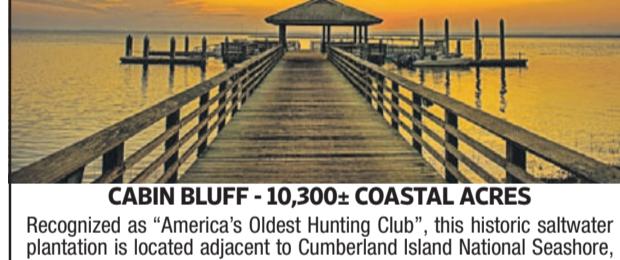
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Special Advertising Feature

Clarifying Water Regulations On Private Land

By Tonie Auer

Determining how the government can regulate small streams, headwaters, and other water sources such as wetlands on private property has caused more than just headaches for land owners. That issue is set to be addressed by the new administration, which issued an executive order on Feb. 28 to begin a formal review of the regulation known as the Waters of the U.S. (WOTUS), which was one of the most controversial rules under the Clean Water Act.

In 2015, the previous administration enacted the regulation designed to protect American waterways by giving the federal government authority to limit pollution in major bodies of water, as well as in streams and wetlands that drain into larger waters.

"THE LAND INDUSTRY WILL BENEFIT FROM HAVING COMMON-SENSE SOLUTIONS TO PROTECT OUR NATION'S WATER RESOURCES."

This latest order begins the process of rewriting the WOTUS to clarify the reach of federal regulators over wetlands and waterways under the Clean Water Act.

"Since the rule was enacted, property owners have suffered from a lack of clarity about what is needed or required to not be regulated by the Army Corps of Engineers or the Environmental Protection Agency," says Brandon Rogillio, owner/broker of Baton Rouge, La.-based Rogillio Real Estate and the 2017 REALTORS® Land Institute (RLI) national president.

"That jurisdiction—by unclear definitions—has extended from what used to be a navigable waterway to what is now a puddle in a field that, if it rains enough, may get to a stream that



Brandon Rogillio.



Water governance on private property is a topical issue.

may get to a waterway. It has created a nightmare scenario with tremendous expense and gridlock," he says.

The RLI, along with the National Association of REALTORS® and the National Association of Home Builders, has strongly advocated for the rule to be withdrawn to eliminate the need for costly and time-consuming permits on waters that were previously unregulated by the federal government and to protect private property rights.

Mr. Rogillio is hoping there will soon be clear, concise definitions of what is a wetland and what is not.

"The land industry will benefit from having common-sense solutions to protect our nation's water resources while balancing private property rights and the needs of communities nationwide," he adds.

Tonie Auer is a freelance real-estate writer.

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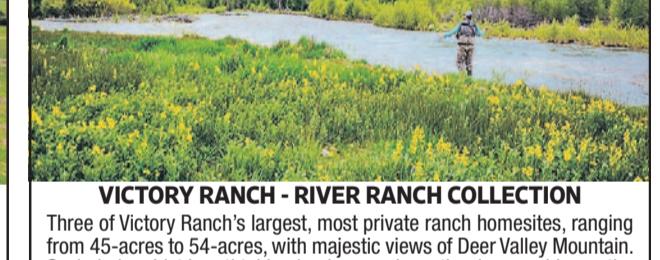
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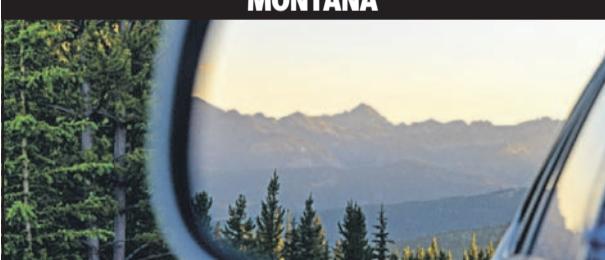
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