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EUROPE EDITION

DJIA 20547.76 ▼ 0.15% | NASDAQ 5910.52 ▼ 0.11% | NIKKEI 18620.75 ▲ 1.03% | STOXX 600 378.12 ▲ 0.02% | BRENT 51.96 ▼ 1.94% | GOLD 1287.40 ▲ 0.43% | EURO 1.0693 ▼ 0.23%

What's News

Business & Finance

A surge of ETF cash into gold-mining shares sparked big price swings, highlighting how index investing can rattle trading. **A1**

◆ **Malaysia's 1MDB** and Abu Dhabi's IPIC struck a deal that could reduce tension over funds allegedly misappropriated from 1MDB. **B1**

◆ **VW was ordered** by a U.S. judge to pay a $2.8 billion fine for rigging diesel vehicles to cheat on government emissions tests. **B3**

◆ **Trump rejected** Exxon's bid to sidestep sanctions and resume an oil venture with Rosneft, the Russian energy firm close to the Kremlin. **B3**

◆ **The president signed** executive actions directing a review of tax and financial-regulatory policies, including two Dodd-Frank powers. **B5**

◆ **Former AIG executive** Brian Duperreault is a top candidate to succeed departing CEO Peter Hancock. **B5**

◆ **Public pension funds** in New York and California have come out against Wells Fargo directors. **B5**

◆ **Goldman is rolling out** a new review system through which employees can get more frequent feedback from managers and peers. **B7**

◆ **Economic leaders** from around the world sought to find common ground on geopolitical tension at IMF and World Bank talks. **A3**

◆ **U.S. mortgage rates** fell below 4% for the first time since November, adding fuel to the nation's already hot housing market. **A7**

World-Wide

◆ **Centrist Macron** and far-right politician Le Pen led the first round of voting in France's presidential election, according to early projections. **A1**

◆ **Afghanistan observed** a day of mourning after a Taliban attack on the army's northern headquarters left at least 170 people dead. **A4**

◆ **North Korea arrested** a U.S. citizen who had been teaching there, adding another potential flashpoint with Washington. **A4**

◆ **About 54% of Americans** disapprove of the job Trump is doing as president as he nears his 100th day in office, a poll said. **A5**

◆ **Trump pressured** Democrats to support spending for his proposed border wall with Mexico to keep health-law funding. **A5**

◆ **Saudi Arabia's king** has reinstated allowances and bonuses for state employees as the kingdom's finances improve. **A4**

◆ **U.S. airport police** were warned not to get involved in carriers' disputes following United's passenger-removal incident. **A7**

◆ **A conflict monitor** in Ukraine was killed while traveling in an area occupied by pro-Russian rebels. **A4**

◆ **The suspected bomber** of a German soccer team allegedly sought to profit from a fall in the team's stock. **A4**

◆ **A Palestinian stabbed** four people in Tel Aviv before being arrested. **A4**

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French Voters Pick Macron, Le Pen

PHILIPPE HUGUEN/AGENCE FRANCE-PRESSE/GETTY IMAGES

CHARLES PLATIAU/REUTERS

Emmanuel Macron, above left, and Marine Le Pen, above right, are expected to advance to the runoff, according to projections.

May 7 runoff to pit EU advocate against nationalist who wants to leave bloc, currency

By William Horobin And Stacy Meichtry

PARIS—Centrist Emmanuel Macron and far-right politician Marine Le Pen led the first round of voting in France's presidential election, according to early projections, setting the stage for a runoff that would pit one of the European Union's staunchest defenders against a nationalist who wants to withdraw the country from the bloc and its common currency.

Projections by the Kantar-Sofres polling firm showed Ms. Le Pen—who has also called for a temporary halt of immigration—and Mr. Macron on track to each win 23% of the vote. The projection, based on samples of votes cast at polling stations across France, could change as more ballots are counted.

If the numbers hold, the vote would mark a stunning rebuke of France's mainstream political forces. Benoît Hamon, the candidate of the governing Socialist Party of the current president, François Hollande, received just 7% of the vote, according to the projections. François Fillon, the leader of the conservative Républicains, was in third place with 19%, tying with left-wing firebrand Jean-Luc Mélenchon.

Opinion polls conducted before Sunday's election indicate that Mr. Macron would defeat Ms. Le Pen in a head-to-head contest. The second, decisive round of balloting is to be held on May 7.

"This failure is a deep wound," Mr. Hamon said concession speech, calling on his supporters to back Mr. Ma-

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Results Boost EU, Test Old Parties

By Marcus Walker

ANALYSIS

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

The projection, based on early vote counts in Sunday's first round, suggests the EU's favored candidate, Emmanuel Macron, is headed for the final round on May 7. There, the projection suggests, he could face the far-right candidate Marine Le Pen.

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

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

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

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

After a year of political shocks, however, few incumbents in Europe's capitals will rest easy until the contest is over.

And Ms. Le Pen still has a shot at power, if the projec-

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France Votes

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TOBACCO COMES BACK FROM THE BRINK

In the U.S., profits are booming despite regulation and fewer smokers

By Jennifer Maloney And Saabira Chaudhuri

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

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

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

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

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

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

A flurry of consolidation has winnowed the U.S. tobacco market from seven big play-

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Across the Line in Record Time

TIM IRELAND/ASSOCIATED PRESS

FINISHING STRONG: Kenyan Mary Keitany broke the women's-only world record in winning the London Marathon in 2 hours, 17 minutes and 1 second. Fellow Kenyan Daniel Wanjiru won the men's race.

An ETF Stampede Shakes Up Miners

By Asjylyn Loder And Chris Dieterich

Unruly trading in the shares of some small gold companies is rekindling investor concern about the pressure that fast-growing passive funds can exert on the stocks they are meant to track.

In the past six months, waves of money rushed into a $20 billion complex of interlinked exchange-traded funds that invest in gold-mining companies. The flows prompted the ETFs to amass ever-larger stakes in dozens of small firms. Efforts to check the funds' growth triggered price gyrations in gold stocks from Sydney to Toronto, at a time when the price of gold was largely flat.

The turmoil illustrates how the rise of index investing could rattle trading in the years ahead, especially as the $4.8 trillion ETF industry sprawls into smaller markets, investors said.

"ETFs can move stocks, and that is what's going to happen when investors flock into funds that hold small- and microcaps," said Neil Leeson, research director at Spyglass Trading in Dallas.

In the past decade, ETFs have been blamed for unusual price swings in oil, utility stocks and high-yield debt. Just this month, a flood of cash into a new Canadian ETF jolted trading in the nascent marijuana industry, and in September, the Bank of Japan curbed its purchases of ETFs pegged to the Nikkei 225 index

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ZUMA PRESS

DISAPPROVAL OF TRUMP RISES IN POLL

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THREE RISKS FOR MAY IN U.K. SNAP VOTE

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This Vermont High School Has A Very Vermont Problem

* * *

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

By Jennifer Levitz

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

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

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

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

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

"I don't think constantly caving in to political correctness is appropriate in this day and age," says Linus Leavens, a 1972 South Burlington High School graduate and the father of a student there. "I think a lot of America feels that way; there was an election recently that showed that."

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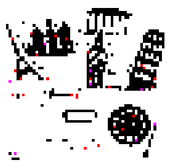
Three Risks for May in Snap U.K. Election



EUROPE FILE
By Simon Nixon

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

The risk that the U.K. prime minister might lose the June 8 election is as

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

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

This is important not because a larger majority would intimidate Brussels—the EU has already set out tough negotiating guidelines designed to protect its interests that won't change in response to British political developments—but because it will reduce her vulnerability to her own backbenchers on both sides of the Brexit divide, giving her greater flexibility to push through whatever deal she reaches. It also means there won't need to be an election in 2020, just as the Brexit divorce is finalized and when the full costs may have only started to become clear.

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

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

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

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

By saying as little as possible about her plans, she hopes to maximize her party's appeal. She needs the support of both hard-line Brexiters who would prefer a decisive break with Brussels rather than a deal that involves any compromises that might limit the U.K.'s post-Brexit capacity for independent action, as well as former pro-EU voters who want the closest possible ties with the EU.

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

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

Even before the referendum, the party's aging activists were notably more euroskeptic than its traditional electoral base. At the same time, the Conservative Party's best opportunity to win seats from Labour and the Liberal Democrats is to win back votes that went to the pro-Brexit UK Independence Party in the 2015 election, creating an extra incentive for constituencies to select strongly pro-Brexit candidates.

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

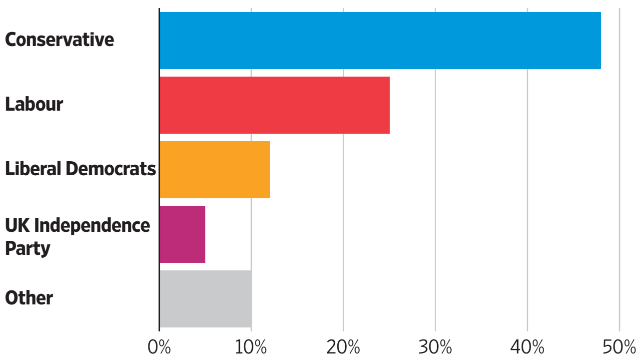
The simplest way for this to happen would be if the Labour Party were to dump Mr. Corbyn as leader. But this isn't going to happen before the election. On the other hand, Mr. Corbyn is so weak that many Labour parliamentarians may be able to save their own seats by making clear they would not back him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

Their prospects might be helped by tactical voting by former Remain voters and those worried by the consequences of a Tory landslide for hot-button domestic issues such as tax, health and education. This could work particularly to the advantage of the Liberal Democrats, whose opposition to Brexit will help them win seats in pro-EU areas.

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

Poll Position

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



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

CHRIS RADBURN, PRESS POOL

Prime Minister Theresa May in Dudley, England, on Saturday.

GOLD

Continued from Page One

after its stimulus efforts distorted prices.

Encouraged by lower fees and subpar performance by active managers, investors have pulled $304.7 billion from active U.S. funds in the past 15 months as passive products gained $735.5 billion, according to Morningstar Inc.

Whether the shift to passive investing helps or hurts markets is a hot-button issue in the financial industry. Some studies suggest stocks included in popular indexes sport higher valuations and tend to move in lockstep with one another instead of responding to fundamentals. Others contend ETFs buffer markets in times of stress.

"There's definitely the possibility for some issues to arise, but in the vast majority of cases we're a long way off," said Ben Johnson, head of ETF research at Morningstar, pointing out that ETFs in larger markets don't come close to dominating trading the way the gold-mining ETFs did recently.

The most recent example of an ETF knocking prices out of whack centers on the VanEck Vectors Junior Gold Miners ETF, which invests in small gold companies. The ETF has taken in $1.4 billion since September, forcing VanEck to snap up mining shares.

Juicing its growth was the Direxion Daily Junior Gold Miners Index Bull 3X ETF, which uses the VanEck ETF to give investors a triple-leveraged bet. For each $1 dollar Direxion took in, it funneled $3 into the VanEck fund.

VanEck plowed that cash back into gold stocks, becoming the largest investor in two-thirds of the 54 companies the ETF owns shares in, according to FactSet. In some cases, VanEck owned 16% or more of the available shares of those companies, bringing it into the range of a Canadian securities law that requires firms that exceed a 20% stake to offer a buyout to the remaining shareholders.

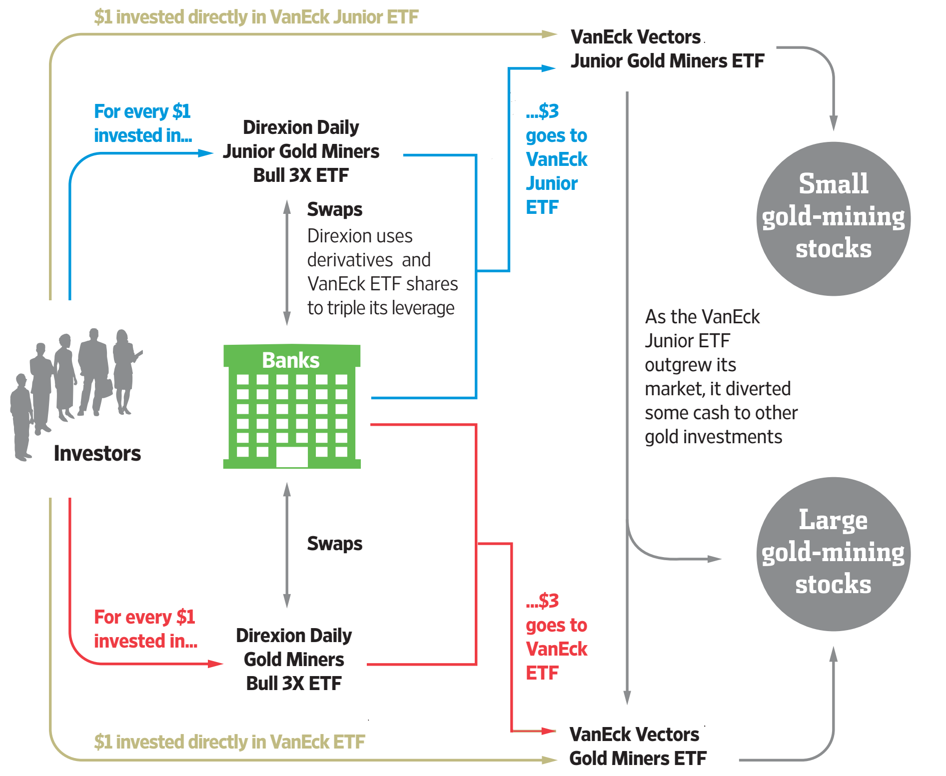
"We continuously monitor the portfolio," said Ed Lopez, head of ETF product management for VanEck. "Our primary concern is that we're meeting our investment objective."

With more money coming in than it could invest in its roster of gold miners, the VanEck junior ETF directed some of the overflow into the VanEck Vectors Gold Miners ETF, which invests in larger firms. That ETF swelled to $12.5 billion amid the combined inflows from its smaller sibling and the Direxion Daily Gold Miners Index Bull 3X ETF, another leveraged copycat.

As the ETFs overran the market, more traders piled in.

Gold Rush

How ETFs grew to dominate a slice of the gold market



Sources: VanEck; Direxion
THE WALL STREET JOURNAL.

On April 12, Direxion received orders for $113 million in new shares of its leveraged junior ETF, the largest inflow in its history. The next day, Direxion closed the fund to new investors "until further notice." The ETF's share price rose higher than the value of its assets, reflecting the imbalance of demand over suddenly finite supply.

"We wanted to be sure we weren't exacerbating the issue of the products growing too fast," said Sylvia Jablonski, managing director of capital markets for Direxion.

VanEck simultaneously came out with its own fix. On April 13, its indexing arm announced that it will expand its lineup to larger companies. The change will force the junior ETF to buy some stocks and pare down others.

But those trades won't happen for months because passive funds are obliged to follow the investment strategy outlined in their prospectus. Shareholders must wait for the next scheduled rebalancing in June.

With the ETFs paralyzed, traders began bidding up the stocks being added to the index and selling those that the ETF must later shed. Gold prices barely budged the day VanEck announced the change, but stock prices of gold-related companies diverged. For example, Canadian mining company Novagold Resources Inc. dropped 4.7% while Northern Star Resources Ltd., an Australian rival, shot up 6.8%, according to FactSet. The junior ETF, stuck holding the falling stocks, dropped 3.5%.

Benjamin Chiu, a quantitative equity trader at BMO Capital Markets, estimates that approximately half of the VanEck Junior Gold Miners ETF will need to be liquidated when the index makes its changes.

Jonathan Tiemann, president of Tiemann Investment Advisors LLC, bought shares of the ETF for clients last year, a bet that will pay off if economic uncertainty sends gold higher. While his view on gold hasn't changed, he is now considering selling those shares.

"It's at a point where the ETF is subject to distortions," said Mr. Tiemann. "It's volatile enough as it is without the risk of some other weirdness happening in the market."

Shiite Anniversary Draws a Crowd in Baghdad

WISSM AL-OKILI/REUTERS

SYMBOLIC FUNERAL: Shiite Muslims try to touch the replica of a coffin marking the anniversary of the death of Imam Moussa al-Kadhim, the seventh of the 12 imams venerated by Shiite Islam.

ECONOMIC CALENDAR

TUESDAY: March **new-home sales** data from the **U.S. Commerce Department** could show whether high prices and low inventory are damping buyer demand. Friday's report on March existing-home sales proved just the opposite. Economists surveyed by The Wall Street Journal expect new-home sales to drop 2% to 580,000.

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

The Bank of Japan also holds a policy meeting Wednesday and Thursday, where officials are expected to leave policy unchanged and slightly temper their optimism about inflation.

THURSDAY: The National Association of Realtors releases data on U.S. **pending home sales** for March. The pending home sales index climbed 5.5% in February from the prior month to 112.3, its highest level since April 2016 and the second-highest reading since May 2006. Economists surveyed by WSJ expect March sales to decrease by 1.3%.

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

U.K. growth slowed noticeably in the first three months of this year, preliminary figures released by the statistics office are expected to show. Fueled by the pound's steep depreciation in the wake of the Brexit vote last year, accelerating inflation is curbing consumer spending, a key engine of growth.

The first estimate of the eurozone's annual rate of **inflation** for April is expected to show a partial rebound after a surprisingly large drop in March. Economists expect the headline rate to come in at 1.8%, still below the ECB's target.

CORRECTIONS & AMPLIFICATIONS

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WORLD NEWS

CAPITAL ACCOUNT | By Greg Ip

Election Puts Economic Overhauls to the Test

French voters are in a surly mood: As they headed to the polls on Sunday, they stood ready to send a complete outsider to a runoff in the presidential election.

The cause of this misery isn't hard to find. France's economy is among the sickest of the advanced countries. Unemployment has been around 10% for four years and is well above the European Union average. Per capita incomes are no higher than in 2007.

Marine Le Pen, leader of the far-right National Front and projected to head to a runoff vote, lays the blame at the feet of the European Union and the euro, which she claims have made it impossible for French industry to compete with Germany's. Her solution: Leave.

Jean-Luc Mélenchon, a former communist who was running a strong third in Sunday's first round, instead blames fiscal austerity. He too would renegotiate France's EU membership.

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

The reasons are numerous, but the most important is an overregulated and inflexible labor market that has discouraged hiring and investment, undermined productivity and left too many French workers undereducated or underskilled.

A few statistics bear this out. While just 8% of workers are unionized, fully 90% are covered by collective agreements. The centralization of bargaining makes it almost impossible for companies to calibrate hiring to plant-level needs.

Unemployment benefits are generous and the minimum wage high. These problems persist because French voters, despite their hunger for change, have punished any president who sought to fix the underlying problems.

Ironically, it is the socialist incumbent François Hollande who has been boldest. Led by his youthful economy minister, Emmanuel Macron, who is projected to go up against Ms. Le Pen in the second round, Mr. Hollande injected more competition into product markets such as for legal services and bus transport, then tackled the labor market with plans to decentralize bargaining and ease rules for laying off workers. The moves met a backlash. The overhauls were watered down, one reason Mr. Macron quit and is now contesting the presidential election as the head of a new party.

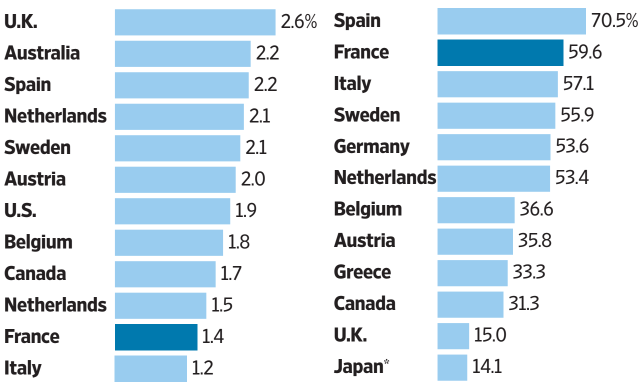
Mr. Hollande paid a steep price for the overhauls. They are one reason his popularity collapsed and he didn't run for a second term.

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

Ms. Le Pen and Mr. Mélenchon, though ostensibly from opposite ends of the political spectrum, are largely in agreement on labor issues: They think Mr. Hollande's overhauls have gone too far and would scrap them. By contrast, Mr. Macron and François Fillon of the conservative Republicans would push the measures further. French voters are thus not deciding whether their economy remains integrated with Europe, but whether it will make the changes necessary to thrive in it.

The Trouble With France

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



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

French labor overhauls sparked demonstrations in Paris in 2016 and have colored the current race.
THOMAS SAMSON/AGENCE FRANCE-PRESSE/GETTY IMAGES

Finance Leaders Tackle Geopolitical Fears

By Ian Talley And Tom Fairless

WASHINGTON—Economic leaders from around the world sought to find common ground Saturday, worried that rising geopolitical tensions risk derailing an accelerating global economy.

While the election in France threatens to upend the European Union and revive market paroxysms in the region, it was the Trump administration that took center stage at the semiannual meeting of the World Bank and International Monetary Fund member countries.

Though finance chiefs have recently feared global politics—such as the French elections, strife in the Middle East and a standoff with a nuclear-armed North Korea—could spoil a long-awaited world-wide economic recovery, unease over U.S. policies—such as the possibility of Washington starting a trade war with China—dominated discussions between the world's finance ministers and central bankers.

"While the outlook is improving, growth is still modest and subject to heightened political and policy uncertainties," the International Monetary Fund's governing committee said in an official statement on Saturday.

IMF Chief Christine Lagarde at the spring meetings of her institution and the World Bank.
ZACH GIBSON/AGENCE FRANCE-PRESSE/GETTY IMAGES

"We have probably moved from high financial and economic risks to more geopolitical risks," IMF Managing Director Christine Lagarde said Saturday.

Earlier in the week, the IMF forecast the global economy to hit its fastest pace in five years as a strengthening U.S. gathers steam, emerging markets recover from a commodity bust and the European and Japanese economies show signs of returning to health.

The global economy faces numerous challenges, including weak productivity growth, high debt levels and potential financial turmoil in the U.S. and China, the IMF said.

Foreign governments are particularly nervous over the direction of U.S. economic and foreign policy. Two chief concerns are whether Washington will deliver on threats to levy sanctions against trade partners and if President Donald Trump might counter North Korea's aggression with force. Economists warn the first—such as if the administration moves ahead with a proposal to curb steel imports—could trigger a trade war that could potentially shave 2 percentage points off global growth, according to the IMF. The second, analysts worry, could ignite a dangerous regional conflict.

Recent gyrations in global markets show investors are jittery and less optimistic about the Trump team's ability to goose U.S. growth with tax cuts and infrastructure spending. And some governments are worried the new U.S. government could expose the world's largest economy to fresh debt problems if its tax cuts don't stimulate growth to the degree the administration projects.

Another issue is Greece, a country for which the IMF had a sobering message.

Even if the country secures debt relief from its European creditors—a question that is by no means assured with bailout talks still deadlocked—the nation still needs even more painful economic overhauls than currently planned.

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

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

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

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

—Yuka Hayashi contributed to this article.

Euro Rises As Macron Shows Strength

By Mike Bird

The euro jumped sharply as polls closed in the first round of France's presidential election, with centrist former Economy Minister Emmanuel Macron in the lead, according to initial projections.

The euro rose to its strongest against the dollar since November, to as high as $1.093, before settling to $1.088, up 1.4% from Friday.

Second-round polling suggests Mr. Macron commands a large lead against Ms. Le Pen, with around 60% of respondents backing the former economy minister.

"This is the most market-friendly outcome," said Vincent Juvyns, a strategist at J.P. Morgan Asset Management.

The two other major contenders for the top two places, center-right François Fillon and far-left Jean-Luc Mélenchon, each polled 19.5%.

Investors feared the potential that the second round could feature Mr. Mélenchon and Ms. Le Pen, both of whose platforms would strain the eurozone's common policies.

VOTE

Continued from Page One

cron. He said Ms. Le Pen was "an enemy of the republic."

Mr. Fillon also said he would vote for Mr. Macron to block Ms. Le Pen from winning in the second round.

"Abstention is not in my genes, especially when an extremist party is near power," Mr. Fillon said on Sunday evening after conceding.

Mr. Mélenchon on Sunday night rejected early projections that showed him finishing in third or fourth place, his campaign director Manuel Bompard said. Mr. Bompard said that the data he had received showed the race to be much tighter, with the gap between his candidate and Ms. Le Pen being as small as one point. He attributed the discrepancy to late votes coming in from cities where his candidate was expected to perform strongly.

In Brussels, EU officials were relieved at the first projections. "I had no doubt since it was Macron fighting her," one senior EU official said, in reference to Ms. Le Pen.

The euro on Sunday rose by more than 2% to above $1.09 against the dollar, its highest level since November, and surged 3.4% to ¥120.5 against the Japanese yen.

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

Belgian Prime Minister Charles Michel tweeted his "warm congratulations" to Emmanuel Macron. "All my best wishes to a European project that is optimistic and future-oriented," he added.

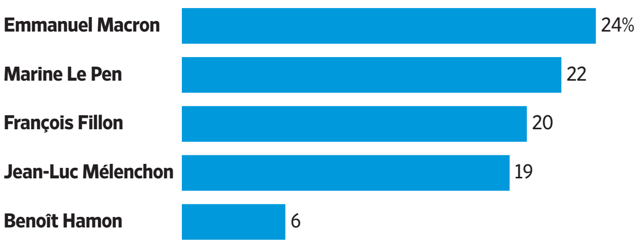
Ms. Le Pen and Mr. Macron have squared off on global trade, creating a new fault line in French politics that mirrors last year's U.S. election.

Ms. Le Pen has resolutely positioned herself against globalism, vowing to wage a "patriotic revolution" by holding a referendum on France's membership in the EU and the euro. She has also promised to deport undocumented immigrants.

Mr. Macron, a 39-year-old former investment banker who has served as economy minister, says France needs to overhaul its economy so it can compete in a globalized economy, rather than retreat behind a protectionist agenda. He has pledged to implement pro-business measures, and deepen cooperation across the EU.

Preliminary Results

Projections based on partial vote counts



Source: Ipsos
THE WALL STREET JOURNAL.

EUROPE

Continued from Page One

tion is confirmed. Her pledges to disband the euro and dilute the EU would undo decades of efforts to unite Europe politically and economically. Her foreign-policy views, including her closeness to Russian President Vladimir Putin, would call into question France's commitment to its security alliance with Western powers such as the U.S. and Germany.

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

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

Nationalist parties fell short of their ambitions in recent Dutch and Austrian elections.

In Germany, where parliamentary elections are due in September, traditional parties are dominating the race while a nationalist upstart group is mired in internal squabbles.

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

If Mr. Macron faces Ms. Le Pen in the runoff, most observers expect French voters from a broad swath of the political spectrum to rally behind Mr. Macron in order to block the radical challenge from the far right.

One factor is the euro. Surveys suggest a large majority of French voters want to keep the currency, rather than return to the French franc as Ms. Le Pen proposes.

Mr. Macron is an ardent supporter of the EU, but also argues that the bloc and the euro need growth-friendly overhauls.

To persuade a skeptical Germany, however, he may first have to deliver on his promise to reform France's sluggish economy.

A contest between the 39-year-old pro-EU centrist Mr. Macron and the 48-year-old Ms. Le Pen would be "incredibly binary," says François Heisbourg, special adviser to the Foundation for Strategic Research, a Paris think tank. "On the one hand, you have a potential for a revitalization of the EU. On the other hand, complete and utter destruction of the EU. There is very little in between."

In neighboring Germany—France's main partner in driving European integration since the 1950s—politicians have been conspicuously quiet about France's election so as to avoid sparking any anti-German backlash. But Berlin's preference for Mr. Macron is no secret.

"Macron is clearly the most pro-EU candidate and the most supportive of Franco-German cooperation," said Volker Perthes, director of the German Institute for International and Security Affairs.

If Mr. Macron wins, Germany will hope he can also form an alliance in parliament that allows him to enact economic overhauls, Mr. Perthes says.

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

RYAN HARPER/AGENCE FRANCE-PRESSE/GETTY IMAGES

The USS Carl Vinson, left, and the guided-missile destroyer USS Wayne E. Meyer took part in an exercise off the Korean peninsula in March.

Pyongyang Holds American

Detention of professor on unknown charges comes at a time of heightened tensions

By Jonathan Cheng

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

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

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

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

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

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

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

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

South Korea's quasiofficial Yonhap News Agency, which first reported the arrest, said Mr. Kim was detained, citing unnamed sources and identifying Mr. Kim only by his surname.

The Pyongyang University of Science and Technology, known as PUST, was founded in 2010 by James Kim, a Korean-American businessman and Christian. He had earlier founded the Yanbian University of Science and Technology in northeastern China, where Yonhap reported that Mr. Kim had taught in the past.

Both universities have made a practice of hiring predominantly Christian faculty.

Tony Kim, a professor, is the third known U.S. citizen in North Korean custody.

Yonhap reported that Mr. Kim, the professor, was in his late 50s and had been involved in aid work in North Korea. It said he was in the country to discuss relief activities. The reason for his arrest was unknown, Yonhap reported.

"This detention is related to an investigation into matters that are not connected in any way with the work of PUST," the university said, declining to comment on anything Mr. Kim may have been alleged to have done that is separate from his teaching work.

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

North Korea has arrested and sentenced a handful of U.S. citizens in recent years, including Kenneth Bae, a Korean-American missionary the state held for more than two years on charges of trying to overthrow the North Korean government. Mr. Bae was freed in November 2014 after a trip to Pyongyang by James Clapper, the U.S. director of national Intelligence.

In the past, high-profile U.S. envoys have been dispatched to North Korea to secure the release of U.S. citizens. In 2009, former U.S. President Bill Clinton traveled to North Korea and met with then-leader Kim Jong Il to secure the release of Laura Ling and Euna Lee, two journalists who had been detained for illegally entering the country.

Mr. Warmbier was arrested after allegedly trying to steal a political poster from a hotel where he was staying in January 2016. Mr. Warmbier, who was 21 years old at the time of his sentencing, made a tearful apology at a government-run news conference in Pyongyang before his sentencing.

Mr. Warmbier's parents, Fred and Cindy, appeared on Fox News this month to call on Mr. Trump to help bring their son home.

—Chun Han Wong in Beijing contributed to this article.

Saudi Arabia Restores Perks for State Workers

By Nikhil Lohade And Dahlia Kholaif

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

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

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

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

The Saudi middle class, long accustomed to generous public welfare support, is usually reluctant to gripe about economic hardships but many criticized in private the reduction in perks, especially as those cuts didn't appear to affect the wealthy and as the kingdom spends billions abroad, for instance, in a costly and unpopular war in Yemen.

The reversal of some recent measures taken to cut that state assistance suggests the monarchy was also sensitive to those complaints as it tries to change the decades-old social contract.

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

The spending cuts were aimed at boosting state finances after the kingdom posted a record budget deficit of $98 billion in 2015 as income from oil sales fell. As those austerity measures took effect, the budget deficit shrunk last year to about $79 billion and Saudi Arabia expects to run a deficit of about $53 billion in 2017.

But the spending cuts have also weighed on the economy. The International Monetary Fund expects the kingdom's economy to grow just 0.4% this year because of lower oil production and ongoing fiscal consolidation.

The restoration of allowances and bonuses to state employees is expected to bolster consumer spending. About two thirds of Saudi workers are employed by government-related entities.

KHALIL MAZRAAWI/AGENCE FRANCE-PRESSE/GETTY IMAGES

King Salman cited a revenue increase and a budget-deficit decline.

AfD Picks Leaders To Contest Elections

By Anton Troianovski

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

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

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

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

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

Afghanistan Mourns Victims of Taliban Attack

By Jessica Donati And Ehsanullah Amiri

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

The Afghan army had initially said just 11 people had been killed in Friday's attack, carried out by militants who breached the base hidden in military vehicles, but admitted the higher death toll after it was leaked to the media.

Foreign and provincial officials accused the army of a coverup that could have a damaging impact on the public's trust in government institutions. Both the army and the office of Afghan President Ashraf Ghani declined to comment on that accusation.

The president's office said Mr. Ghani traveled to the city of Mazar-e-Sharif, where the base is located, on Saturday, but didn't comment on the details of the attack. "Ask the defense ministry," a spokesman for the president's office said. A defense ministry spokesman couldn't be reached through the weekend.

The Taliban are waging an increasingly deadly insurgency against the foreign-backed government, with at least half a dozen provincial capitals under threat of being overrun this year. The group controls or influences close to half the country, having made rapid gains since most U.S.-led coalition troops withdrew in 2014.

Friday's attack also highlighted the vulnerability of even the country's most fortified structures. In January, an attack inside the governor's compound in Kandahar killed more than a dozen people, including the United Arab Emirates' ambassador and five other envoys. It came only months after a suicide bomber struck near a dining hall at the U.S. military's largest base at Bagram Air Field in November, killing and wounding more than 20 people.

Afghan and foreign officials said the Taliban gained access to the army's regional headquarters in Balkh province in military vehicles, which the militants often capture from local forces, by pretending to have wounded soldiers on board. It was unclear how many checkpoints the Taliban were able to clear before detonating one of the vehicles and proceeding to the dining hall and mosque inside the base.

The timing of the attack at around 1:30 p.m. local time caught crowds of soldiers unarmed, as they were having lunch or attending prayers.

The military vehicles were equipped with mounted heavy machine guns and the Taliban had army-issued M16 rifles, which allowed them to mow down large numbers of soldiers who were caught off-guard, according to Afghan military officials.

"Prayers were about to finish when the assailants started shooting," said Ahmad Jawid Salim, a spokesman for Afghan commandos in the north.

ANIL USYAN/REUTERS

Relatives carried the coffin of one of the victims of the assault on an army base.

WORLD WATCH

UKRAINE

Conflict Monitor Killed in the Field

A member of an international mission monitoring the conflict in eastern Ukraine was killed on Sunday, the Organization for Security and Cooperation in Europe said.

The OSCE didn't identify the dead observer. Russian news agencies said, however, the person killed was American.

The incident occurred as six members of an observer team were traveling in two armored vehicles in eastern Ukraine's Luhansk province, which is occupied by pro-Russian rebels.

"One patrol member has died and two members have been taken to hospital," the organization said in a statement on its Twitter account, giving no details of what occurred.

Jens Stoltenberg, secretary general of the North Atlantic Treaty Organization, called for a thorough investigation of the incident.

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

The unarmed OSCE monitoring mission was deployed the same month to observe and report on the situation in Ukraine, and to facilitate dialogue among all parties to the conflict.

—Thomas Grove

GERMANY

Soccer Bombing Had A Financial Motive

A Russian-German man allegedly bombed one of Germany's most prominent soccer teams in order to make more than $1 million off a drop in the team's stock price, officials said Friday.

The 28-year-old suspect, identified as Sergej W., took out a loan on April 3 to finance a bet on a fall in soccer team Borussia Dortmund's stock price.

The suspect planted and detonated three bombs along the street taken by the team bus as the players left their hotel on April 11, the prosecutor alleged.

The suspect invested €79,000 ($85,000) in stock options which could have brought him a profit of more than €1 million if the team's share price had plummeted, according to North Rhine-Westphalia Interior Minister Ralf Jäger, the top security official in the state where the attack took place.

—Anton Troianovski

ISRAEL

Palestinian Stabs Four in Tel Aviv

A Palestinian stabbed and lightly wounded four people in Tel Aviv before being arrested on Sunday, the latest violence in a wave of attacks by Palestinians in the last year and a half, Israeli police said.

Israeli police spokesman Micky Rosenfeld called the violence a "terror attack" and said the 18-year-old suspect was being questioned by police.

The attack took place on a street near the city's popular beachfront.

Since September 2015, Palestinians have killed 42 Israelis, two visiting Americans and a British tourist in stabbing, shooting and car-ramming attacks.

In that same period, Israeli forces killed at least 244 Palestinians, most of them identified as attackers by Israeli authorities.

Israel says the violence is fueled by a Palestinian campaign of incitement compounded on social media sites that glorify such attacks. Palestinians say it stems from anger over decades of Israeli rule in territory they claim for a state.

—Associated Press

U.S. NEWS

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

Dollar Gain Could Slam Emerging Borrowers

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

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

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

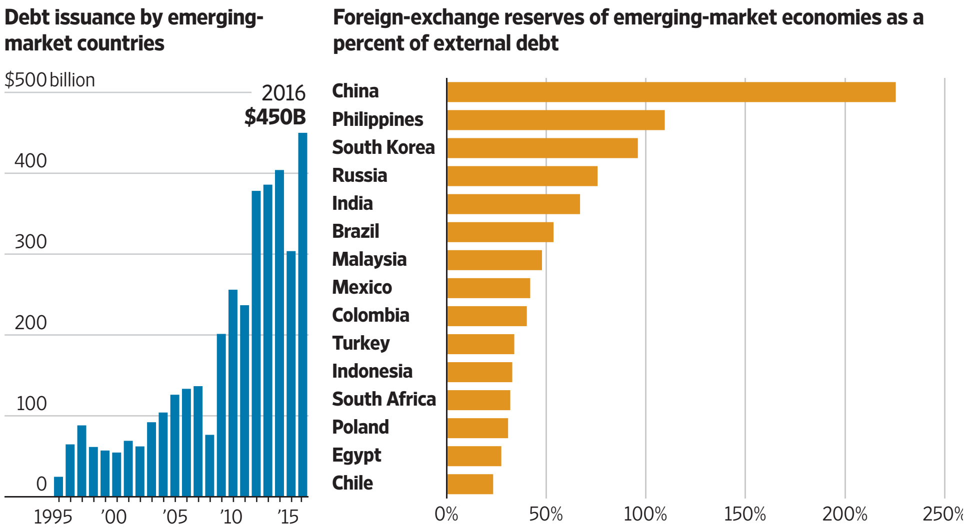
The International Monetary Fund warned of risks in reports ahead of its semiannual meetings in Washington, saying a bout of investor risk aversion could expose $135 billion worth of corporate credit to repayment problems.

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

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

Debt Boom

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



Source: Dealogic (debt); Capital Economics (foreign-exchange reserves)
THE WALL STREET JOURNAL

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

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

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

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

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

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

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

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

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

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

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

Trump's Disapproval Rating Grows in Latest Poll

By Rebecca Ballhaus

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

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

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

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

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

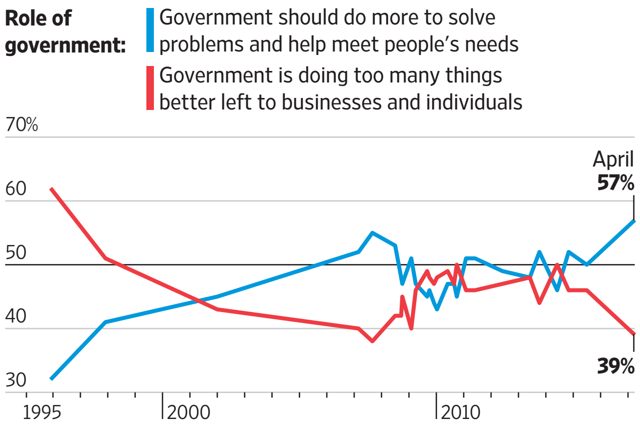
Still, Mr. Trump enters his fourth month in office with a lower job-approval rating than posted by the prior 11 presidents dating to Dwight Eisenhower, an analysis of WSJ/NBC and Gallup polling shows. The only other president with job approval under 50% at this point was Gerald Ford, who notched 48%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

The largely negative view of Mr. Trump comes as he nears the 100-day benchmark after a turbulent start in office. While his administration successfully guided his Supreme Court nominee, Neil Gorsuch, to confirmation, efforts to replace the Affordable Care Act, a central campaign promise, have failed so far.

The administration hasn't made substantial progress on its ambition to overhaul the tax code. Some goals, such as removing the U.S. from a 12-nation trade pact, have been accomplished through his executive powers.

A Call for More

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



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

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

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

Mr. Trump has laid out a nuanced stance on government services. He has broken with many in his party to defend the social safety net, pledging not to cut Medicare or Social Security.

At the same time, he has proposed a budget that would scale back domestic spending, and nonpartisan government analysts say the health bill he backed would add to the ranks of the uninsured.

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

Americans are roughly split on the president's handling of the economy, with 49% saying they approve and 46% saying they disapprove. Mr. Trump, who has invited dozens of business executives to meet with him at the White House, as well as labor leaders, often touts his efforts to create jobs, and the president has signed a series of measures intended to roll back regulations on businesses.

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

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

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

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

Late Spending Demands Roil Effort to Avert Shutdown

By Kristina Peterson

WASHINGTON—With less than a week before the government runs out of money, White House officials said President Donald Trump still wants funds to start building a wall along the Mexican border, despite little appetite among congressional Republicans for risking a partial shutdown over the issue.

The administration's last-minute demand injected a note of volatility into the coming week, when lawmakers return to Washington after a recess, with little time for reaching an agreement to keep the government operating after its current funding expires at 12:01 a.m. Saturday—also the 100th day of Mr. Trump's presidency.

The confluence of deadlines has left congressional Republicans juggling the demands of the White House, eager to notch a victory before the symbolic date, with those of Democrats, whose votes will be needed to pass a spending bill to avoid a government shutdown.

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

Given the unavoidable legislative complications, few, if any, of Mr. Trump's ambitions are likely to be realized by Saturday. This will thrust GOP lawmakers into the uncomfortable position of denying or deferring them and setting up the president to fall short by his 100th day in office, or triggering a showdown with Democrats.

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

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

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

If lawmakers can't reach a bipartisan deal by Friday, they may pass a one-week stopgap measure, buying more time for negotiations, lawmakers and aides predicted.


ALEX BRANDON/ASSOCIATED PRESS

Chief of Staff Reince Priebus said the White House could be flexible on the spending bill.

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

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

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

In March, the administration asked Congress for $1.4 billion in spending for the current fiscal year for the project, with an additional $2.6 billion for next year. Administration officials said the 2017 money would pay for 48 miles of new border and levee wall systems, and 14 miles of replacement fencing, as well as some technology improvements and road construction.

"It's not like we're inserting something that the president didn't talk about on the campaign," White House budget director Mick Mulvaney said in an interview with The Wall Street Journal on Friday.

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

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

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

While some Republicans said they would be willing to set aside funds for the wall, many are reluctant to imperil a bill that will need Democratic votes.

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

LUCAS JACKSON/REUTERS

Newport and Camel cigarettes are stacked on a shelf inside a tobacco store in New York. The operating profits of U.S. tobacco manufacturers have grown 77% since 2006 to $18.4 billion in 2016.

SMOKE

Continued from Page One

ers to two: Altria and Newport maker Reynolds American Inc., which together sell eight out of every 10 cigarettes in the country. As companies combined, they squeezed out costs and increased pricing power, along with profits.

The operating profits of U.S. tobacco manufacturers have grown 77% since 2006 to $18.4 billion in 2016, according to Bank of America Merrill Lynch Global Research. Industry executives and analysts now figure the country generates more tobacco profits than any other market in the world outside China, where a state-run monopoly controls sales and prices.

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

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

Tighter regulation and higher taxes remain big threats in the U.S. and abroad.

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

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

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

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

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

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

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

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

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

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

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

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

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

British American Tobacco PLC, which makes Dunhill and Pall Mall, has spent $1 billion over the past five years developing so-called next-generation products, including its vapor brand Vype and its own heat-not-burn product.

For now, though, revenue from those products remains a tiny slice of overall sales. Until they start to catch on more broadly, tobacco executives must rely on traditional cigarettes for years to come.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

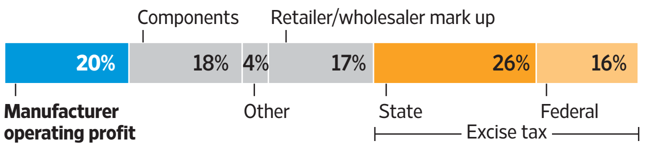
Firms also found they could easily pass on the costs to smokers. Altria figures the settlements with all 50 states equate to about 69 cents of the price of each pack.

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

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

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

Price breakdown for a pack of Marlboros, 2016*



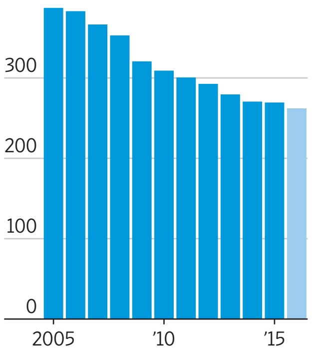
*Doesn't add to 100% due to rounding

Source: Wells Fargo

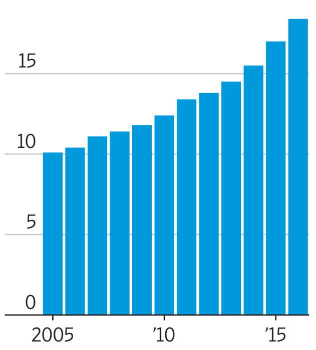
Smoking-Hot Returns

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

Cigarettes sold in the U.S.*

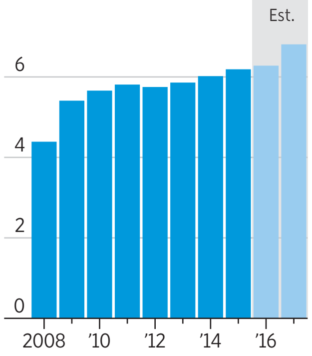


Total U.S. tobacco profit pool



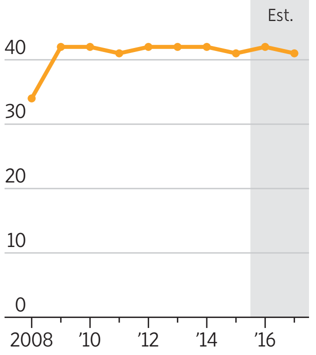
The rising price of a pack is a big factor in the tobacco companies' growing profits...

Avg. price of a pack of Marlboros

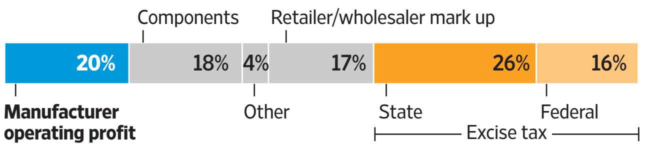


...even though state and federal taxes eat a hefty portion of the sales price.

Taxes as a pct. of retail price†



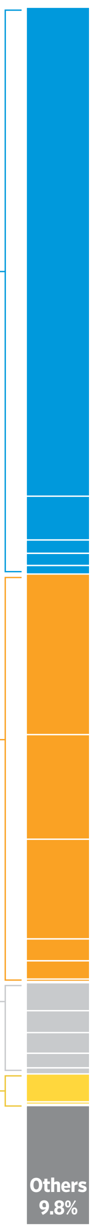
Price breakdown for a pack of Marlboros, 2016‡



Around 80% of U.S. cigarette sales belong to two major companies.

Share of cigarette sales in the U.S, 2015

Altria	**46.6%**
Marlboro	40.2%
L&M	3.6
Virginia Slims	1.1
Parliament	1.0
Basic	0.7
Reynolds American	**33.6%**
Newport	13.2%
Camel	8.6
Pall Mall	8.2
Natural American Spirit	1.8
Doral	1.5
Misty	0.2
Capri	0.1
Imperial Tobacco	**7.5%**
Winston	2.3%
USA Gold	1.8
Kool	1.7
Sonoma	1.2
Salem	0.5
Liggett Vector	**2.6%**
Pyramid	2.3%
Grand Prix	0.2
Liggett Select	0.1



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

THE WALL STREET JOURNAL.

SHANNON

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

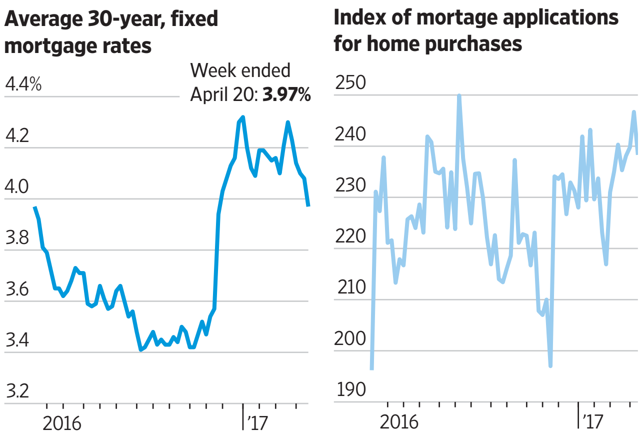
Mortgage Rates Backtrack

Drop to 3.97% for a 30-year fixed-rate mortgage could add fuel to housing market

By Laura Kusisto

Home Run

As mortgage rates have fallen in 2017, an index reflecting applications for home loans has risen.



Source: Freddie Mac (rates); Mortgage Bankers Association (index)

THE WALL STREET JOURNAL.

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

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

The drop could help encourage buyers who had been put off by rising mortgage rates to dive into the market and prompt others to rush to buy homes before rates rise again.

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

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

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

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

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

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

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

Economists said a surge of additional buyers this spring wouldn't be entirely welcome. "It's driving more demand into a market that doesn't have much in the way of supply," Mr. Gumbinger said.

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

The impact of a decline in mortgage rates of about a third of a percentage point would be relatively small in many areas of the U.S. The monthly mortgage payment for a home at the median price of $236,400, assuming a down payment of 20%, would be about $50 less today than a month ago.

The effect would be much more pronounced, however, in high-cost markets, such as California. Monthly mortgage payments would decline by about $100 for buyers purchasing homes of about $600,000. At the same time, the size of a mortgage that such buyers could qualify for could swell by about $25,000, according to Black Knight Financial Services, a mortgage and real-estate technology and data provider.

Lower mortgage rates also could provide a small boost to refinancing activity. The number of U.S. homeowners who could save enough to make refinancing worthwhile has jumped 46% to 4.1 million, from 2.8 million last month, according to Black Knight.

Still, analysts expect the impact on refinancing to be relatively small. The vast majority of homeowners have had ample opportunity already to refinance at rates of less than 4%, given the roughly 3.5% rate for most of 2016.

Economists said the 30-year fixed-rate mortgage would need to drop below 3.5% to have a significant impact on refinancing and purchase activity.

Many of them say that is unlikely given that the Federal Reserve is likely to raise short-term interest rates twice more this year, which in turn could fuel an uptick in mortgage rates, economists said.

On the other hand, continued uncertainty in Syria, North Korea and France or a failure by Republicans to deliver on promised tax overhaul and economic growth could help keep rates lower.

"It's as volatile as it's ever been. There are a lot of serious crosswinds happening. It's a very political market," said Steve Udelson, president of Owners.com, an online real-estate brokerage.

Airport Police Brass Warn Ranks To Avoid Feuds

By Andrew Tangel
And Doug Cameron

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

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

"We know our roles, our responsibilities, and that does not include enforcing an airline policy to replace somebody on a flight so a flight crew can go somewhere," said Atlanta police Maj. Lane Hagin, who oversees officers patrolling Hartsfield-Jackson Atlanta International Airport, the world's busiest airport by passenger traffic.

United, which is reviewing its own practices, has said it would never again seek police assistance for a customer-service issue, and call them only when there is a threat to passengers or crew. United Continental Holdings Inc. said in a federal filing Friday that Chief Executive Oscar Muñoz will no longer take over as chairman next year, as the airline continues to deal with fallout from the incident.

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

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

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

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

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

Authorities in New York and Atlanta say airline policy isn't their responsibility.

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

The Chicago Department of Aviation has placed three officers involved in the incident on leave and is conducting a review. It hasn't named them, citing its contract with a branch of the Service Employees International Union, which didn't respond to a request for comment.

BRIAN VAN DER BRUG/GETTY IMAGES

Airport police are seen at Los Angeles International Airport.

REBELS

Continued from Page One

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GLENN RUSSELL/FREE PRESS

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

LIFE & ARTS

FROM TOP: WITHIN; WEVR

VIDEO

The A-List Tackles VR

Kathryn Bigelow, Alejandro G. Iñárritu and Megan Ellison join the creative push into virtual reality

BY ELLEN GAMERMAN

IN SHOW BUSINESS, virtual reality is the new ingénue.

The 360-degree immersive technology started emerging at film festivals about five years ago, often in projects that were more snazzy demos than stirring narratives. Since then, movie executives have used VR to promote existing franchises and provide interactive extras for anticipated blockbusters.

Now, the entertainment industry is dedicating new levels of talent, money and time to VR projects, with a premium on original stories, award-worthy performances, Hollywood production values and a pinch of celebrity.

At the Tribeca Film Festival, which opens this week, the VR lineup includes projects connected to director Kathryn Bigelow, musicians John Legend and Pharrell Williams, producer Megan Ellison and others.

“We can look forward to seeing people put way more art into virtual reality,” said Loren Hammonds, the New York festival’s programmer for film and immersive. Mr. Hammonds, who refers to traditional films as “flatties,” said curating the VR content was even tougher this year given the heightened competition.

It’s a creative niche that has yet to be fully identified or understood. Enthusiasts are unsure whether audiences will watch VR movies wearing headsets in theaters or experience them privately like videogames. They don’t know how long people will want to wear the bulky headsets at a sitting. (Most VR pieces now last around 10 minutes.) It’s also unclear whether mainstream audiences will want to interact with characters and alter plots or play a more ghost-like observational role.

“Nobody quite knows what it is but you can tell that the sauce is bubbling and something’s going to happen soon,” said Jon Favreau, director of “The Jungle Book” and “Iron Man” who created the interactive VR fantasy work “Gnomes & Goblins” released last year. Mr. Favreau said VR has the potential for the greatest impact when it is used in the service of emotionally engaging stories.

Jon Favreau released ‘Gnomes & Goblins,’ above, last year. Top, ‘Life of Us,’ a journey through evolution, features music by Pharrell Williams.

Hollywood can’t necessarily apply its old expertise to the new medium, which many argue is not a movie, not a videogame, but something entirely its own. Many works branch in alternate directions based on where viewers direct their gaze. Actors perform long, continuous takes, on view without the benefit of edits, visible at all times. Filmmakers search for new tricks to direct the audience’s focus, since they can’t rely on close-ups and other traditional cinematic techniques to do it for them.

The new art form has recently experienced several milestones, including the first Oscar-nominated film connected to VR. “Pearl,” a nearly six-minute piece created for Google Spotlight Stories about a girl and her father driving across the country, was nominated for best animated short. Though the 2D movie was up for the award, not the virtual-reality version of the film, entertainment industry veterans called this association a major step forward for VR.

Next month, director Alejandro G. Iñárritu and cinematographer Emmanuel Lubezki, both 2016 Oscar winners for “The Revenant,” will debut a virtual-reality installation at Cannes, “CARNE y ARENA”—the first VR project chosen for the Official Selection of the film festival. The project, based on real accounts, revolves around the personal pilgrimages of immigrants and refugees. In a recent statement, Mr. Iñárritu called the work “an attempt to break the dictatorship of the frame—within which things are just observed—and claim the space to allow the visitor to go through a direct experience walking in the immigrants’ feet, under their skin, and into their hearts.”

Unlike the many animated VR works, the rise of immersive pieces with human actors offers new possibilities for intimacy. In “Broken Night,” an interactive drama premiering at Tribeca, Emily Mortimer is an unreliable narrator recounting a traumatic encounter with an intruder in her home. Viewers can choose which of her fragmented memories to pursue. “It’s kind of hard to empathize with a green-skinned alien made out of computer imaging,” said the film’s writer, Alex Vlack. “But if it’s a real human being crying in front of you, it’s pretty intense.”

Currently, most VR watching happens at home, with audiences streaming or downloading content via apps and sites like YouTube. Films are made for a mix of VR headsets, including cheaper options like Google Cardboard. Earlier this year, an IMAX center dedicated to VR opened in Los Angeles with vibrating vests, motion chairs and headsets inside 14 pods for experiencing the works. IMAX plans to open more centers in the U.S., U.K. and China in the coming months.

VR filmmaker Chris Milk, the founder and CEO of the virtual-reality company Within, wants viewers to interact not just with the story but with each other. When his roughly seven-minute work about evolution, “Life of Us,” made its debut at this year’s Sundance Film Festival, people waited as long as nine hours to experience the interactive work. When they emerged, he said, many had bonded in the virtual environment.

“We saw all these straight bro dudes like, ‘Oh, we should totally keep in touch,’” Mr. Milk said. “Bar none, VR is going to be the most connected artistic medium for storytelling that we’ve ever experienced.”

PLAYLIST

PATHS YOU CAN GO BY

After an accident derails a high-school wrestler, Led Zeppelin points him to a culinary career

Chef Michael Symon, 47, co-hosts ABC’s “The Chew.” His Italian restaurant, Angeline, will open at Atlantic City’s Borgata Hotel Casino & Spa on May 6.

When I turned 12 in the early 1980s, my dad bought me a record player and gave me many of his old albums by Fleetwood Mac, the Rolling Stones and other classic rock bands. He especially liked Led Zeppelin’s **“STAIRWAY TO HEAVEN,”** and the song ended up, a few years later, helping me to get through a high-school crisis.

I grew up in a middle-class family in Cleveland, where my dad worked at Ford and liked to listen to all of those rock bands on his home stereo. In high school, I excelled at wrestling, and the sport became my all-consuming passion. I expected to get a college wrestling scholarship and become a wrestling coach.

But in my junior year, during practice with a teammate, my right arm became stuck between his knee and the mat while he had me in a move called “the cradle.” My arm broke in several places.

At the hospital, they put a plate in my arm, but when I tried to return to wrestling later that year, the plate broke. My wrestling career was over.

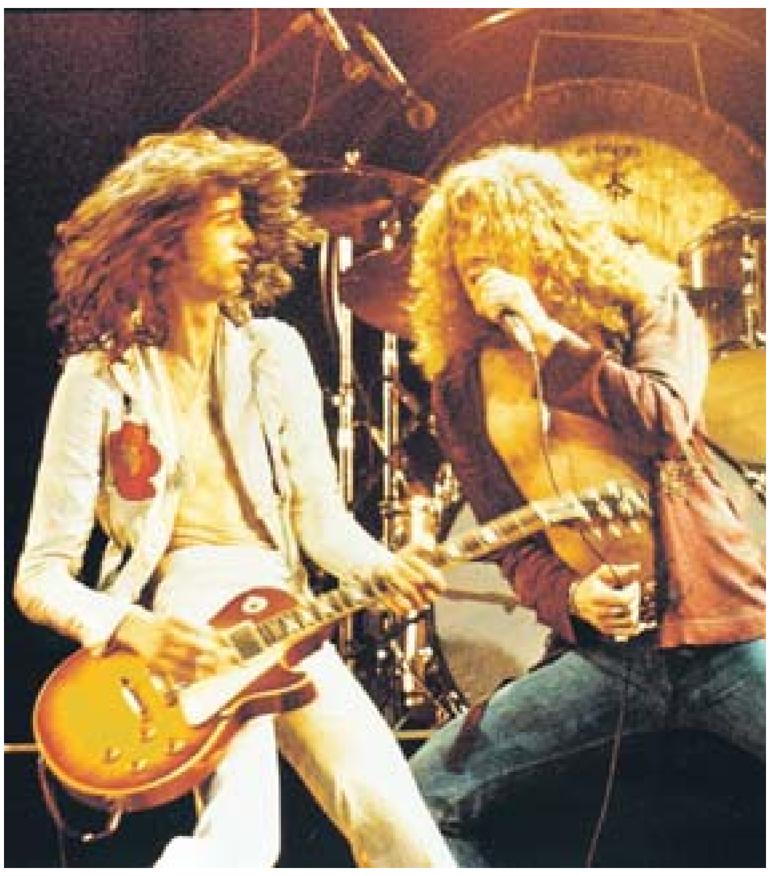
My senior year was a mess. I became depressed, and I felt lost and angry. Around this time, I began to listen carefully to the lyrics of “Stairway to Heaven.”

The song opens with Jimmy Page’s mournful acoustic guitar, joined by John Paul Jones’s overdubbed recorders. Then Robert Plant begins to sing.

Halfway into the song, just after John Bonham hits the drums hard to kick up the volume, Robert Plant’s words caught me: “Yes, there are two paths you can go by / But in the long run / There’s still time to change the road you’re on / And it makes me wonder.”

The lyrics helped me realize there’s always time to change course. By then I was working at a restaurant to help pay for college at Cleveland State. As my grades slipped, I decided to enroll at the Culinary Institute of America, and I became a chef.

The person who broke my arm was a friend. He felt terrible, and I haven’t seen him in about 15 years. He ruined my junior year, but he made my future.



EVERETT COLLECTION

LED ZEPPELIN’S Jimmy Page, left, and Robert Plant in 1976.

ART REVIEW

‘Making Space’ Without Enough Room

BY PETER PLAGENS

New York

A BIG MUSEUM thrill is seeing great works of art in the flesh. A bigger one is seeing a great work of art by an artist heretofore unknown to you. That’s the case for me with a small (39 3/8 inches by 13 inches) untitled, geometric oil painting made in 1957 by the Venezuelan artist Elsa Gramcko (1925-1994). The work is one of about 100, by 50 artists from the U.S. and elsewhere, in the timely exhibition “Making Space: Women Artists and Postwar Abstraction,” at the Museum of Modern Art in New York through Aug. 13. The period covered is from the end of World War II to the late 1960s.

Gramcko’s little masterpiece of inventive and quirkily balanced shapes and painstakingly applied, subtly gradated colors on a cliché-challenging black background isn’t, however, the only wowser from MoMA’s loaded vaults. (All the art in the show is either owned by the museum or has been promised to it.) A big, breathtaking 1966 Lee Krasner—the equal in all but the radicalism of her husband, Jackson Pollock—greets viewers almost immediately upon entering the exhibition. A gracefully gothic all-black Louise Nevelson wall sculpture gives life to another gallery, as does (to the point of overwhelming everything else in the room) Lee Bontecou’s large, grimly black-and-tan, untitled construction in canvas and steel from 1961. “Making Space” is chock full of both under-known aesthetic gems and textbook examples by artists (e.g., Lynda Benglis and Louise Bourgeois) whom, to invoke the old chestnut, we already know and love.

But there’s a big problem with this exhibition. While claiming in its press materials that it “spotlights the stunning achievements of women artists during a pivotal period in art history,” it confuses an exhibition checklist with an actual exhibition. “Making Space” seriously misrepresents the “achievements” of several artists in the show. In striving to offer museological reparations for the past and continuing neglect of women artists, it seriously skews the history it’s trying so hard to correct.

The spotlight that MoMA has focused on women artists in “Making Space” is on the blink. To take a small matter first, the sculpture by Eva Hesse (1936-1970), an untitled black wall piece from 1966, with elastic cord wound around a curved papier-mâché tube with a looping surplus at both ends, is typical of Hesse’s eccentric originality but hardly capable, on its own, of indicating her clout and quality as a sculptor. MoMA owns far more impressive Hesses than this one, such as those from her “Repetition Nineteen” series of irregular cylinders set about on the floor. The almost sui generis California sculptor Ruth Asawa (1926-2013) is represented by a delicately strong hanging wire piece from 1955 that seems to undulate while standing still. But Asawa’s porous forms are suspended near the center of its gallery instead of in a corner against plain white walls, and the noise of the other art one sees through her work mitigates its beauty.

A real crime, however, is perpetrated upon the Minimalist sculptor Anne Truitt (1921-2004). Instead of including one of the lovingly painted boxes (think Donald Judd with no bombast) for which Truitt is best known, the curators confine her presence to three 1966 ink drawings, each titled “Sumi Drawing” and offering simple compositions of gray stripes. They’re elegant and precise, and with very spare means say a lot about perception. Still, they’re lost on the wall and give the viewer who might have been attracted to the exhibition by its subtitle a misleading picture—if a picture at all—of Truitt’s quiet power. The museum does, however, own “Catawba” (1962), a dark symmetrical combination of boxes, which would have made a wonderful counterpoint to “Yellow Abakan” (1967-68) the big, beasty yellow-ochre weaving in sisal twine by the Polish artist Magdalena Abakanowicz (b. 1930).

One of the exhibition’s curators said in conversation at the press preview that they’d considered a freestanding Truitt, but there just wasn’t enough space for it to be seen properly—or, presumably, to include Hesse’s “Repetition Nineteen,” which requires a lot of floor space. And thereby hangs the relative failure of “Making Space.” The complex logistics of thinking up, organizing and installing exhibitions at MoMA notwithstanding, the museum should have either cut down the number of artists it included (for example, by eliminating pottery and furniture design, which have little to do with “abstraction”), or—a far better option—devoted more room to the show. But alas for the women, a massive Robert Rauschenberg retrospective arrives May 21, and will homestead the more capacious fourth-floor galleries.

Crammed into its third-floor quarters, and cluttered with too many minor or ancillary works, “Making Space” contradicts its own title. While there are several serendipitous encounters with undersung artists to be had, as well as refreshing reacquaintances to be made with such major figures as Grace Hartigan, Jo Baer and Bridget Riley—who managed to establish themselves in spite of the unconcern and even hostility of the art world—this show feels like a lounge act for the coming main event upstairs. Or, in terms a more militant feminist than I am might sarcastically use: Back to the kitchen, ladies. Bob’s got the dining hall all to himself.

Clockwise from above: Lee Krasner’s ‘Gaea’ (1966); Ruth Asawa’s ‘Untitled’ (1955), Louise Bourgeois’s ‘The Quartered One’ (1964-65);

MOMA, NY (3)

Making Space: Women Artists and Postwar Abstraction
Museum of Modern Art, through Aug. 13

Mr. Plagens is an artist and writer in New York.

WEEKEND CONFIDENTIAL By Alexandra Wolfe

SAMSUNG’S BIG MARKETING CHALLENGE

Samsung marketing chief Marc Mathieu works to get past the recall

SAMSUNG EXECUTIVE Marc Mathieu is sitting in his office in lower Manhattan the day before the much-anticipated release of the company’s new Galaxy S8 smartphone. His office is a colorfully decorated conference room with a rectangular meeting table that doubles as his desk. Screens cover two of the walls, and smartphones, virtual-reality headsets and other high-tech gear are littered around the room. As he looks out at the Hudson River, he acknowledges that a lot is riding on this launch.

Mr. Mathieu, 56, joined Samsung Electronics America as chief marketing officer in 2015, and since then the company has faced some difficult times. Last year, Samsung recalled its Galaxy Note 7 smartphone—some 2.5 million units in all—after faulty batteries led some of the phones to overheat and catch on fire. The company’s vice chairman and de facto chief, Lee Jae-yong, is currently on trial in Seoul, facing charges including bribery, embezzlement and perjury. He has denied any wrongdoing.

Samsung launched the $720 Galaxy S8 on Friday. The phone has gotten positive reviews for its tall, gently curved screen and narrow, easy-to-grip shape—though some still worry about the battery issue. So how do you convince consumers that your latest product isn’t going to go up in flames? “When you go through what we went through last year, it forces you to listen to a lot of people…more intensely,” says Mr. Mathieu. He held focus groups with customers to talk about their needs—and how the company could rebuild trust. Samsung, which has blamed the Galaxy Note 7 issue on battery suppliers, has spent about $130 million on product safety.

Mr. Mathieu says that, because of the recent safety problems, the company has created ads for the new device based on a message of empowerment rather than on humor. “We’ll have humor in due course,” he says. “It’s not the time to be funny. It’s the time to say, ‘This is a great phone.’ ”

Earlier this month, Samsung said that preorders of the S8 outpaced those of its predecessor, the S7, although it didn’t release numbers. Counterpoint Research expects that Samsung will ship more than 300 million smartphones globally in 2017, including 50 million of the S8. By comparison, it expects Apple to ship 230 million iPhones, out of which 75 million will be the coming iPhone 8 series.

Mr. Mathieu’s love of the theater informs his marketing philosophy. One of his favorite quotes is from George Bernard Shaw’s “Man and Superman”: “The reasonable man adapts himself to the world: the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man.” His goal is to help people “be a little bit unreasonable”—which, to his mind, means creating products that can do things that previously seemed impossible.

One group he’s targeting is young adults—the highly coveted millennials. In February, the company came out with an ad campaign called “Do what you can’t,” in which artists, videographers and internet celebrities discuss how they have used technology to do creative work and prove wrong the people who told them “you can’t.”

Last year, Mr. Mathieu spearheaded the opening of Samsung 837, a “technology playground” and digital culture center in Manhattan that lets people try out Samsung’s products but doesn’t offer anything for sale, aside from food and coffee. Visitors can put on virtual-reality headsets, test smart kitchen appliances and come for special events on massive screens. (Selfies and social-media posts are encouraged.) Mr. Mathieu sees it as a way to build the brand and create relationships with consumers—and as a chance for the company to see how their customers use the products. “It’s a great way for us to learn what works and what doesn’t work,” he says.

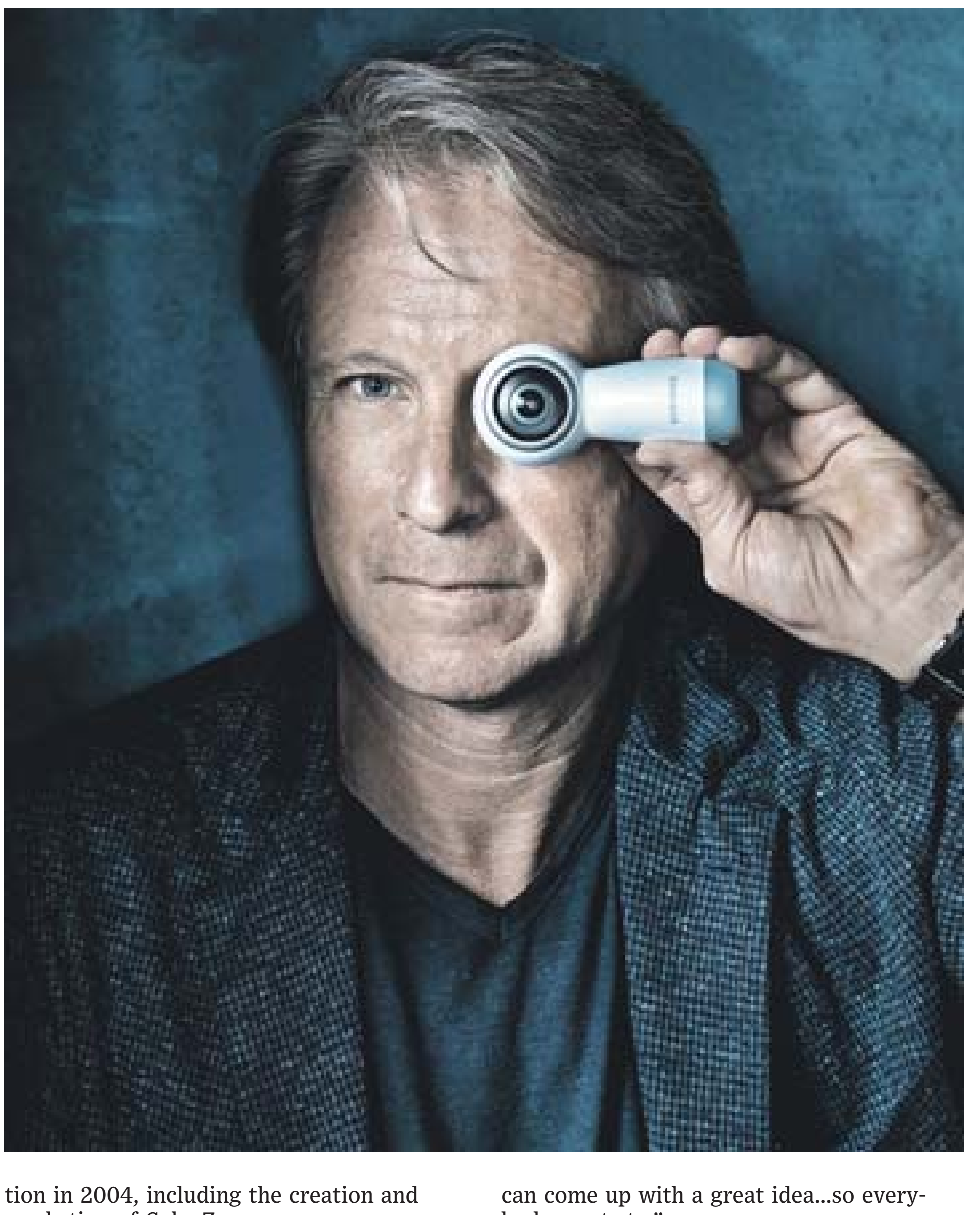
Mr. Mathieu grew up in France; his parents were entrepreneurs in construction and now work in real estate there. After earning a master’s degree in international marketing in Paris, he worked for Danone, Coca-Cola and Unilever in Europe, including in France, Asia and the U.K. “I was always attracted to an international career,” he says. At Coca-Cola, he spearheaded the brand’s reinvention in 2004, including the creation and marketing of Coke Zero.

At Samsung, he runs a team of more than 100 people. Leaders are often rewarded with titles such as “mayors,” “pioneers” and “achievers” in their various groups. He encourages disagreement among his employees. “I like to ask two people for their opinion if I know they won’t agree,” he says.

Though he is based in New York, he frequently visits the company’s headquarters in South Korea. When he isn’t working, he and his wife, an artist, like to travel. They have three adult children who live in California. “When people ask, ‘How are your kids doing?’…I say, ‘They struggle,’ ” he says. “It’s difficult to be 20-plus in today’s world. There’s so much competition, and everybody can come up with a great idea…so everybody wants to.”

He has long been interested in theater and serves on the board of several theater companies, including Punchdrunk and the Almeida Theatre. He particularly likes immersive drama experiences, such as Punchdrunk’s “Sleep No More,” an interactive show based on “Macbeth” in which audience members wander around different rooms.

He likens the experience to people’s relationship with technology today. The audience “does not just interact with a play but interacts with themselves,” he says. “Instead of the play telling you what are you supposed to hear or learn, you are the one who discovers all the meaning that you want to put in the play.”



BRAD TRENT FOR THE WALL STREET JOURNAL

REVIEW & OUTLOOK

The Reformer and the Radical

Macron and Le Pen represent very different visions of France.

French voters on Sunday gave themselves Emmanuel Macron as a mainstream alternative to far-right Marine Le Pen in next month's second round of presidential voting. That's better than the far-right, far-left choice many feared, but it's no cause for complacency—or premature celebration.

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

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

Emmanuel Macron

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

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

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

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

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

Ms. Le Pen represents a radically different vision of French nationalism. Although she's described as a right-winger, Ms. Le Pen's platform would find a lot of sympathy on the far left. She advocates abandoning the euro and the European Union, which have acted as partial counterbalances to Paris's *dirigiste* habits.

Instead, she supports trade protectionism and severe limits on immigration, as well as a greater role for the state in economic affairs. She would turn France inward on other foreign-policy matters, too, backing away from France's traditional Atlantic orientation and toward Vladimir Putin's Russia.

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

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

This election season is the continuation of a longer debate about France's future. Voters voiced their despair with both major parties, but now they have to decide between the ideologies of openness or protectionism. They've shown they're willing to be persuaded by Mr. Macron, and his challenge for the next two weeks is to offer a credible vision of an economically revived, strategically confident France.

Teeing Up Trump Tariffs

Paving the way for higher taxes on U.S. steel consumers.

Financial markets have been discounting the risks from President Trump's trade policy, but maybe that's premature. This week's actions on "Buy American" and steel aren't immediately dangerous, but they do make protectionist blunders more likely.

Visiting Wisconsin on Tuesday, Mr. Trump ordered a review of federal procurement to buy only U.S. products. He made this sound like a grand new policy, but U.S. law dating to the New Deal already gives preference to domestic businesses bidding for federal contracts. Federally funded transportation projects must use U.S.-made iron and steel.

Mr. Trump's order requires federal agencies to evaluate exceptions to these Buy American policies, presumably with a goal of reducing those exceptions. But agencies make those exceptions when domestic inputs are unavailable or their cost is "unreasonable," which often occurs on large projects.

Take steel, a Trump preoccupation. One reason for exceptions is that domestic manufacturers have limited capability to produce steel of certain strengths, thickness and flexibility. Most higher-strength steels used in thin-walled pipelines are made overseas. Retrofitting plants to produce a type of steel for one or two projects could delay construction and increase the cost. More U.S. workers would have to be retrained, which may not be practical in the short-term. So contractors often have no choice but to import foreign substitutes.

The American Petroleum Institute chronicled some of these supply challenges in its response to Mr. Trump's earlier executive order on domestic sourcing for pipelines. On one pipeline project, only five domestic companies were capable of making a particular grade of steel, but none could produce the required quantity, accommodate the pipe diameters and meet the customer's delivery schedule. Only one U.S. pipe mill bid on another project, and its bid was double that of two international suppliers. It also couldn't meet technical and safety requirements.

Thanks to the North America Free Trade Agreement, Canadian and U.S. companies can integrate their supply chains. Many steel makers operate subsidiaries in both countries. American raw exports—e.g., iron ore from the Rust Belt and coal from Appalachia—made up 85% of Canadian steel inputs last year, and some were re-imported. Many U.S. pipe mills use Canadian steel slab and coil made from American scrap metal.

Mr. Trump says Nafta is "a disaster," but the reality is that cross-border economic integration improves efficiency and reduces costs for federal contractors and taxpayers. It also supports jobs in U.S. manufacturing, coal and steel.

Federal officials can also issue Buy American waivers if they determine the rules are "inconsistent with the public interest" or violate U.S. trade obligations. A Trump spokesperson Monday accused federal officials of overusing their waiver authority and said foreign governments don't reciprocate.

But most U.S. trade agreements allow favoritism in domestic procurement for certain industries like defense. Some U.S. states are even allowed to impose preferences for their own home-grown industries (Pennsylvania for steel). The trouble is that blacklisting foreign contractors makes it harder to convince countries, especially in emerging markets, to open up their procurement to U.S. companies.

* * *

More potentially dangerous is Mr. Trump's memo, issued Thursday, teeing up tariffs on steel imports. The President ordered Commerce Secretary Wilbur Ross to investigate "whether steel imports threaten to impair the national security." The point of this language is to make it possible for Mr. Trump to invoke Section 232 of the Trade Expansion Act of 1962.

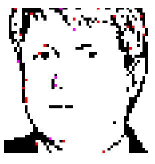
The White House press office explained the gambit: "If the report concludes that steel imports threaten to impair the national security, and the President concurs, he may take several actions, including tariffs, to eliminate the negative effects of steel imports on the national security of the United States."

This sounds as if Mr. Trump has made up his mind and merely wants Mr. Ross to find an excuse to satisfy the language of Section 232. U.S. steel users had better rush their orders because tariffs look like a sure thing. And the main effect will be to raise the U.S. price of steel, foreign or domestic, as U.S. steel makers exploit the tariffs to pad their bottom lines.

That's precisely what happened when George W. Bush imposed steel tariffs in 2002. Economists Joseph Francois and Laura Baughman found that more American workers lost their jobs from higher steel prices than the total employed by the entire U.S. steel industry. A quarter of those lost jobs were in metal manufacturing, machinery and transportation equipment and parts. Some of the biggest losses were in Trump country: 10,553 in Ohio, 9,829 in Michigan and 8,400 in Pennsylvania.

Mr. Trump is moving ahead smartly on deregulation, but his tax and health reforms are stalled in Congress. He may figure that tariffs are political substitutes, but they're an anti-growth tax on U.S. consumers and steel users. They'll cost more jobs than they'll save.

The Activist and the CEO



BUSINESS WORLD

By Holman W. Jenkins, Jr.

Nowhere in the how-to manual of activist investing does it say: "Persist until the target company's CEO responds with a threatening personal letter, requiring the board to demand his resignation."

Yet this approach has worked for activist fund manager Paul Singer in his battle against the former Alcoa unit known as Arconic Inc.

Mr. Singer, head of Elliott Management, is best known for his long fight with Argentina over its unpaid bonds. Since last year, his firm has been glossily fighting to remove Arconic's German-born chief, Klaus Kleinfeld, for the usual reason: poor stock performance. In letters to Arconic's board, in published presentations, Elliott was unstinting in its use of adjectives. Mr. Kleinfeld's strategy was "incoherent," his corporate culture "broken" and "image-obsessed," his compensation "lavish."

Then, on April 11, came Mr. Kleinfeld's response, a personal letter to Mr. Singer, along with a commemorative soccer ball from the 2006 World Cup.

Sent without the Arconic board's knowledge, the letter alluded to certain goings-on in Mr. Kleinfeld's native Germany when Mr. Singer attended the soccer competition. Mr. Kleinfeld makes reference to what Elliott calls "completely false insinuations" involving an Indian headdress and Mr. Singer singing a show tune in a public fountain.

To Elliott, the letter amounted to a "threat to intimidate or extort." To the innocent onlooker, there is indeed a hint of blackmail in Mr. Kleinfeld's suggestion that these events have "strong potential to become lastingly legendary."

Mr. Kleinfeld's letter was first revealed by Arconic, and has been posted on Elliott's website, along with Elliott's responses. Which brings us to a question that now faces the hedge fund following Mr. Kleinfeld's unexpected exit: Has the time come for Elliott and fellow Arconic dissidents to start taking yes for an answer?

If belatedly, Mr. Kleinfeld had already met the demand of Elliott and numerous analysts last year by divorcing Alcoa's downstream products business from its upstream raw-material processing business. In keeping with the general thrust of Elliott's critique, he expanded the downstream business that provides high-end components for the plane- and car-making industries. To the extent the results have been disappointing, they have been disappointing partly following the strategy Elliott and other outsiders promoted. Elliott's critique amounted to: Get a CEO who will do the job better.

With Mr. Kleinfeld quite properly having been fired, Elliott is promoting its proposed replacement, Larry Lawson, engineer of a successful turnaround of the Boeing spinoff Spirit AeroSystems.

Arconic's board has announced its own CEO search. A likely candidate is the company's now-acting CEO, David Hess, who joined Arconic's board last month after a widely praised run at United Technologies' Pratt & Whitney division.

Whichever man wins, or if the winner is a third candidate, hard to imagine is Arconic's next leader not following through on Elliott's recommended game plan of controlling costs and focusing on innovation. Hard to imagine is the next leader not seeking peace with Elliott and its endorsement of Arconic's strategy, considering Elliott's 13% stake in the company.

Never underestimate name-calling as a tool of governance, but now Arconic needs manners.

Some might ask if Mr. Kleinfeld's letter hasn't changed Elliott's agenda, from improving Arconic's performance to scorched-earthing Arconic's board in the name of suppressing whatever rumors Mr. Kleinfeld was referring to. That concern isn't alleviated by the second of two letters from Elliott's general counsel, chastising the board for publicly referring to Mr. Kleinfeld's letter and making a "privately bad situation a publicly bad one."

But Arconic's board never authorized the Kleinfeld letter: It first saw the letter in an official communication from one of its biggest shareholders, Elliott. How could the board not disclose the basis on which it was suddenly dumping its chief executive?

Elliott, in its letter, also demanded that Arconic make sure that the design Mr. Kleinfeld "set in motion is stopped" and that "these issues" don't "proliferate for us or the company."

Meaning what? Alas, no subject excites the media like the foibles of Wall Street billionaires, even if they only amount to an excess of exuberance. The Indian headdress in particular seems apt to become the rosebud of some future snarky opus. Why do we get the feeling that the interests of Arconic shareholders are about to take a back seat in the wild ride that started with Mr. Kleinfeld's ill-advised letter and Elliott's possibly ill-advised response?

LETTERS TO THE EDITOR

The Unfriendly Skies and 'Doing the Bump'

In "Make America Great by Boycotting United" (Business World, April 13), Holman W. Jenkins misses the larger problem with American culture. True, United and Chicago airport security could have handled the situation better. But David Dao's behavior on an aircraft that he doesn't own was nothing short of a tantrum. Grabbing the armrests, refusing orders and then going limp as he was being removed were the actions of a spoiled child. The sense of entitlement in American culture seems to know no bounds.

Dr. Dao clearly has a lofty view of himself and brought things to a point where security had to remove him. Any future jury should keep that in mind.

I know I would not want to be on a plane in which the operators couldn't control who was on board.

DAN PISENTI
Mill Valley, Calif.

While every frequent flier has suffered from an imperious airline employee, this is a case of a person not complying with a law-enforcement request. That changes everything. Whether you are in the right or wrong, fighting with police officers is going to end badly for anyone.

RUSSELL LAUGHEAD
Houston

Mr. Jenkins and others expressing outrage miss the real point. Had the passenger been black, sporting a hijab or hoodie, the outcry would have been, "you should have just complied with the police."

Eric Garner was choked to death because he didn't comply. Michael Brown and Freddie Gray wouldn't have died had they complied.

MICHAEL H. LEB
Pasadena, Calif.

Your editorial "A Market for United's Bookers" (April 13) omits the distinction between getting bumped at the gate and getting bumped after having been seated in the aircraft.

The figure of 0.43 bumps for every 10,000 passengers isn't germane to the event in question. A lesson in market economics has to be augmented with a lesson in behavioral economics, particularly about the endowment effect.

RICHARD PONARUL
Chico, Calif.

ObamaCare Replacement Must Be Rational

Perhaps my 40 years of practicing internal medicine has influenced my thinking on the subject of health-care reform, but as your editorial "Reviving Repeal and Replace" (April 11) suggests, there is an almost insurmountable problem with the process currently under way.

The factions seeking to cover all pre-existing conditions or to pay for the catastrophic costs of "invisible risk sharing" that cover the medical expenses of high-cost patients are like homeowners seeking fire insurance for a house already on fire. The expenses of such efforts regularly exceed the ability of our society to pay for them.

Instead, a highly productive method of lowering emergency-room visits, improving actual health care for Americans and reducing the extreme costs of catastrophic disease would be to initiate a program that revives the deplorable state of disappearing primary care in the U.S.

The practices of internists and family practitioners, the vanishing elements of America's health-care system that provide for effective methods of preventing disease, are the one area that would produce the most cost-effective and reliable answer. And yet nobody in the halls of Congress, where it counts, seems to recognize this potential solution for restoring the health of Americans. It wouldn't be a challenge or expensive to support the expansion of primary-care medical residencies in our America's training programs, and the time to start this is now.

ROGER C. DUNHAM, M.D.
Santa Barbara, Calif.

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OPINION

The Challenge of America's Disruptive Era

By Ben Sasse

I am a historian, and that usually means I'm a killjoy. When people say we're at a unique moment in history, the historian's job is to put things in perspective by pointing out that there is more continuity than discontinuity, that we are not special, that we think our moment is unique because we are narcissists and we're at this moment.

But what we are going through now—the past 20 or 30 years, and the next 20 or 30 years—really is historically unique. It is arguably the largest economic disruption in recorded history. And our politics are not yet up to the challenge.

> It is arguably the largest economic transformation in recorded history. Can our politics adapt?

There have been four kinds of economies: hunter-gatherers, agriculture (settled agrarian farmers in their villages), industry (mass urbanization and immigration), and whatever we're entering now. Sometimes we call it the information-technology economy, the knowledge economy, the service economy, the digital economy. Sociologists call it the "postindustrial" economy, which is another way of saying "we don't have anything to call it."

What it really means is that jobs are no longer permanent. It used to be that you did whatever your parents and grandparents had done. Hunter-gatherers and farmers never even thought about it. There was no such thing as job choice, only becoming 7 and 10 and 12 years old and taking on more responsibilities to earn your keep.

Industrialization brought a massive disruption. At the end of the U.S. Civil War, 86% of Americans still worked on the farm. By the end of World War II, 80 years later, 60% of Americans lived in cities.

One of the most disruptive times in American history was the Progressive Era. And what was Progressivism? Not much more than the response of trying to remake society in an era of mass immigration, industrialization and rising cities. But it turned out not to be as disruptive as people feared, because once you got to the city, you got a new job, which you'd probably have until death or retirement. And the social capital that used to be in the village tended to be replicated in urban ethnic neighborhoods.

What's happening now is wholly different. The rise of suburbia and exurbia, and the hollowing out of mediating institutions, is an echo of the changing nature of work. In the 1970s, it was common for a primary breadwinner to spend his career at one company, but now workers switch jobs and industries at a more rapid pace.

We are entering an era in which we're going to have to create a society of lifelong learners. We're going to have to create a culture in which people in their 40s and 50s, who see their industry disintermediated and their jobs evaporate, get retrained and have the will and the chutzpah and the tools and the social network to get another job. Right now that doesn't happen enough.

Think about qualitative survey data—polls that ask, "What are the top three or four things you're worried about?" Ten years ago, nowhere on the top 10 of that list was anything about prescription drugs. Today opioids are a major concern in America. People are scared about drug abuse in largely middle-age populations. That's a symptom of the economic disruption.

I don't mean to be exceedingly pessimistic. There are plenty of wonderful opportunities for American families and innovators in this new economy. For one thing, there are fewer middlemen complicating transactions instead of adding value. So we're going to get a lot more visibility and transparency into product offerings, and consumers are going to get higher-quality and lower-cost stuff.


DAVID GOTHARD

In other industries, we don't know how to price for things that turn out to matter quite a lot. Think of the news media. We are going from a world in which we had too much central control by a few large organizations to one in which everybody, everywhere can deluge us with information. What is likely to happen next is not a lot more higher-quality journalism. We're going to have higher-volume journalism, and some of it will be good. A free, thriving and independent press is critical to self-government, so this is a big challenge.

But people are also able to silo themselves into an echo chamber, where they hear only things that they already agree with. More conspiracy theories come to flower than ever before. You can see it on America's college campuses, where students don't want to encounter any new idea without a trigger warning. If you're never going to encounter ideas that you didn't already know and affirm, I don't know why your parents are paying tuition, because education is all about wrestling with new ideas.

The political result isn't just polarization, which is a big problem, but political disengagement. If you think that the biggest problem in America is the other political party and that one party has all the answers, if only you could vanquish the other team from the field, I've got a lot of people I'd like to introduce you to—because Washington doesn't have very good answers right now.

With the magnitude of the challenges we face in this moment of disruption, it isn't the case that one side is right and the other side is standing in the way, or that one side is enlightened and the other side is retrograde. It's that we don't have any of the right policy conversations. Most of the really big challenges of this moment aren't easily reducible to core Republican or Democratic platform positions.

For one thing, America doesn't have a national-security strategy for the age of cyberwarfare and jihad. Since the 1640s and the Treaty of Westphalia, the view of geopolitics and national security is one of state actors. There are lots of state-actor problems out there, including Russia and China. But of the 200 or so countries in the world, only about two-thirds really control all their territory.

The rest are more like Afghanistan, Libya or Syria. There may be some entity that has more power than anyone else—think of the Taliban on the eve of 9/11. But we weren't attacked by the Taliban; we were attacked by al Qaeda, which exploited the vacuums of ungoverned spaces in the territorial borders of Afghanistan. A lot of the dangers and the threats we face are from jihadi-motivated people who are going to self-radicalize in place and create their own terror networks.

America also lacks seriousness about tackling the entitlement crisis. The U.S. Republican Party appears almost as indifferent as the Democrats to telling the truth about entitlements. People talk about America's national debt, which is approaching $20 trillion. But that's just the total of intergovernmental transfers and publicly held bond debt. The number that matters is the unfunded obligations of the U.S. government, including future Social Security and Medicare payments. That's more like $65 trillion to $75 trillion.

And what about the policy implications of the economic disruption? The cultural, societal, familial and social-network responses to a world of lifelong learning and job disruption are far more important. But there are many potential policy responses in education and job retraining. Are *any* of these conversations on the agenda right now?

What will the American idea look like when we get to this new, disrupted world of the digital economy? What will entrepreneurship look like? What will cultural pluralism and a robust defense of the First Amendment look like? What will it mean to be able to say that the meaning of America is still centered in institutions that look like the Rotary Club—where people actually live, where they know and love their neighbors, and where they actually want to do good, not just wear tribal labels about some distant fight in Washington that isn't anywhere near up to the task of the moment we face?

That's the challenge before us, and here's the good news: Throughout history Americans have been optimists, ready to seize the day. Let's get to work.

Mr. Sasse, a Republican, is a U.S. senator from Nebraska. This is adapted form a speech he delivered to Colorado's Steamboat Institute.

Boost Revenue by Slashing the Capital-Gains Tax

By Mark Bloomfield
And Oscar S. Pollock

In the debate over U.S. tax reform, the biggest challenge is always how to raise enough revenue to offset proposed tax cuts. Yet there is a relatively simple and painless way to maintain Washington's coffers: Restore long-term capital-gains tax rates to the levels in place before President Obama took office. A reduction in this tax could generate significant additional revenue.

We began working on this issue in 1977 and have observed the long-term consequences of changes in the capital-gains tax. This particular levy is unique in that most of the time the taxpayer decides when to "realize" his capital gain and, consequently, when the government gets its revenue.

If the capital-gains tax is too high, investors tend to hold on to assets to avoid being taxed. As a result, no revenue flows to the Treasury. If the tax is low enough, investors have an incentive to sell assets and realize capital gains. Both the investors and the government benefit.

Many have offered opinions on which maximum tax rate would raise the most revenues. Our experience suggests the ideal federal capital-gains tax rate is 15%.

The chance to test that theory came in May 2003, when Congress lowered the top rate on long-term capital gains to 15% from 20%. According to the U.S. Congressional Budget Office, by 2005-06 realizations of capital gains had more than doubled—up 151%—from the levels for 2002-03. Capital-gains tax receipts in 2005-06, at an average of $98 billion a year, were up 81% from 2002-03. Tax receipts reached a new peak of $127 billion in 2007 with the maximum rate still at 15%.

By comparison, federal capital-gains tax receipts were a mere $7.9 billion in 1977 (the equivalent of about $31 billion in 2017 dollars), according to the Treasury Department. The effective maximum federal capital-gains tax was then 49%.

The vociferous critics, who denounced us for trying to "unsoak the rich" over the years, should instead thank us for finding a way to make the wealthy pay much more in taxes.

> Cutting it to 15% would induce investors to realize gains—and double what the government takes in.

Now fast-forward to the recent past. Congress raised the top capital-gains tax rate back to 20% in 2009 and later added a 3.8% tax on investment income, including capital gains, to help pay for the Affordable Care Act. The top federal rate is now 23.8%.

In 2009 through 2012, capital-gains realizations and tax receipts came in sharply under those of the previous four years, but one cannot blame all that on the higher tax rates. The recession and subsequent stock and real-estate market declines were no doubt big factors. Tax receipts have enjoyed a recovery during the past few years.

Yet realizations of capital gains from 2013-16 remained considerably below prior peaks despite improvement in the economy. The subdued level of realizations is evidence of a considerable lock-in effect caused by higher rates.

Using our post-2003 experience as a guide, we can predict a dramatic improvement in realizations and tax receipts if the top capital-gains tax rate is lowered to 15%. In a year or two, realizations of capital gains could double from the $643 billion in 2016.

The potential for increased revenue is enhanced by the recent improvement in equity prices. A tax rate of 15% on realizations of $1.3 trillion would provide tax receipts of more than $192 billion—$58 billion more than the $134 billion collected in 2016, with a maximum capital-gains tax rate of 23.8%. Also, this would probably not be a one-shot increase. After the 2003 rate cut, tax revenues rose for years until the recession hit.

Past capital-gains tax reductions have been great revenue raisers, but that's not the only benefit. Such changes also increase the mobility of capital by inducing investors to realize gains. This allows investment money to flow more freely, particularly to new and young companies that are so important for growth and job creation.

Mr. Bloomfield is president of the American Council for Capital Formation. Mr. Pollock is a director of Ingalls & Snyder.

A 'Red Team' Exercise Would Strengthen Climate Science

By Steven Koonin

Saturday's March for Science drew many thousands in support of evidence-based policy making and against the politicization of science. One concrete step toward such worthy goals would be to convene a "Red Team/Blue Team" process for climate science, one of the most important and contentious issues of our age.

The U.S. national-security community pioneered the "Red Team" methodology to test assumptions and analyses, identify risks and reduce—or at least understand—uncertainties. The process is now considered a best practice in high-consequence situations such as intelligence assessments, spacecraft design and major industrial operations. It is very different and more rigorous than traditional peer review, which is usually confidential and always adjudicated, rather than public and moderated.

The public is largely unaware of the intense debates within climate science. At a recent national laboratory meeting, I observed more than 100 active government and university researchers challenge one another as they strove to separate human impacts from the climate's natural variability. At issue were not nuances but fundamental aspects of our understanding, such as the apparent—and unexpected—slowing of global sea-level rise over the past two decades.

Summaries of scientific assessments meant to inform decision makers, such as the United Nations' Summary for Policymakers, largely fail to capture this vibrant and developing science. Consensus statements necessarily conceal judgment calls and debates and so feed the "settled," "hoax" and "don't know" memes that plague the political dialogue around climate change.

We scientists must better portray not only our certainties but also our uncertainties, and even things we may never know. Not doing so is an advisory malpractice that usurps society's right to make choices fully informed by risk, economics and values. Moving from oracular consensus statements to an open adversarial process would shine much-needed light on the scientific debates.

Given the importance of climate projections to policy, it is remarkable that they haven't been subject to a Red Team exercise. Here's how it might work: The focus would be a published scientific report meant to inform policy such as the U.N.'s Summary for Policymakers or the U.S. National Climate Assessment. A Red Team of scientists would write a critique of that document and a Blue Team would rebut that critique. Further exchanges of documents would ensue to the point of diminishing returns. A commission would coordinate and moderate the process and then hold hearings to highlight points of agreement and disagreement, as well as steps that might resolve the latter. The process would unfold in full public view: the initial report, the exchanged documents and the hearings.

> Put the 'consensus' to a test, and improve public understanding, through an open, adversarial process.

A Red/Blue exercise would have many benefits. It would produce a traceable public record that would allow the public and decision makers a better understanding of certainties and uncertainties. It would more firmly establish points of agreement and identify urgent research needs. Most important, it would put science front and center in policy discussions, while publicly demonstrating scientific reasoning and argument.

The inherent tension of a professional adversarial process would enhance public interest, offering many opportunities to show laymen how science actually works. (In 2014 I conducted a workshop along these lines for the American Physical Society.)

Congress or the executive branch should convene a climate science Red/Blue exercise as a step toward resolving, or at least illuminating, differing perceptions of climate science.

While the Red and Blue Teams should be knowledgeable and avowedly opinionated scientists, the commission should have a balanced membership of prominent individuals with technical credentials, led by co-chairmen who are forceful, knowledgeable and independent of the climate-science community.

The Rogers Commission for the Challenger disaster in 1986, the U.S. Energy Department's Huizenga/Ramsey Review of Cold Fusion in 1989 and the National Bioethics Advisory Commission of the late 1990s are models for the kind of fact-based rigor and transparency needed.

The outcome of a Red/Blue exercise for climate science isn't preordained, which makes such a process all the more valuable. It could reveal the current consensus as weaker than claimed. Alternatively, the consensus could emerge strengthened if Red Team criticisms were countered effectively.

Whatever the outcome, we scientists would have better fulfilled our responsibilities to society, and climate policy discussions would be better informed. For those reasons, all who marched to advocate policy making based upon transparent apolitical science should support a climate science Red Team exercise.

Mr. Koonin, a theoretical physicist, is director of the Center for Urban Science and Progress at New York University. He served as undersecretary of energy for science during President Obama's first term.

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TELEVISION REVIEW

‘Handmaid’s Tale’: An American Dystopia

BY JOHN ANDERSON

HULU

Hulu’s adaptation of Margaret Atwood’s novel about subjugated women stars Elisabeth Moss.

ABOUT A HALF-HOUR INTO “The Handmaid’s Tale,” novelist Margaret Atwood appears out of the dystopian mist and slaps actress Elisabeth Moss across the face. Creative differences? No, exactly the opposite: A cameo by the creator bestows nothing if not an irrefutable blessing on the whole production. An undeniable endorsement. A totalitarian, one might say, seal of approval.

Whether viewers agree with Ms. Atwood may depend on whether they’ve read her best-known novel, which hasn’t been out of print since 1985 and ranks with “Brave New World” and “1984” among visions of a nightmare future conjured out of the realities of a socio-political present. You can’t quite call it a bad dream come true, not yet. But given what might be termed “recent events,” it’s certainly cautionary, and more than urgent: In a day-after-tomorrow America, renamed Gilead, women have been forbidden to work, forbidden to possess money or property—forbidden to think, as much as that can be accomplished—and, naturally, forbidden to control their reproductive destinies. Those not sent to “the Colonies” (to clean up toxic waste and die) are assigned to one of four categories of slave: The Wives, who lead lives of quiet, barren desperation; the kapo-like Aunts, who enforce discipline; the Marthas, who serve; and the Handmaids, who provide the breeding stock for a theocratic society rendered close to infertile by environmental pollution.

Among the last group is Offred (Ms. Moss), who has been judged a good candidate for procreation—which is achieved, when it’s achieved at all, during something called The Ceremony: The Handmaid submits, the Wife observes, and the Commander does his duty. It’s all quite dreadful.

The problem with Hulu’s “Handmaid” is that nothing is dreadful enough. One of Ms. Atwood’s signature achievements was the creation of a heroine who was not so much an unreliable narrator as a thoroughly traumatized one: Offred (women have no names—they are “of Fred,” “of Glen,” “of Warren”) provides almost the entire story through interior monologue, and even when she talks to herself she does so like a hostage. Offred may have entertained thoughts of resentment, or insurrection, or even violence, but they were muted, constrained in a manner to which she was not even conscious. Ms. Moss’s Offred comments regularly on her condition with outraged, silent vulgarities, and seems appalled by rituals and outrages that had become routine in the book—although she and her cohort do sit casually by the infamous Wall as several enemies of the state are being hanged. But the original Offred was almost too terrorized to imagine defiance, much less exercise it. And such calibrated portraiture helped make the novel click.

Of course, a truly faithful adaptation might be so oppressive as to be unwatchable. (Volker Schlöndorff’s 1990 feature, starring Natasha Richardson, is unwatchable for other reasons.) But there’s no danger of that: Only the first three episodes of 10 were available for review, but Hulu’s “Tale” already strayed far from the course Ms. Atwood mapped out, sometimes for the good, and sometimes not: The Commander (all Handmaids are assigned a “commander”) is played by Joseph Fiennes and his wife, Serena Joy, by Yvonne Strahovski, both far younger and better looking than the original characters. In this, something gets lost: That the novel’s ego-driven aging males would impose themselves and their genetic pipedreams on the innocent and exploited—while their withering wives not only watched them do it, but enjoined their limbs in the process—was a ripe bit of symbolism. Similarly, the cast’s racial diversity—Offred’s pal Moira is played by the wonderful Samira Wiley; Offred’s husband, Luke, by O-T Fagbenle—sidesteps the dictatorial whiteness of Gilead, where the “Children of Ham” were said to have been resettled in the Dakotas.

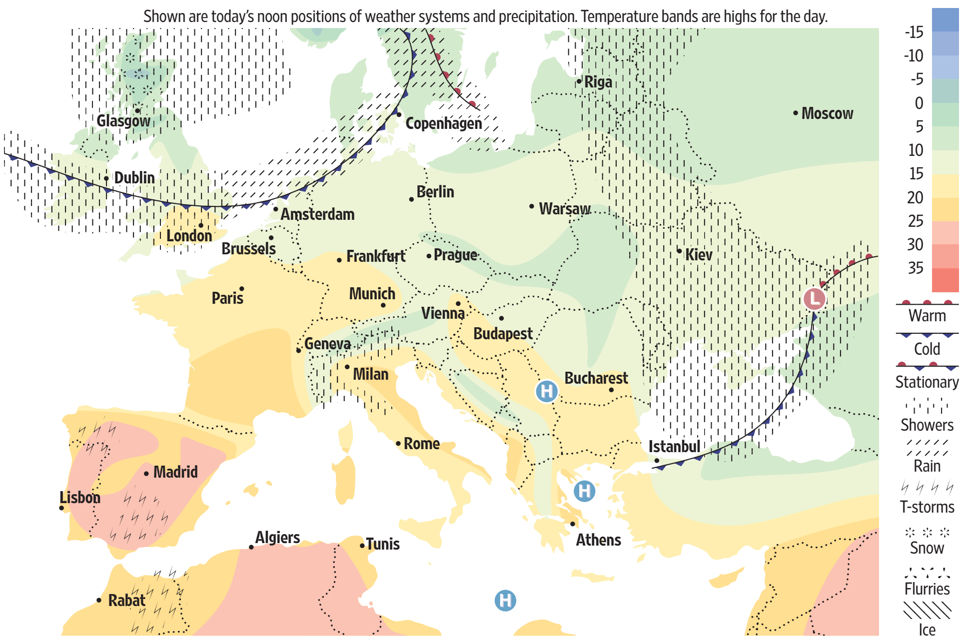
The rest of the cast includes Alexis Bledel (“Gilmore Girls”), Max Minghella and the formidable Ann Dowd (“Compliance,” “Marley & Me”), who as the gorgon-like Aunt Lydia has the role of her career, which is saying something; Ms. Moss, constrained as she is in the opening episodes, may yet turn Offred into something memorable.

And “The Handmaid’s Tale” itself, embracing something larger than Offred’s battered psychology and the forcibly blinkered sphere of her existence, promises a series with some very interesting places to go—maybe Canada, Ms. Atwood’s native country and the Promised Land for escapees from a former America where Congress has been “slaughtered,” the Constitution “suspended” and the whole crisis has been blamed on Islamic extremists. Ms. Atwood may not be a prophet, but this week she plays one on TV.

Weather

AccuWeather.com

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



Global Forecasts

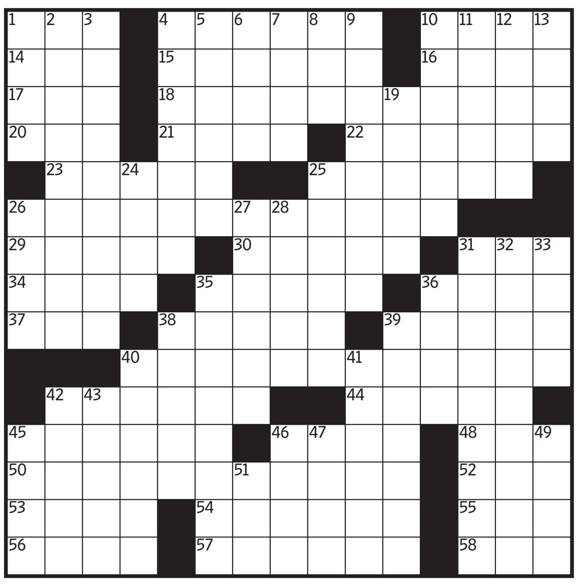
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t’storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	13	4	r	9	2	sh
Anchorage	10	5	c	11	3	c
Athens	21	12	s	21	12	s
Atlanta	20	13	pc	27	15	s
Baghdad	29	15	s	30	15	s
Baltimore	13	10	r	15	13	r
Bangkok	38	27	t	38	28	pc
Beijing	23	8	s	21	5	pc
Berlin	12	5	c	10	2	r
Bogota	19	10	r	20	9	c
Boise	12	6	sh	15	7	r
Boston	17	7	pc	9	8	r
Brussels	14	5	c	9	1	pc
Buenos Aires	21	11	pc	20	9	r
Cairo	25	14	s	27	14	pc
Calgary	6	-2	sn	4	-3	sn
Caracas	32	26	pc	32	26	t
Charlotte	16	12	r	21	12	sh
Chicago	22	11	pc	24	14	pc
Dallas	26	17	s	32	21	s
Denver	20	4	pc	15	0	c
Detroit	20	10	s	23	13	pc
Dubai	36	25	s	36	26	s
Dublin	10	2	sh	9	1	sh
Edinburgh	10	-1	sh	9	0	sh
Frankfurt	16	4	pc	14	2	r

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Geneva	22	9	pc	17	4	r
Hanoi	27	24	c	33	24	pc
Havana	28	18	pc	28	17	s
Hong Kong	26	23	r	28	24	t
Honolulu	30	23	s	30	23	pc
Houston	28	14	s	29	21	pc
Istanbul	14	9	s	18	9	s
Jakarta	33	25	t	32	24	t
Johannesburg	19	9	sh	20	9	pc
Kansas City	23	13	s	24	8	pc
Las Vegas	30	18	s	28	17	pc
Lima	26	21	pc	25	20	pc
London	17	2	sh	11	3	t
Los Angeles	23	16	pc	27	17	pc
Madrid	26	10	pc	24	7	t
Manila	34	26	t	34	26	pc
Melbourne	22	15	c	19	9	sh
Mexico City	25	11	pc	27	10	pc
Miami	31	20	pc	28	19	s
Milan	18	11	c	19	12	pc
Minneapolis	18	9	sh	13	2	r
Monterrey	29	15	pc	38	16	pc
Montreal	10	1	pc	15	7	sh
Moscow	8	-1	sh	10	5	r
Mumbai	32	27	pc	32	26	pc
Nashville	22	10	pc	27	14	s
New Delhi	39	25	pc	39	25	pc
New Orleans	27	15	s	28	18	s
New York City	16	10	r	12	11	r
Omaha	24	10	pc	16	4	t
Orlando	29	15	pc	31	16	s

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Ottawa	10	0	s	14	6	c
Paris	18	7	pc	12	1	sh
Philadelphia	13	9	r	14	13	r
Phoenix	34	20	s	31	19	s
Pittsburgh	18	10	c	21	11	c
Port-au-Prince	32	22	sh	32	22	pc
Portland, Ore.	12	8	r	12	9	r
Rio de Janeiro	28	22	pc	30	23	s
Riyadh	38	22	s	36	21	pc
Rome	19	8	pc	19	11	pc
Salt Lake City	14	7	sh	13	5	r
San Diego	21	16	pc	22	15	pc
San Francisco	17	12	pc	18	13	c
San Juan	29	25	t	30	24	sh
Santiago	21	9	pc	19	6	pc
Santo Domingo	31	23	t	31	22	sh
Sao Paulo	23	17	pc	27	20	pc
Seattle	15	7	r	14	8	r
Seoul	22	11	pc	18	11	c
Shanghai	25	16	pc	24	15	c
Singapore	31	25	c	31	25	c
Stockholm	8	-1	r	5	-1	sn
Sydney	25	18	pc	26	16	c
Taipei	27	21	pc	30	23	t
Tehran	27	16	c	27	14	pc
Tel Aviv	21	13	s	24	15	s
Tokyo	18	13	pc	19	13	s
Toronto	12	6	s	12	8	c
Vancouver	14	7	pc	14	7	pc
Washington, D.C.	13	11	r	15	15	r
Zurich	18	6	s	16	2	r

The WSJ Daily Crossword | Edited by Mike Shenk



COURSE REQUIREMENTS | By Harold Jones

Across

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

Down

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

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

Previous Puzzle’s Solution

B	D	S		H	O	P	T	O		I	M	O	U	T
L	O	O		O	R	I	O	N		N	E	W	T	O
E	N	D		T	I	N	P	A	N	A	L	L	E	Y
S	N	O	R	T	A	T			U	N	O			
S	A	M	O	A	N	S		S	T	E	N	G	E	L
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A	T	S	E	A		S	A	D	A	T		A	A	A
F	O	U	R	L	E	T	T	E	R	W	O	R	D	S
T	R	I		E	R	I	E	S		O	N	S	E	T
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R	E	S	N	A	I	S		S	T	E	I	N	E	M
			A	B	C			T	E	R	R	A	C	E
D	A	M	N	Y	A	N	K	E	E	S		B	O	T
O	P	E	N	S		C	E	E	L	O		O	L	A
S	T	A	Y	S		O	G	D	E	N		B	E	T

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

TECHNOLOGY: TWITTER SUMMONS TRIGGERS INTERNAL INVESTIGATION B4

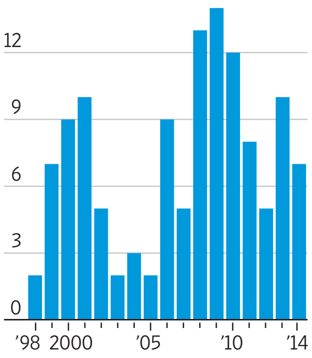
BUSINESS & FINANCE

Euro vs. Dollar 1.0693 ▼ 0.23% **FTSE 100** 7114.55 ▼ 0.06% **Gold** 1287.40 ▲ 0.43% **WTI crude** 49.62 ▼ 2.15% **German Bund** yield 0.255% **10-Year Treasury** yield 2.234%

Shift in Alzheimer's Drug Testing

A Difficult Path

Annual number of investigational drugs to treat Alzheimer's that proved unsuccessful



123 total unsuccessful drugs between 2008-2014

4 approved over the same period

Source: PhRMA analysis of Adis R&D Insight Database
THE WALL STREET JOURNAL.

By Denise Roland

Novartis AG thinks its best bet for testing two new Alzheimer's drugs is on people who don't actually have Alzheimer's.

The Swiss drug giant is looking for people whose genes put them at high risk of developing Alzheimer's, but who have yet to fall victim to the mind-robbing disease. It hopes such early treatment proves more successful than past efforts to tackle the disease once it has taken hold.

The history of Alzheimer's research is marked by disappointment. In November, a high-profile **Eli Lilly** & Co. drug called solanezumab was the latest to fail a late-stage clinical trial. That drug aimed to clear clumps of a protein called beta amyloid in the brain, which are closely linked with Alzheimer's. So far, no company has produced a drug that can delay the progression of Alzheimer's.

One of the new Novartis drugs, known as CAD106, is designed to boost the immune system's ability to clear beta amyloid from the blood. The other, which Novartis is developing with Amgen Inc. and is called CNP520, aims to stop its formation in the first place.

"If an anti-amyloid strategy is going to work, the best way to do so is with prevention," said Steven Arnold, a neurologist at Massachusetts General Hospital in Boston.

Recruiting patients to receive treatment for a disease they don't have—and may never develop—is riven with challenges.

The company is looking for people with two copies of a gene called APOE4 to participate in its study. Having two copies of the gene doesn't inevitably lead to Alzheimer's, but the roughly 2% of people who fit this profile are around three times as likely to develop dementia as the general population, according to a recent analysis in the scientific journal PLOS Medicine.

The Banner Alzheimer's Institute, a Phoenix nonprofit, is helping Novartis find eligible participants with a campaign launched at the end of 2015 to test people for the APOE4 gene. The institute places television and newspaper ads, does mass mailings and runs events in clinics to publicize the program, called Genematch.

So far, around 35,000 people have signed up, agreeing to send swabs of their cheek cells for testing. "We seem to have tapped into a very motivated group of people," said Pierre Tariot, director of Banner. "Not surprisingly, a lot of them have a family history of Alzheimer's."

Margaret, a 71-year-old from Virginia, discovered two weeks ago that she has two copies of the APOE4 gene. She signed up for the Genematch program earlier this year after hearing about it through the hospital that is caring for her older sister, who has Alzheimer's.

"It is shocking," said Margaret, who declined to give her last name because she hasn't yet told her family. But "if this works and can prevent or slow it down, then obviously I'd like to participate. That part of it is a no-brainer."

Only a fraction those who sign up will be eligible for the trial. As well as having two copies of the APOE4 gene, participants in the Novartis study must be healthy, between the ages of 60 and 75, and have no

Please see TEST page B2

A Truce in 1MDB and Abu Dhabi Fund Feud

By Bradley Hope And Tom Wright

State investment funds in Abu Dhabi and Malaysia struck an agreement to avoid potentially embarrassing arbitration proceedings related to billions of dollars that were allegedly misappropriated by a conspiracy of former executives and advisers to both funds, according to people with direct knowledge of the deal.

The agreement could ease tension between **1Malaysia Development** Bhd., or 1MDB, and Abu Dhabi's **International Petroleum Investment** Co., or IPIC, according to an agreement signed by the parties on Saturday, the people said.

The Malaysian fund agreed to pay $1.2 billion to IPIC, and both sides agreed to keep discussing a further $3.5 billion of disputed payments. A formal announcement on the London Stock Exchange, where IPIC bonds are listed, could come as early as Monday, the people added.

The Malaysian fund agreed to pay $1.2 billion to the Abu Dhabi fund.

News of the deal was reported by the Straits Times in Singapore.

Malaysia and Abu Dhabi have been in a dispute since last year over who should foot the bill for billions of dollars that U.S. investigators allege was stolen from 1MDB. The money was allegedly funneled out with the help of former 1MDB executives and people close to the fund, as well as assistance from former senior executives of IPIC, U.S. prosecutors said in their filings.

The former chairman of IPIC, Khadem Al Qubaisi, is now in jail in Abu Dhabi, although he hasn't been formally charged, while many of the alleged Malaysian conspirators are living overseas. They include Jho Low, a 35-year-old Malaysian who the U.S. Justice Department believes directed the fraud, and who has been living in Thailand and China.

Attempts to reach Messrs. Low and Al Qubaisi weren't successful. Both have previously denied wrongdoing.

The Justice Department filed civil lawsuits last summer seeking to seize assets worth more than $1 billion—including mansions in Los Angeles and New York, as well as some of the rights to profits from the movie "The Wolf of Wall Street"—which it claims were financed with money from 1MDB. The department is building a criminal case against Mr. Low for alleged money laundering among other potential charges, according to people aware of the matter.

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KEYWORDS
By Christopher Mims

Three Hard Lessons for Traditional Retailers

With brick-and-mortar stores closing at a record pace, retail in the U.S. feels like it's at a tipping point. Many of the stores that once filled the malls of America have become "zombies," while online retailers capture ever more of the most valuable consumers—the young and affluent.

Legacy retailers are trying to play catch-up, but they're saddled by huge fixed costs, investors who prefer dividends to innovations, and CEOs incentivized to focus on the next quarter, not the next decade. It's only a matter of time before **Amazon.com**'s army of physical retail formats turn into an existential threat to everyone from Mom and Pop to Kroger and **Wal-Mart**.

That doesn't mean retailers are taking this lying down. As online brands begin to build physical shops, the old guard is taking notes—and in many cases, writing checks. Wal-Mart, for example, has been on an acquisition binge of late. It's now in talks to buy men's clothier Bonobos for $300 million.

After surveying analysts and CEOs, I learned the three biggest lessons physical retailers are grappling with as they face this rocky transition.

Data Is King

When I asked Target, Walgreens and grocery chain Giant Food about loyalty programs and the fate of customers' purchasing data—which is the in-store equivalent of your web browsing history—they all declined to comment. Why so cagey? Perhaps because of the uproar that occurred when Target sent coupons for baby clothes and cribs to the home of a teenage girl, alerting her family she was pregnant, says Michelle Evans, an analyst at consumer research firm Euromonitor.

Data has been a vital part of Amazon's retail revolution, just as it was with Netflix's media revolution and Google and Facebook's advertising revolution. For brick-and-mortar retailers, purchasing data doesn't just help them compete with online adversaries; it has also become an alternate revenue source when profit margins are razor-thin. For example, Unilever might buy store sales data to figure out which products are in high demand

Please see MIMS page B4

Startups Struggle to Stay Alive

ERIC PALMA

Venture-capital funds dry up for many tech firms; 'They're like the walking dead'

By Eliot Brown

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

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

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

In 2014 and 2015, mutual funds, hedge funds and others pumped billions into companies that they now see as overvalued, and unlikely to pull off an initial public offering. As venture capitalists became more discerning, investment in U.S. tech startups plummeted by 30% in 2016 from a year earlier.

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

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

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

But investors are staying away from scores of well-funded startups that once looked like relatively safe bets, forcing these companies to fight for survival as they burn through their stockpiles of cash and scramble for new money or buyers.

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

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

Much of that money went to a small share of tech startups: 294 such companies raised at

Please see TECH page B2

Bond Maven Bets Against Crowd—and on Europe

By Christopher Whittall

As bonds were plummeting at the height of the eurozone's 2011 debt crisis, Bruno Crastes's brand-new fund suffered steep losses and fleeing investors.

Mr. Crastes gathered his executives in H2O Asset Management's new boardroom. "Let's invest," the chief executive told them, suggesting they plow money into research. When visiting clients, he had another message: Now is the time to take on risk.

It worked. Markets calmed down, and the low-profile Frenchman's returns from bonds and currencies have since matched those of some of the world's best-performing managers.

Today, he and other investors potentially face another pivotal moment—whether accelerating growth and inflation are a threat to the 35-year bull market in bonds.

Mr. Crastes is set to fall back on his old playbook, basing trades on his analysis of investor behavior and his willingness to stomach losses to win in the longer term.

"How can you get richer if you don't accept to get poorer?" he said in an interview from the fund's central London offices.

Mr. Crastes has sold U.S. and U.K. government bonds, which he expects to be hit by higher inflation, and bought debt elsewhere in Europe, where he sees more subdued consumer-price rises. In funds that allow it, he has also bought stocks that tend to fare better in inflationary environments. H2O had £10.3 billion ($13.2 billion) under management at the end of March.

ALLI KATE CHERKIS FOR THE WALL STREET JOURNAL

Bond manager Bruno Crastes in his office in London. 'We think that investors are not prepared at all for more inflation,' he says.

"We think that investors are not prepared at all for more inflation," and even a small rise in consumer prices "will have dear consequences," Mr. Crastes said.

The 51-year-old analyzes what he believes are investors' biases and constraints to look for mispricing in the market. Many other large bond investors rely more on forecasting markets, by parsing data on the global economy, central-bank decisions and politics.

Mr. Crastes takes views on such fundamentals, but he also tries to predict how other investors will react and then looks for opportunities where

Please see BONDS page B2

INDEX TO BUSINESSES

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

INDEX TO PEOPLE

BUSINESS & FINANCE

Fliers' Class Chasm Grows

By Robert Wall

The distance between the front of the plane and the back is feeling longer.

Battling it out with discount carriers, the world's biggest airlines are rolling out ultracheap economy-class tickets, or cutting back sharply on basic amenities for their lowest-paying customers. At the same time, they are pulling out the stops to lavish their premium fliers with more perks.

American Airlines Group Inc., **United Continental Holdings** Inc. and **Delta Air Lines** Inc. all now offer superlow fares, dubbed "basic economy," that strip out even once-standard allowances, such as carry-on baggage or a choice of seat before boarding.

Those are now extra for these ticket holders, who also generally board last. But the fares are competitive with discount airlines such as **Southwest Airlines** Co. A United basic economy ticket between Washington and Minneapolis for travel in early May was recently listed as low as $128, $20 less than a regular economy fare. Some of the cheapest fares passengers can get on discount carriers are for seats so basic they don't recline.

In Europe, British Airways, a unit of **International Consolidated Airlines Group** SA, last year said it was curtailing some onboard economy-class meal service on international flights. On short-haul legs, its economy-class passengers this year have had to start paying for food and seat choice.

But at the front of the plane, the same carriers are showering premium passengers with ever more comfort. Middle East and Asian airlines are among those leading the way, with U.S. carriers trying to catch up. American Airlines has upgraded its business class. Delta last year unveiled plans for business-class suites, effectively small cabins that can be closed off from others, with fully reclining seats. The suites should feature on planes this year.

United on intercontinental routes is introducing an upgraded business class, called United Polaris, to try to keep pace with its nearest rivals. The cabin sports fully reclining seats, bedding by Saks Fifth Avenue and noise-canceling headsets. United is rolling it out on its San Francisco-Hong Kong route. A round-trip ticket for a May flight lists at about $5,000.

British Airways, meanwhile, is spending about $500 million to upgrade its premium classes. BA, which popularized the fully reclining business-class seat in the mid-1990s, is planning a new business-class seat design.

What's behind the growing chasm between the air-traveling haves and have-nots? On the low end, legacy carriers are finally caving in and trying to match budget airline prices. That's particularly true on trans-Atlantic journeys, highly profitable routes where they are facing stiff competition. **Norwegian Air Shuttle** AS is offering no-frills fares this spring between London and New York for about $610 round-trip. British Airways is matching that (almost) with a $620 fare.

With price wars in the back of the cabin eroding their profits from those passengers, airlines are intensifying their competition to win business-class passengers who can make up the difference and fatten margins.

Even the Gulf carriers, the trail blazers of luxury at the front of the plane, are feeling the squeeze. They are suddenly facing their own headwinds—including lower oil prices that have depressed their once-lucrative regional business market.

To keep planes full, they are slashing ticket prices for economy fares. Some are offering bargain-basement fares. Emirates Airline, for instance, is charging for things like seat selection for its cheapest fares.

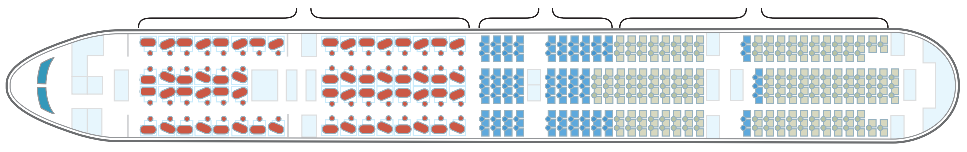
But Emirates also is sprucing up the onboard bar for first- and business-class passengers. Later this year, it plans further upgrades to its first-class cabin, which already includes standing showers on some planes.

Qatar Airways in March unveiled a new business class that offers individual suites with full-flat beds and turndown service.

Qatar Airways Chief Executive Officer Akbar Al Baker called it "a corporate jet experience" in business class.

The Haves and Have-Nots

The cabin layout of a Boeing 777-300ER flown by United:



	Polaris Business Class	Economy Plus	Economy
Seats per row	4	10	10
Seat size - pitch, width and recline	6'6" sleeping space 23" 180°	34" 17.05" 4"	31" 17.05" 3"
Price*	$5,769	$1,487	$804
Perks	All classes have Wi-Fi, power outlets, USB ports, meals and beverages.		
	Noise canceling headphones, bedding by Saks Fifth Ave.	More space than Economy	

Source: United Airlines *Prices based on selected round trip travel in mid-May
THE WALL STREET JOURNAL.

TECH

Continued from the prior page
least $50 million apiece. Almost three-quarters of those companies—216—have neither raised money nor been acquired since the end of 2015. Such companies tend to raise funding every 12 to 18 months.

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

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

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

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

In 2014 and 2015, over 5,000 U.S. tech startups collectively raised $75 billion.

Two competitors shut down. But expensive contracts to park cars in garages in big cities like Boston soaked up Luxe's cash, according to a person familiar with the finances. The startup has had to retreat to three markets.

Luxe didn't respond to requests for comment.

"There's going to be a shakeout" for companies that can't show a profit, said James Beriker, the chief executive of meal-delivery service Munchery. Mr. Beriker joined the company in January after a rocky period that resulted in several top executives leaving—including the co-founders.

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

For Beepi, profitability proved too distant for investors to wait. Founded in 2013, Beepi caught on in San Francisco by giving people a fail-safe way to sell used cars online.

Beepi guaranteed sellers a price, and if it couldn't find a buyer in 30 days, it purchased the car. Beepi marked up the price and pocketed the difference.

Venture capital poured in, and its valuation surged from $12 million in early 2014 to $525 million by mid-2015. Beepi moved out of its cramped office by a Carl's Jr. and into a glassy building where the chief executive zipped around on his own Segway.

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

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

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

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

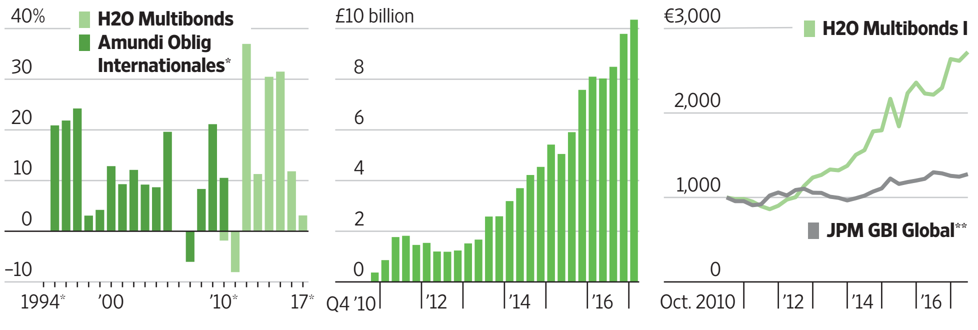
By mid-2016 CEO Ale Resnik hunted for cash to stanch the losses, but investors were spooked, former employees said. Mr. Resnik was in advanced talks with a Chinese company to raise tens of millions of dollars, he told staffers, but the deal crumbled in November.

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

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

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

Big Risks, Big Gains



*The Amundi fund managed by Mr. Crastes changed names several times over the years as a result of mergers. The 1994 return of 0.005% is since September of that year. The 2010 return for the Amundi fund is through April. Mr. Crastes founded H2O Asset Management in 2010. The 2010 return on the H2O fund is since Aug. 23. The 2017 return is through April 18. **Total return, in euros, through April 18
Sources: Morningstar; H2O Asset Management (assets)
THE WALL STREET JOURNAL.

BONDS

Continued from the prior page
he says they have it wrong.

"I like understanding people and I think people are full of biases," he said.

He adds that investors have a low tolerance for risk and, ahead of several key European elections, are unnecessarily scared of another eurozone crisis.

In February, Mr. Crastes watched a sharp rise in the cost of the futures contracts investors use to bet against Italian government debt. He went against the tide and bought Italian, Portuguese and Greek bonds—securities that had been hit by jitters over the elections.

"We think that the European project [goes far] beyond the French elections," he said, speaking of the presidential vote that began Sunday, in which far-right candidate Marine Le Pen has threatened to pull France out of the euro.

H2O's flagship Multibonds euro fund notched an average annual return of 24% after fees in the five years that ended in 2016, according to Morningstar Inc., outstripping comparable bond funds by over 19 percentage points.

Mr. Crastes's investments primarily focus on widely traded global bonds and currencies. Still, H2O does make bets elsewhere, again displaying risk appetite.

A review of fund filings shows H2O holds bonds in companies either owned or funded by Sapinda Group, a firm run by German businessman Lars Windhorst. Mr. Windhorst has been seeking to sell assets after big losses at some of those companies, and Sapinda bonds have plummeted in value.

An H2O spokeswoman declined to comment on the investment. Mr. Windhorst declined to comment.

Colleagues and clients describe Mr. Crastes as engaging and driven, but playful. He wore a Donald Duck costume to The Ivy, an upmarket London restaurant, for H2O's 2016 office Christmas party—a reference to Donald Trump's election as U.S. president, a vote that helped shake up bond markets.

He and a team that followed him from previous jobs have been through rocky patches. At Crédit Agricole Asset Management, they suffered heavy losses around the time of the 2008 financial crisis. Mr. Crastes had built up the firm's London business from $4 billion to $100 billion in assets under management. Assets shrank to $60 billion as clients pulled out.

Despite those losses, Natixis Asset Management, then led by Mr. Crastes's former boss, Pascal Voisin, agreed in 2010 to seed him in return for a 50.01% stake in H2O. Within a year, crisis had engulfed European bond markets and clients pulled $500 million out of the newly formed fund.

As some left, Mr. Crastes looked for more.

In July 2011, Andrew Spence, who manages 7.2 billion Australian dollars (US$5.4 billion) as chief investment officer for the pension plan of Australia's Qantas Airways Ltd., asked to meet.

With bond markets wobbling, Mr. Crastes got on a plane for the 50-hour round trip from London to Sydney and what would be a three-hour meeting. For Mr. Spence, this was someone who wasn't afraid to take risks. He invested A$300 million and, as European bond markets began to tank, allowed Mr. Crastes to invest in riskier securities.

"There were times when it was uncomfortable, given the extreme market volatility," Mr. Spence said, but "that's how you make money."

—Margot Patrick contributed to this article.

TEST

Continued from the prior page
outward signs of Alzheimer's, such as cognitive decline. Fewer than 10% of the roughly 1,300 participants needed for the trial have been recruited so far, Dr. Tariot said.

Genematch staff doesn't know any individual participant's genetic results. Instead, a computer program provides names—only some of whom are genetic matches—to call. On that call, Genematch will tell the person they might be eligible for a trial.

Participants are informed of their genetic profile—usually by a genetic counselor—after a lengthy assessment at the clinical-trial site to determine that they are eligible for, and willing to enroll in, the study.

"The critical thing is that this is done in a highly ethical way," said Vas Narasimhan, global head of drug development at Novartis.

Novartis plans to start a further trial that will be open to people who have just one copy of the APOE4 gene, Dr. Narasimhan said. Around a quarter of the population is thought to fit this profile, and they are about 1½ times as likely to develop mild cognitive impairment or dementia as the general population.

After the string of high-profile failures in amyloid-busting drugs, experts are divided over whether they are the right approach to tackling Alzheimer's. "The field is very pessimistic right now," said Murali Doraiswamy, director of the neurocognitive disorders program at Duke University Health System in Durham, N.C.

But the Novartis study is among a small group of trials that could still vindicate this approach, Dr. Doraiswamy said.

FUND

Continued from the prior page
matter.

Before the scandal was publicized in 2015, IPIC was a key business partner of 1MDB, helping guarantee $3.5 billion in bonds that Goldman Sachs Group Inc. sold for the Malaysian fund. Under the cover of these dealings, IPIC executives, including Mr. Al Qubaisi, helped Mr. Low and officials from 1MDB siphon billions of dollars from the fund, the Justice Department alleged. When a consortium led by Deutsche Bank AG pulled a loan to 1MDB over concerns about the collateral, IPIC stepped in with an emergency loan of $1 billion.

But as the scandal erupted, relations deteriorated between Malaysia and Abu Dhabi, and both sides began trading public accusations.

The agreement Saturday would repay the emergency loan IPIC made to 1MDB, plus interest the Abu Dhabi fund paid when 1MDB was unable to service its bonds.

Malaysia will pay IPIC about $600 million by the end of July and another $600 million by the end of December, the people said.

The agreement doesn't resolve the $3.5 billion in funds the Justice Department alleges was transferred from 1MDB to a shell company in the British Virgin Islands controlled by Mr. Al Qubaisi. That shell company had a similar name to an IPIC subsidiary. Abu Dhabi says IPIC or the subsidiary never received the money; Malaysia claims the shell company was a de facto part of IPIC.

Hundreds of millions of dollars of 1MDB money also allegedly found their way into the accounts of Malaysian Prime Minister Najib Razak via a chain of intermediaries, including the disputed shell company, according to court documents.

Much of that money was returned to the web of offshore companies from where it came, records show. Mr. Najib has said the money was a donation from Saudi Arabia and that most of it was returned. The Malaysian attorney general has cleared him of any wrongdoing.

Negotiations between IPIC, 1MDB and the Malaysian government broke down on several previous occasions, including in January. Abu Dhabi merged IPIC with another state fund called Mubadala Development Co. earlier this year. The new fund is called Mubadala Investment Co.

Volkswagen Fined $2.8 Billion in U.S.

BY CHRISTINA ROGERS AND MIKE SPECTOR

A federal judge in the U.S. ordered **Volkswagen** AG to pay a $2.8 billion criminal fine for rigging diesel-powered vehicles to cheat on government emissions tests, formalizing a punishment the German auto company agreed to earlier this year in an unprecedented plea deal with U.S. prosecutors.

U.S. Judge Sean Cox on Friday sentenced Volkswagen during a hearing in a Detroit federal court, a little over a month after the auto maker pleaded guilty to criminal charges stemming from the emissions fraud. Volkswagen admitted to conspiring for nearly a decade to deceive U.S. officials with illegal software that allowed vehicles to pass government emissions tests and then pollute far beyond legal limits on the road.

VW's settlements in the U.S. related to emissions fraud could exceed $25 billion.

In addition to the fine, the judge's sentence includes the assignment of an independent monitor to audit Volkswagen's regulatory-compliance practices for at least three years. Including a separate $1.5 billion civil penalty, Volkswagen agreed to pay a total of $4.3 billion to settle the U.S. Justice Department probe.

Larry Thompson, a deputy attorney general under former U.S. President George W. Bush, has been named to lead the independent monitoring team at Volkswagen, Assistant U.S. Attorney John Neal said.

The auto maker will remain on probation for three years and has agreed to cooperate with U.S. government probes and prosecutions of individuals tied to the scandal.

"This is a very serious and troubling case involving an iconic automobile company," Judge Cox said during the hearing, describing the plea deal as providing "just punishment" to the corporation.

"This is a deliberate and massive fraud perpetrated on the American consumer and, it would seem, consumers throughout the world," he said.

Volkswagen's general counsel, Manfred Döss, said the auto maker "deeply regrets the behavior that gave rise to this case."

"Plain and simple, it was wrong," Mr. Döss said.

With the criminal fine, Volkswagen's legal settlements stemming from its emissions fraud could exceed $25 billion in the U.S. alone depending on how many vehicles the auto maker is forced to repurchase.

Volkswagen, which remains under investigation in Germany, has reached settlements in the U.S. with consumers, regulators, dealers, state attorneys general and federal prosecutors.

Volkswagen has admitted to installing so-called defeat devices on nearly 600,000 diesel-powered vehicles in the U.S. that duped environmental regulators. The auto maker has acknowledged putting the devices in some 11 million vehicles globally.

Judge Cox denied requests from some Volkswagen customers for restitution as part of the criminal case.

Volkswagen separately on Friday gave affected customers who declined to take civil settlements another two weeks to weigh offers, with the clock starting on different dates depending on the kinds of engines in their vehicles.

Volkswagen agreed to the penalties meted out Friday in a plea deal with federal prosecutors disclosed this year.

Exxon Rebuffed on Russia

Trump administration denies the firm's bid for sanctions waiver; Rosneft venture stalls

BY JAY SOLOMON AND BRADLEY OLSON

WASHINGTON—President Donald Trump, whose family and political aides have faced scrutiny over their ties to Russia, rejected a bid by **Exxon Mobil** Corp. to sidestep U.S. sanctions against Moscow and resume an oil venture with a politically powerful Russian energy company.

The announcement Friday comes as the White House pushes to firm up the president's foreign-policy and domestic agenda as he nears his 100th day in office.

Mr. Trump's decision to block Exxon Mobil, until the end of last year led by Secretary of State Rex Tillerson, also shows how efforts to build bridges with Russian President Vladimir Putin are proving difficult, senior U.S. officials said.

Congressional and Federal Bureau of Investigation probes into ties between Mr. Trump's aides and Russian officials continue to dominate Washington's political debate, these officials said. And Mr. Putin has made any strengthening of ties harder by maintaining Moscow's support for Syrian President Bashar al-Assad and escalating a crackdown on the Kremlin's political opponents at home, the officials said.

The Wall Street Journal reported on Wednesday that Exxon last month renewed a push for approval of a waiver on Russian sanctions for its oil exploration venture with PAO Rosneft, the Russian energy conglomerate closely aligned with Mr. Putin, according to a person familiar with the discussion. The company had originally submitted the application in 2015.

The venture was frozen in 2014 after the Obama administration placed sanctions on Rosneft and its chief executive, Igor Sechin, in retaliation for Russia's annexation of the Crimea region of Ukraine.

SPENCER PLATT/GETTY IMAGES

News of Exxon Mobil's waiver bid drew criticism in Congress.

"In consultation with President Donald J. Trump, the Treasury Department will not be issuing waivers to U.S. companies, including Exxon, authorizing drilling prohibited by current Russian sanctions," Treasury Secretary Steven Mnuchin said in a written statement Friday. U.S. officials said Mr. Trump made the decision after close consultations with Mr. Mnuchin, a former Goldman Sachs executive.

The Trump administration's decision likely will make it impossible for Exxon to drill in Russia's Black Sea waters before its agreement with Rosneft expires at the end of this year. Under the companies' agreement, Exxon has until 2023 to explore some of Russia's Arctic waters if sanctions are lifted, the company has said.

"We understand the statement today by Secretary Mnuchin in consultation with President Trump," said Alan Jeffers, an Exxon Mobil spokesman. "Our 2015 application for a license under the provisions outlined in the U.S. sanctions was made to enable our company to meet its contractual obligations under a joint-venture agreement in Russia, where competitor companies are authorized to undertake such work under European sanctions."

News of Exxon's Treasury application drew sharp criticism in Congress. Leading Democrats and some Republicans have said the Trump White House should be increasing sanctions on Russia for its alleged effort to interfere in last year's U.S. election, rather than loosening them. Russia has denied any interference in the election.

Lawmakers also raised concerns the Trump administration could face a conflict of interest in ruling on the Exxon application, given Mr. Tillerson's previous position as CEO, a job he held for 11 years. State Department officials said recently that Mr. Tillerson has recused himself from any issues related to Exxon for two years.

"Given Russia's well-documented and troubling activities around the world, it is troubling Exxon Mobil would continue to press for its narrow economic advantage at the expense of our national interests," Sen. Ben Cardin of Maryland, the ranking Democrat on the Senate Foreign Relations Committee, said on Friday. "The deals they are seeking would put money in the pockets of Russian oligarchs and the Russian treasury, guaranteed to be used against America, our interests, and our allies."

Lawmakers have said they are investigating a string of contacts between Mr. Trump's aides and Russian officials during the campaign and the presidential transition. These include meetings and phone calls between his former national-security adviser, Mike Flynn, and Russia's ambassador to Washington, in which U.S. sanctions on Russia were discussed.

They also include meetings that Mr. Trump's son-in-law, Jared Kushner, held with the head of a state-run Russian bank that is on a U.S. sanctions list.

The administration has been in an awkward dance with the Kremlin since Mr. Trump assumed office, after his repeated calls during the campaign for warmer ties.

Earlier this month, the Pentagon launched airstrikes on a Syrian military base believed to have been involved in a chemical-weapons attack against Syrian civilians. The U.S. missiles risked hitting Russian troops that were stationed at the base, according to U.S. officials. Russia and Syria are allies.

Mr. Trump also authorized Montenegro this month to become the 29th member of the North Atlantic Treaty Organization, despite repeated protests by Russia.

Mr. Tillerson visited Moscow recently to try to forge a more united front and met with Mr. Putin for more than two hours. But the former Exxon Mobil chief left Russia saying Washington's relations with Moscow were at a "low point."

—Felicia Schwartz contributed to this article.

Twitter Summons Triggers Probe

By Deepa Seetharaman

A recent attempt by federal officials to pressure **Twitter** Inc. to unmask the identity of those behind an account critical of the Trump administration has triggered an internal investigation into whether those officials abused their power, according to a letter released Friday.

U.S. Department of Homeland Security Inspector General John Roth confirmed the investigation in a letter to Sen. Ron Wyden of Oregon.

Mr. Wyden earlier called for an internal review of the U.S. Customs and Border Protection's decision to issue an administrative summons to Twitter on March 14 asking for information associated with the account @ALT_USCIS. The action prompted Twitter to sue the department.

The user or users behind @ALT_USCIS, one of several "alternative" accounts that have emerged on Twitter in recent months, purport to reflect the dissenting views of some federal officials. Tweets sent from this account have been critical of the Trump administration's officials and immigration policies.

Customs and Border Protection had sought information on @ALT_USCIS.

In a letter dated April 21, Mr. Roth said his office was investigating whether the probe by customs officials "was improper in any way, including whether CBP abused its authority in issuing the March 14, 2017 summons to Twitter." Mr. Roth's office is "also reviewing potential broader misuse of summons authority at the Department and/or its components."

The U.S. Customs and Border Protection is a unit of the Department of Homeland Security. On March 14, an agent of the U.S. Customs and Border Protection's Office of Professional Responsibility, which investigates employee misconduct, faxed the summons to Twitter.

On April 6, Twitter sued the Department of Homeland Security in federal court, alleging the agency's summons was unlawful. The department rescinded the summons the next day and Twitter dropped the lawsuit.

In his letter, Mr. Roth said customs officials asked his office to determine whether any classified information was transmitted by the @ALT_USCIS account. Mr. Roth said his office found none. He added that his office wouldn't investigate any "alleged misconduct" by the @ALT_USCIS account owner. "We strive to ensure that our work does not have a chilling effect on individuals' free speech rights," Mr. Roth said in the letter.

Inspectors general are independent watchdogs within an agency tasked with preventing waste and investigating misconduct.

YouTube to Factor in Record Labels

By Hannah Karp

When YouTube suggests to its more than one billion monthly users which music videos they should watch next, it bases those recommendations largely on what each viewer has watched already.

Later this year, the video-sharing site—which also happens to be the world's most popular source of free, on-demand music—plans to add a new factor into the equation: what record labels want those users to hear.

"We'll be fine-tuning our recommendations to users so that, in addition to the many other signals the algorithm takes into account, it also considers artist and label promotional activities," said YouTube's new head of music, Lyor Cohen, a music-industry veteran who until 2012 was a top executive at the world's third-biggest record company, Access Industries' **Warner Music Group**.

The goal, he said, is "putting new music in front of likely consumers."

For a fan who watches nothing but the late pop star Michael Jackson's videos from the 1980s, for example, YouTube might in the future recommend a new pop song by an artist such as Bruno Mars.

MATT SAYLES/ASSOCIATED PRESS

Bruno Mars at February Grammy Awards. YouTube expects that adding record labels' priorities into its algorithm will improve user experience.

Whether the move will improve or damage the experience for fans isn't clear—and the track record for such arrangements is mixed. Radio stations' repetitive playlists can suffer from too much promotion, for example, with major record labels dominating the charts as they outspend independent labels and artists. In the past this has led to government lawsuits over illegal pay-for-play schemes, starting with the so-called payola scandals of the 1950s, that the major record companies spent millions to settle. Federal law requires that broadcasters disclose any payment they get for putting a song on the air.

Major labels also now overwhelm the charts and influential playlists on subscription streaming services, in part because their licensing contracts with companies such as **Spotify** AB, for example, guarantee them a certain amount of promotional real estate in Spotify's most prominent areas, people familiar with the matter said.

Spotify, though, also works to surface independent artists that gain organic momentum. **Apple** Inc.'s Apple Music also maintains close ties with the major labels but funds and promotes other music, such as Frank Ocean's self-released 2016 album "Blonde," the R&B artist's first release after leaving his deal at Vivendi SA's Universal Music Group.

YouTube expects that adding record labels' priorities into its algorithm will improve the user experience, primarily by surfacing new music faster for users who might like it. Under the current system, it could take days for YouTube to recommend a new song to a likely fan, an event that would now occur only for limited reasons, such as users with similar tastes cuing up the same song, according to a person familiar with the system.

If a user doesn't watch or quickly skips a video promoted by a record label, the system won't suggest it again. A large number of other factors, including previous viewing habits, will continue to help determine watch-next suggestions, this person said.

YouTube will work to make sure the system doesn't favor major-label artists over independent acts, the company said.

The worlds of music and technology are increasingly colliding—and in some cases clashing—as music-streaming services run by tech giants such as Apple, Amazon.com Inc. and YouTube's parent, Alphabet Inc., help jump-start the music industry's growth amid declining sales of compact discs and music downloads. While techies tend to exalt user-driven, crowd-sourced systems, record companies have long preferred to maintain control over how their music is promoted.

The shift in YouTube's music priorities could be a coup for the record labels, which have wanted to better harness YouTube's massive global viewership to sell music.

Twitch Expands Video-Creator Incentives

By Sarah E. Needleman

Amazon.com Inc.'s Twitch is allowing more broadcasters to earn money on its platform, a move that could help the live-streaming business seize on challenges facing bigger competitors YouTube and Facebook Inc.

On Friday, Twitch said it would open up its revenue-sharing program for more broadcasters to get paid whenever they receive "bits"—custom, animated emoticons that act as an online currency for tipping by viewers. Twitch says bits are a way for those in the broadcasters' channels to cheer them on.

Twitch will add more moneymaking opportunities to its new "affiliate program" in the future, the company said.

Currently, only the top 1% of the 2.2 million people who stream on Twitch at least once a month—members of its so-called partner program—can generate revenue on the platform.

With the new initiative, Twitch aims to "encourage more people to broadcast and more fans to watch," said Ethan Evans, senior vice president of commerce and developer success.

Twitch's push to help line more broadcasters' pockets comes at a time when its bigger rivals are struggling.

YouTube, part of Google parent **Alphabet** Inc., this year has lost potentially hundreds of millions of dollars in advertising—of which its content creators get a cut—as brands boycotted the site for placing its ads next to inappropriate videos. Its biggest star creator, 27-year-old Felix Kjellberg, who goes by the name PewDiePie, recently started a weekly show on Twitch, his first outside of YouTube. (Mr. Kjellberg isn't currently part of Twitch's partner program, which would allow him to earn money, the company said.)

Meanwhile, many publishers have struggled to generate revenue from Facebook video ads. Last year, the social network paid tens of millions of dollars to internet stars and media companies to use its live-video feature, which has been overshadowed by violent incidents, such as when a Cleveland man recently posted a video of a murder on the site.

Amazon bought Twitch in 2014 for $970 million. Among the top 500 most-visited sites in the U.S. in March, Twitch ranked No. 7 by average time spent per visitor, up from No. 18 a year earlier, according to comScore. Facebook in March ranked at No. 2. ComScore said all websites from Alphabet rank collectively at No. 3. If it were to break out YouTube by itself, the video site would rank at No. 5, ComScore said.

On Facebook and YouTube, broadcasters mainly earn money through advertising. Twitch also has an advertising program, and its top broadcasters have access to a variety of other moneymaking tools, including a portion of subscription sales to their channels.

Last month, Twitch began selling digitally delivered computer videogames, a move that gives its top broadcasters another way to generate revenue.

MIMS

Continued from page B1

and when people buy them. (Ms. Evans says that when retailers sell data, it's anonymized and not linked to individual consumers.)

Personalization and Automation = Profits

There's a debate in the auto industry: Can Tesla get good at making cars faster than Ford, General Motors and Toyota can get good at making self-driving electric vehicles? The same applies to retail: Can physical retailers build intimate digital relationships with their customers—and use that data to update their stores—faster than online-first retailers can learn how to lease property, handle inventory and manage retail workers?

Online retailers know what's popular, and how customers who like one item tend to like certain others. So Amazon's physical bookstores can put out fewer books with more prominently displayed covers. Bonobos doesn't even sell clothes in its stores, which it calls "guideshops." Instead, customers go there to try clothes on, and their selections are delivered through the company's existing e-commerce system.

While online retailers are accustomed to updating inventory and prices by the hour, physical retailers simply don't have the data or the systems to keep up, and tend to buy and stock on cycles as long as a year, says George Faigen, a retail consultant at Oliver Wyman. Some legacy retailers are getting around this by teaming up with online players.

Legacy Tech Won't Cut It

Perhaps the biggest challenge for existing retailers, says Euromonitor's Ms. Evans, is finding the money to transition to this hybrid online-offline model. While Target has announced it will spend $7 billion over the next three years to revamp its stores, investors fled the stock in February after Target reported 2017 profits might be 25% less than expected.

When Warby Parker, the online eyeglasses retailer, set out to launch stores across the U.S., the company looked for in-store sales software that could integrate with its existing e-commerce systems. It couldn't find a system up to the task, so it built one from scratch.

These kinds of systems allow salespeople to know what customers have bought both online and off, and what they might be nudged toward on that day.

Andy Katz-Mayfield, co-founder and co-chief executive of Harry's, is skeptical that traditional retailers like Wal-Mart can make the leap, even if they invest heavily in technology.

The problem, he says, is that selling online isn't just about taking orders through a website. Companies that succeed are good at selling direct to consumers—building technology from the ground up, integrating teams skilled at navigating online marketing's ever-shifting terrain and managing the experience through fulfillment and delivery, Mr. Katz-Mayfield says.

It isn't hard to picture today's e-commerce companies becoming brick-and-mortar retailers. It's harder to bet on traditional retailers becoming as tech savvy as their e-competition.

BEBETO MATTHEWS/ASSOCIATED PRESS

More shoppers want curated, personalized shopping experiences like those they get online. Above, customer J.P. Grant at a Bonobos store in New York City's financial district in March.

BUSINESS WATCH

SKY

Review of Fox's Bid Delayed to June 20

The U.K. government's decision to hold snap parliamentary elections in June will delay by a month the regulatory-review process for **21st Century Fox** Inc.'s $15 billion bid to buy the 61% of U.K. pay-television company **Sky** PLC that it doesn't already own.

The U.K.'s culture secretary, Karen Bradley, said Friday that she has given media regulators an extra month to determine whether Fox's full ownership of Sky would be in the British public's interest. The regulators' deadline to submit their report, which was previously May 16, is now June 20. Ms. Bradley is a lawmaker expected to retain her seat in the June 8 election.

Media regulators are reviewing whether Fox's ownership of Sky would maintain "plurality"—or diversity of viewpoints—across the British media. They also have broad authority to determine whether Fox would be a "fit and proper" owner of Sky.

Rupert Murdoch and his family are major shareholders of Fox and **News Corp**. Fox and News Corp, which also is the parent company of The Wall Street Journal, were part of the same company until it split in 2013.

—Stu Woo

SAMSUNG

A Samsung Bioepis engineer. Samsung Bioepis has struck a deal with Merck to sell a rheumatoid-arthritis drug in the U.S.

SAMSUNG BIOEPIS

Remicade Biosimilar Gets FDA Approval

The **Samsung** group of South Korea won approval from U.S. regulators for a lower-priced copy of the blockbuster rheumatoid-arthritis drug Remicade, clearing the way for sales in the world's biggest drug market.

The biosimilar, which is a copy of complex biologic drugs made from living cells, would be the second copy of **Johnson & Johnson**'s top-selling pharmaceutical to hit the market, after **Pfizer** Inc. began selling its Remicade biosimilar Inflectra late last year. The approval is the first in the U.S. for Samsung, which has been trying to diversify beyond electronics.

Samsung said it wouldn't announce the price of its new drug, named Renflexis. Companies have priced the handful of biosimilars approved so far, including Inflectra, about 15% less than the list price of the original drug, though analysts expect prices will drop as more enter the market.

Renflexis might not go on sale until late this year.

Samsung Bioepis Co., the conglomerate's drug-development arm, has struck a deal with **Merck** & Co. to sell Renflexis in the U.S.

—Jonathan Cheng and Jonathan D. Rockoff

MORGAN STANLEY

Klaus Kleinfeld To Exit Firm's Board

Klaus Kleinfeld, the ousted chief executive of **Arconic** Inc. who left the aluminum-parts maker last week after sending a bizarre letter to an activist shareholder, will step off the board of **Morgan Stanley**.

Mr. Kleinfeld, who has been a director since 2012, has resigned from the board and won't stand for re-election at Morgan Stanley's annual meeting next month, the firm said in a regulatory filing. He left Arconic last week following a monthslong fight with activist hedge fund Elliott Management Corp., which had called for his ouster. Mr. Kleinfeld sent Elliott boss Paul Singer a letter that referenced Mr. Singer's alleged partying during the 2006 World Cup, a letter the Arconic board didn't approve and that the company said showed poor judgment.

Mr. Kleinfeld is also on the board of Hewlett Packard Enterprise Co., the software business spun out of **Hewlett-Packard** Co.

—Liz Hoffman

AIG Nears Choice of Successor To Chief

BY JOANN S. LUBLIN AND LESLIE SCISM

Former **American International Group** Inc. executive Brian Duperreault is a leading candidate to succeed departing AIG Chief Executive Officer Peter Hancock, according to people familiar with the matter.

The onetime lieutenant of Maurice “Hank” Greenberg spent roughly two decades at AIG before leaving to run three other companies. He is now chairman and chief executive of Bermuda-based **Hamilton Insurance Group** Ltd.

AIG’s board is seriously considering Mr. Duperreault “along with one or two other guys,” one of these people said. AIG’s board hasn’t made a final decision, this person said.

An AIG spokesman declined to comment, as did a Hamilton spokeswoman. She said Mr. Duperreault wasn’t available for comment.

Bloomberg News earlier reported that Mr. Duperreault was under consideration.

The choice of Mr. Duperreault would bring back a figure well known within AIG. He started work there in 1973 in the actuarial department and became one of the company’s top executives during the reign of Mr. Greenberg, who as CEO built AIG into a global powerhouse before being pushed out in 2005.

While at AIG, Mr. Duperreault was long considered a potential successor to Mr. Greenberg. But he left in 1994 to run then-Bermuda-based specialty insurer **ACE** Ltd., which he expanded into a diversified insurance firm that eventually acquired **Chubb** Corp. He later became CEO of consulting and insurance brokerage **Marsh & McLennan** Cos.

Mr. Duperreault is a onetime lieutenant of former CEO Maurice “Hank” Greenberg.

His career path has intersected with members of the Greenberg family multiple times. At ACE, he was eventually succeeded as CEO by Evan Greenberg, the son of the former AIG chief executive. Mr. Duperreault had been a mentor to the younger Mr. Greenberg at AIG and hired him for a senior job at ACE.

At Marsh, Mr. Duperreault took over a post held at one time by Evan Greenberg’s brother, Jeffrey.

The new CEO of AIG will have to re-establish leadership for a company that received a $185 billion government bailout during the financial crisis and is now under pressure from activist investors over lackluster financial results.

In March, AIG said Mr. Hancock would resign after less than three years at the helm. Many board members were unhappy about recent setbacks in the company’s plan for boosting profitability, said people familiar with the matter, while several also feared a potential fight with activist investor Carl Icahn. Mr. Hancock agreed to stay until a successor was found.

Mr. Duperreault, who turns 70 years old in May, has been asked before to fix troubled companies. Before he arrived at Marsh & McLennan in 2008, the company was under pressure to consider a breakup by shareholders who were frustrated with its performance. He is widely credited with a turnaround of that firm.

In 2013, he founded Hamilton with principals of the hedge fund Two Sigma. Last year, AIG teamed with Hamilton and Two Sigma on a joint venture to sell insurance online to small businesses, using advanced data analytics.

“Mr. Duperreault would be able to form a workable strategy for AIG and also attract top industry talent,” **Barclays** PLC said in a research note Thursday.

—Bradley Hope contributed to this article.

Not Your Conventional Bank CEO

M&T’s 83-year-old chief rides a decrepit bike, owns a vineyard; long, steady growth

BY CHRISTINA REXRODE

Bob Wilmers has been doing things his way since 1983. He doesn’t intend to stop.

Mr. Wilmers is chief executive and chairman of **M&T Bank** Corp., a Buffalo, N.Y.-based lender that from the outside appears to be just another boring regional bank. That doesn’t account for Mr. Wilmers, an 83-year-old cheapskate with an air of grandeur.

He stuffs his office with accouterments from his award-winning vineyard in France’s Bordeaux region, rides to work on a decrepit bicycle with mismatched tires, and lambastes whomever he believes is threatening his bank or small-business customers, be it the government for overreach or private-equity firms for greed.

“What can I say?” says Mr. Wilmers, who became CEO in 1983, after waging an activist campaign to get on the board. Today, he directly or indirectly controls almost 6% of M&T, whose market value is around $23 billion. “I can’t spend all my time worrying what other people think.”

And he doesn’t. “He’s a contrarian,” said Martin Heckscher, who graduated from Harvard with Mr. Wilmers. “He does everything opposite.”

By the time Mr. Wilmers got involved with M&T in the early 1980s, he already had had a few careers: a job in the finance administration of New York City Mayor John Lindsay was followed by a posting as head of Belgium for Morgan Guaranty, a predecessor of J.P. Morgan Chase & Co.

MICHAEL BUCHER/THE WALL STREET JOURNAL

M&T Bank CEO Bob Wilmers rides to his Manhattan office on a bicycle with mismatched tires.

At M&T, he grew the bank steadily even though it is concentrated in slow-growth markets throughout upstate New York and the Rust Belt. The plan was simple: quality loans to worthy borrowers.

In 1990, M&T had revenue of $286 million on a deposit base of $6.2 billion. By 2008, the bank’s deposits had grown to $42.6 billion and revenue, to $2.9 billion. This year, the bank’s deposits could top $100 billion.

Mr. Wilmers has bought 24 competitors but never had an acquisition plan. It is better, Mr. Wilmers says, to examine opportunities when they present themselves than commit to growing by a certain amount or into particular locations. He has expanded only in areas where M&T already is or borders, adamant that the bank do business only where it knows the local economy.

“To the extent you consider me unusual, there’s nothing unusual about the bank,” says Mr. Wilmers. “We just try to be good at what we do.”

When he stumbled—for instance, in 2007 buying into collateralized-debt obligations made of subprime loans—he acknowledged the fumbles, saying M&T “was not immune” to the temptation of easy growth. He also regretted expanding the bank into nonprime mortgages, including in unfamiliar regions.

But he digs his heels in when he feels it is warranted. For instance, a wealth-management firm M&T owns, Wilmington Trust, was indicted by the Justice Department, which alleged it misled regulators about the quality of some of its loans before it was bought by M&T.

M&T, which hasn’t been charged, has said the lawsuit is unfounded and is fighting the criminal charges. Mr. Wilmers believes the legal action will discourage healthy banks from rescuing troubled companies in future crises. A trial is scheduled for October.

Throughout the financial crisis and since, M&T never cut its dividend and never posted a quarterly loss. In the nearly 34 years since Mr. Wilmers took over M&T, including a period in the mid-2000s when he stepped back from the role, the bank has generated an average annual total return, which includes reinvested dividends, of 16.7%. That puts him near, but not quite in, the same league as Warren Buffett, whose Berkshire Hathaway Inc. is also a major shareholder.

Mr. Wilmers’ low-key manner can cause people to underestimate him. He was known to show up to client meetings driving his 1990 Toyota Corolla station wagon, until the car finally died about a year ago. During meetings, it can seem like he isn’t paying attention—until he pipes up with a sharp observation, according to people who know him.

“Sometimes people think he’s sleepy,” said David Walentas, a Brooklyn real-estate developer. “He’s the smartest guy in the room.” His firm tapped M&T to lead financing for a number of projects throughout New York City.

Last year, M&T posted a 22% increase in earnings, but the board cut Mr. Wilmers’ pay to $3.5 million from $3.7 million. Their reason: Shareholder returns could have been better.

Public Pensions Fight Wells Fargo Directors

BY JOANN S. LUBLIN AND EMILY GLAZER

A number of public pension funds have come out against directors on **Wells Fargo & Co.**’s board, just days ahead of what is shaping up to be a contentious annual shareholder meeting for the embattled bank.

New York City’s Office of the Comptroller, which oversees pension funds that own about 11.5 million shares or about 0.23% of Wells Fargo shares outstanding, said it would oppose re-election of 10 out of 15 of the San Francisco bank’s directors. That includes the bank’s nonexecutive chairman, Stephen Sanger, plus all but two members of the board’s risk, audit and human-resources committees.

Additionally, **California State Teachers’ Retirement System**, or Calstrs, said it voted its 11.6 million shares against nine board members, including Mr. Sanger.

PATRICK SISON/ASSOCIATED PRESS

Wells Fargo’s annual shareholder meeting takes place this week.

The state’s largest public-pension system, the **California Public Employees’ Retirement System**, or Calpers, is voting its 13.9 million shares similarly, the San Francisco Chronicle reported Friday evening.

Together, the two largest public pension systems in California hold about 0.5% of Wells Fargo’s shares outstanding.

“These board members bear responsibility for the failure of oversight of sales practices at Wells Fargo,” a spokesman for Calstrs said.

Wells Fargo’s shareholders meeting is scheduled for Tuesday and directors face a tough election battle following the bank’s sales-practices scandal last fall. That was the result of the bank’s $185 million settlement and agreement to an enforcement action over employees opening as many as 2.1 million accounts without customers’ knowledge.

Earlier this month, influential proxy advisory firm **Institutional Shareholder Services** Inc. recommended shareholders vote against Mr. Sanger and 11 of his colleagues on Wells Fargo’s 15-member board. The second-largest proxy advisory firm, **Glass Lewis** & Co., recommended investors vote for Mr. Sanger but against six directors.

The comptroller’s office also said New York City pension funds will support Vice Chairman Betsy Duke, a former regulator, and Suzanne Vautrinot, a cybersecurity expert, because they only joined the board in 2015. The former is on the risk panel, and the latter serves on the audit committee.

“When banks take shortcuts like this, everyone loses,” said NYC Comptroller Scott M. Stringer. “Customers become victims. Public confidence dissipates. And long-term investors like the New York City pension funds are undercut.”

He added that the sales-practices scandal was the “result of a serious oversight failure by Wells Fargo’s board, and the directors responsible need to be held accountable. It’s time for change at the top.”

A Wells Fargo spokesman declined to comment on individual shareholders. But in an interview this month, Chief Executive Timothy Sloan said “to the extent we have any shareholder that votes against certain directors or doesn’t agree with proposals…we’ll make sure to reach out to them.”

As of Wednesday afternoon, Mr. Sloan said he hadn’t heard from shareholders who wanted to make changes to the board.

A spokesman for the bank’s board declined to comment.

Trump Shelves Two Dodd-Frank Powers

BY RYAN TRACY

WASHINGTON—President Donald Trump signed three executive actions directing a review of tax and financial-regulatory policies, including a symbolic move shelving two major powers the executive branch holds under the 2010 Dodd-Frank financial overhaul law.

The Wall Street oversight powers—one allowing the government to take over a failing financial firm and another empowering it to designate risky firms for stricter regulation—will be put on the shelf during a pair of 180-day reviews, officials said. Mr. Trump signed two memos Friday asking the Treasury Department to review the powers and to not invoke them in the meantime.

A third executive action orders the Treasury secretary to identify regulations that “impose an undue financial burden on United States taxpayers, add undue complexity to the Federal tax laws, or exceed the statutory authority of the Internal Revenue Service.” It also directs the secretary to take “appropriate steps” to delay, suspend, or modify the rules.

The specific wording of the actions wasn’t immediately available.

The memos regarding Dodd-Frank allow for the Treasury to use the powers in case of a financial emergency, Treasury Secretary Steven Mnuchin said, making Mr. Trump’s directive not to use them largely a symbolic one. But the move still represents a significant policy shift from the previous administration, which said the powers from the 2010 law were essential to protect the financial system.

Mr. Trump, invoking a language often used by conservative Republican critics of Dodd-Frank, said the powers “enshrine too big to fail and encourage risky behavior.” Financial firms are considered “too big to fail” when investors believe they wouldn’t be allowed to fail without a taxpayer bailout.

The actions target “damaging Dodd-Frank regulations that fail to hold the Wall Street firms accountable,” Mr. Trump said. “They have done really in many cases the opposite of what they were supposed to.”

“We will do an analysis to make sure that this doesn’t encourage excessive risk-taking, moral hazard, and exposure to taxpayers,” Mr. Mnuchin said of the review of the takeover power, known as orderly liquidation authority. The president “will direct us not to use OLA unless required by law and in consultation with him.”

Dodd-Frank supporters in the U.S. and regulators in other countries have expressed concerns that repealing the liquidation authority would leave the U.S. government without tools to handle a financial crisis. The Federal Deposit Insurance Corp., which would administer use of the liquidation authority in the U.S., issued a statement Friday calling it “an important backstop for managing the failure of a large financial firm to avoid the taxpayer bailouts and financial system breakdowns we saw during the financial crisis.”

SAUL LOEB/AGENCE FRANCE-PRESSE/GETTY IMAGES

The Dodd-Frank financial overhaul law was named for former lawmakers Chris Dodd, left, and Barney Frank, shown in 2010.

“We welcome the opportunity to work with the Treasury Department as it conducts its review,” the statement said.

The policy analysis firm Federal Financial Analytics Inc. issued a note saying Friday’s action “will make market participants and foreign regulators far less certain that the U.S. will quickly act to stabilize its financial market in the event of a large institution’s…imminent collapse.”

That “will make global cooperation far less likely” on financial rules and could put pressure on European officials to impose stricter rules on U.S. institutions operating within their borders, the firm said.

Mr. Trump said the tax executive action would “begin the process of tax simplification,” and said many people find their tax returns “too complicated.” The White House didn’t specify which regulations would be targeted as part of a 150-day review by the Treasury.

Mr. Mnuchin said rules on so-called corporate-tax inversions are “obviously one of the significant things” adopted during that time. The review “is not targeted at just those. It is targeted at those that are significant and create complexity and undue burdensome situations,” he said.

MARKETS DIGEST

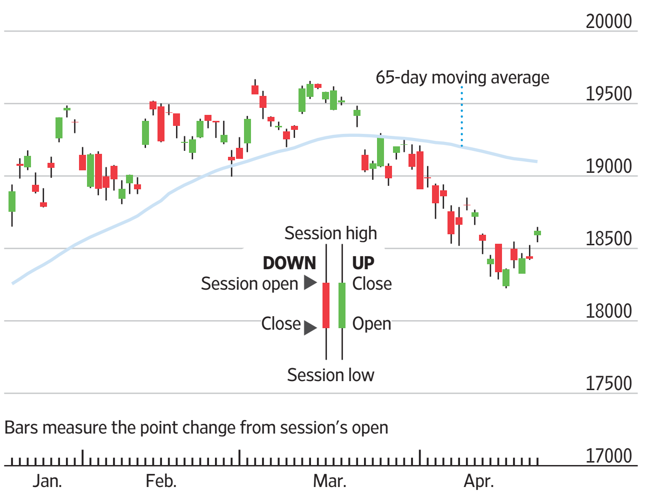
Data as of Friday, April 21, 2017

Nikkei 225 Index

18620.75 ▲190.26, or 1.03%

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

Year-to-date		▼2.58%
52-wk high/low	19633.75	14952.02
All-time high	38915.87	12/29/89



Bars measure the point change from session's open

STOXX 600 Index

378.12 ▲0.06, or 0.02%

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

Year-to-date		▲4.62%
52-wk high/low	381.90	308.75
All-time high	414.06	4/15/15

S&P 500 Index

Data as of 4 p.m. New York time

2348.69 ▼7.15, or 0.30%

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

	Last	Year ago
Trailing P/E ratio *	24.39	24.11
P/E estimate *	18.24	17.80
Dividend yield	1.98	2.17
All-time high:	2395.96, 03/01/17	

International Stock Indexes

Data as of 4 p.m. New York time

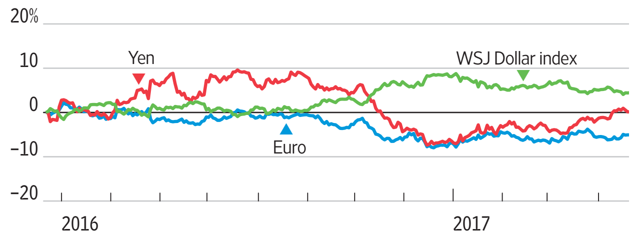
Region/Country	Index	Latest Close	Latest NetChg	Latest % chg	52-Week Range Low	52-Week Range High	YTD % chg
World	**The Global Dow**	2660.42	–4.99	**–0.19**	2197.91	2704.60	5.1
	MSCI EAFE	1780.77	–2.90	**–0.16**	1520.94	1812.06	5.7
	MSCI EM USD	961.78	3.33	**0.35**	781.84	973.08	11.5
Americas	**DJ Americas**	566.72	–1.65	**–0.29**	480.83	577.52	4.9
Brazil	**Sao Paulo Bovespa**	63760.62	...	**Closed**	48471.71	69052.03	5.9
Canada	**S&P/TSX Comp**	15614.48	–11.08	**–0.07**	13563.84	15922.37	2.1
Mexico	**IPC All-Share**	48967.83	–177.13	**–0.36**	44282.03	49637.93	7.3
Chile	**Santiago IPSA**	3710.82	1.57	**0.04**	3054.30	3782.66	15.1
U.S.	**DJIA**	20547.76	–30.95	**–0.15**	17140.24	21115.55	4.0
	Nasdaq Composite	5910.52	–6.26	**–0.11**	4594.44	5916.78	9.8
	S&P 500	2348.69	–7.15	**–0.30**	2000.54	2395.96	4.9
	CBOE Volatility	14.63	0.48	**3.39**	10.58	25.76	4.2
EMEA	**Stoxx Europe 600**	378.12	0.06	**0.02**	308.75	381.90	4.6
	Stoxx Europe 50	3115.47	3.14	**0.10**	2636.71	3163.46	3.5
Austria	**ATX**	2851.63	0.60	**0.02**	1988.40	2910.50	8.9
Belgium	**Bel-20**	3770.45	0.17	**0.00**	3141.13	3822.08	4.6
France	**CAC 40**	5059.20	–18.71	**–0.37**	3984.72	5135.28	4.0
Germany	**DAX**	12048.57	21.25	**0.18**	9268.66	12312.87	4.9
Greece	**ATG**	671.57	–2.83	**–0.42**	519.33	685.19	4.3
Hungary	**BUX**	32969.44	14.42	**0.04**	25390.23	34324.99	3.0
Israel	**Tel Aviv**	1393.14	...	**Closed**	1378.66	1496.56	–5.3
Italy	**FTSE MIB**	19741.75	–107.69	**–0.54**	15103.58	20492.94	2.6
Netherlands	**AEX**	512.19	0.47	**0.09**	411.62	519.16	6.0
Poland	**WIG**	59285.57	–414.50	**–0.69**	43549.58	60440.57	14.6
Russia	**RTS Index**	1084.17	0.82	**0.08**	879.55	1195.61	–5.9
Spain	**IBEX 35**	10377.00	4.50	**0.04**	7645.50	10529.00	11.0
Sweden	**SX All Share**	564.02	0.93	**0.16**	445.00	564.02	5.5
Switzerland	**Swiss Market**	8553.99	–3.88	**–0.05**	7593.20	8704.39	4.1
South Africa	**Johannesburg All Share**	52194.59	–302.03	**–0.58**	48935.90	54474.09	3.0
Turkey	**BIST 100**	92423.93	384.55	**0.42**	71594.98	92423.93	18.3
U.K.	**FTSE 100**	7114.55	–3.99	**–0.06**	5923.53	7429.81	–0.4
Asia-Pacific	**DJ Asia-Pacific TSM**	1549.34	10.80	**0.70**	1324.15	1569.47	8.9
Australia	**S&P/ASX 200**	5854.10	32.70	**0.56**	5103.30	5934.00	3.3
China	**Shanghai Composite**	3173.15	1.05	**0.03**	2806.91	3288.97	2.2
Hong Kong	**Hang Seng**	24042.02	–14.96	**–0.06**	19694.33	24593.12	9.3
India	**S&P BSE Sensex**	29365.30	–57.09	**–0.19**	25101.73	29974.24	10.3
Japan	**Nikkei Stock Avg**	18620.75	190.26	**1.03**	14952.02	19633.75	–2.6
Singapore	**Straits Times**	3139.83	1.95	**0.06**	2729.85	3187.51	9.0
South Korea	**Kospi**	2165.04	15.89	**0.74**	1925.24	2178.38	6.8
Taiwan	**Weighted**	9717.41	84.72	**0.88**	8053.69	9972.49	5.0

Source: SIX Financial Information; WSJ Market Data Group

Currencies

London close on April 21

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Country/currency	Fri in US$	Fri per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso-a	0.0650	15.3847	**–3.1**
Brazil real	0.3176	3.1483	**–3.3**
Canada dollar	0.7401	1.3513	**0.5**
Chile peso	0.001533	652.20	**–2.6**
Colombia peso	0.0003482	2871.84	**–4.3**
Ecuador US dollar-f	1	1	**unch**
Mexico peso-a	0.0530	18.8510	**–9.1**
Peru sol	0.3084	3.2430	**–3.3**
Uruguay peso-e	0.0351	28.450	**–3.1**
Venezuela bolivar	0.099630	10.04	**0.4**
Asia-Pacific			
Australia dollar	0.7537	1.3268	**–4.4**
China yuan	0.1454	6.8795	**–0.9**
Hong Kong dollar	0.1286	7.7750	**0.3**
India rupee	0.0155	64.6667	**–4.8**
Indonesia rupiah	0.0000751	13322	**–1.5**
Japan yen	0.009175	109.00	**–6.8**
Kazakhstan tenge	0.003192	313.28	**–6.1**
Macau pataca	0.1244	8.0399	**1.6**
Malaysia ringgit-c	0.2273	4.3990	**–1.9**
New Zealand dollar	0.7016	1.4253	**–1.3**
Pakistan rupee	0.0095	104.850	**0.5**
Philippines peso	0.0201	49.849	**0.5**
Singapore dollar	0.7159	1.3968	**–3.5**
South Korea won	0.0008813	1134.72	**–6.1**
Sri Lanka rupee	0.0065600	152.44	**2.7**
Taiwan dollar	0.03294	30.357	**–6.5**
Thailand baht	0.02910	34.360	**–4.0**
Europe			
Bulgaria lev	0.5467	1.8291	**–1.6**
Croatia kuna	0.1436	6.965	**–2.9**
Euro zone euro	1.0693	0.9352	**–1.6**
Czech Rep. koruna-b	0.0397	25.193	**–1.9**
Denmark krone	0.1438	6.9556	**–1.6**
Hungary forint	0.003417	292.66	**–0.6**
Iceland krona	0.009124	109.60	**–3.0**
Norway krone	0.1152	8.6815	**0.4**
Poland zloty	0.2507	3.9894	**–4.7**
Russia ruble-d	0.01768	56.553	**–7.7**
Sweden krona	0.1109	9.0196	**–1.0**
Switzerland franc	1.0014	0.9986	**–2.0**
Turkey lira	0.2738	3.6517	**3.6**
Ukraine hryvnia	0.0374	26.7050	**–1.4**
U.K. pound	1.2792	0.7817	**–3.5**
Middle East/Africa			
Bahrain dinar	2.6520	0.3771	**–0.02**
Egypt pound-a	0.0553	18.0995	**–0.2**
Israel shekel	0.2723	3.6727	**–4.6**
Kuwait dinar	3.2829	0.3046	**–0.3**
Oman sul rial	2.5981	0.3849	**–0.02**
Qatar rial	0.2746	3.641	**0.03**
Saudi Arabia riyal	0.2666	3.7504	**–0.01**
South Africa rand	0.0760	13.1640	**–3.9**

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	89.84	0.04	0.05	**–3.33**

Sources: Tullett Prebon, WSJ Market Data Group

Global government bonds

Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 3 p.m. ET

Coupon	Country/ Maturity, in years	Yield	Spread Over Treasurys, in basis points: Latest	Previous	Month Ago	Year ago	Yield: Previous	Month ago	Year ago
5.250	**Australia** 2	**1.666**	**48.2**	46.2	53.5	**122.5**	**1.651**	1.803	**2.030**
4.750	10	**2.549**	**31.6**	29.0	39.8	**74.0**	**2.523**	2.816	**2.605**
3.000	**Belgium** 2	**-0.525**	**-171.0**	-172.9	-171.8	**-126.0**	**-0.540**	-0.450	**-0.454**
0.800	10	**0.811**	**-142.3**	-144.7	-143.6	**-141.3**	**0.785**	0.982	**0.451**
0.000	**France** 2	**-0.303**	**-148.7**	-152.0	-170.7	**-124.2**	**-0.331**	-0.439	**-0.437**
1.000	10	**0.939**	**-129.4**	-137.8	-131.8	**-129.8**	**0.854**	1.100	**0.567**
0.000	**Germany** 2	**-0.790**	**-197.5**	-197.7	-200.6	**-128.6**	**-0.788**	-0.738	**-0.480**
0.250	10	**0.255**	**-197.8**	-198.6	-195.6	**-162.3**	**0.246**	0.462	**0.242**
0.300	**Italy** 2	**-0.012**	**-119.6**	-122.7	-129.8	**-79.6**	**-0.038**	-0.030	**0.009**
2.200	10	**2.280**	**4.7**	3.3	-10.7	**-40.3**	**2.266**	2.311	**1.462**
0.100	**Japan** 2	**-0.220**	**-140.4**	-141.2	-153.1	**-107.0**	**-0.223**	-0.263	**-0.264**
0.100	10	**0.016**	**-221.7**	-221.8	-235.2	**-198.5**	**0.015**	0.066	**-0.121**
4.000	**Netherlands** 2	**-0.679**	**-186.4**	-190.0	-198.6	**-130.2**	**-0.712**	-0.718	**-0.496**
0.750	10	**0.510**	**-172.3**	-173.8	-171.9	**-154.8**	**0.495**	0.699	**0.316**
4.750	**Portugal** 2	**0.398**	**-78.6**	-79.4	-130.9	**-52.9**	**0.395**	-0.041	**0.276**
4.125	10	**3.732**	**149.9**	153.5	148.3	**114.9**	**3.767**	3.900	**3.014**
2.750	**Spain** 2	**-0.180**	**-136.5**	-138.1	-144.5	**-82.3**	**-0.192**	-0.177	**-0.017**
1.500	10	**1.695**	**-53.8**	-51.4	-62.8	**-27.5**	**1.718**	1.789	**1.590**
4.250	**Sweden** 2	**-0.677**	**-186.1**	-185.6	-181.7	**-122.0**	**-0.668**	-0.549	**-0.414**
1.000	10	**0.546**	**-168.7**	-166.9	-165.9	**-100.8**	**0.564**	0.758	**0.857**
1.750	**U.K.** 2	**0.099**	**-108.5**	-107.2	-112.1	**-29.5**	**0.117**	0.147	**0.511**
4.250	10	**1.036**	**-119.8**	-116.1	-116.1	**-27.1**	**1.072**	1.257	**1.593**
1.250	**U.S.** 2	**1.184**	**...**	...	...	**...**	**1.189**	1.268	**0.806**
2.250	10	**2.233**	**...**	...	...	**...**	**2.232**	2.418	**1.865**

Commodities

Prices of futures contracts with the most open interest 3:30 p.m. New York time

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **ICE-US:** ICE Futures U.S.; **MDEX:** Bursa Malaysia Derivatives Berhad; **TCE:** Tokyo Commodity Exchange; **COMEX:** Commodity Exchange; **LME:** London Metal Exchange; **NYMEX:** New York Mercantile Exchange; **ICE-EU:** ICE Futures Europe. *Data as of 4/20/2017

Commodity	Exchange	Last price	One-Day Change Net	One-Day Change Percentage	Year high	Year low
Corn (cents/bu.)	CBOT	363.00	-1.25	-0.34%	393.75	360.75
Soybeans (cents/bu.)	CBOT	960.75	4.00	0.42%	1,092.50	941.25
Wheat (cents/bu.)	CBOT	421.00	-0.75	-0.18	488.75	416.25
Live cattle (cents/lb.)	CME	116.750	0.275	0.24	117.575	103.150
Cocoa ($/ton)	ICE-US	1,848	49	2.72	2,270	1,756
Coffee (cents/lb.)	ICE-US	133.10	-1.20	-0.89	161.55	131.55
Sugar (cents/lb.)	ICE-US	16.47	0.06	0.37	20.81	16.20
Cotton (cents/lb.)	ICE-US	79.34	0.23	0.29	80.27	71.86
Robusta coffee ($/ton)	ICE-EU	1992.00	-132.00	-6.21	2,283.00	1,977.00
Copper ($/lb.)	COMEX	2.5550	-0.0020	-0.08	2.8400	2.4905
Gold ($/troy oz.)	COMEX	1287.20	3.40	0.26	1,297.40	1,152.20
Silver ($/troy oz.)	COMEX	17.980	-0.118	-0.65	18.725	16.100
Aluminum ($/mt)*	LME	1,942.50	33.50	1.75	1,972.00	1,688.50
Tin ($/mt)*	LME	19,900.00	-25.00	-0.13	21,225.00	18,760.00
Copper ($/mt)*	LME	5,645.00	14.50	0.26	6,156.00	5,518.00
Lead ($/mt)*	LME	2,160.00	10.00	0.47	2,445.00	2,022.00
Zinc ($/mt)*	LME	2,622.00	56.50	2.20	2,958.50	2,555.00
Nickel ($/mt)*	LME	9,430.00	-60.00	-0.63	11,095.00	9,430.00
Rubber (Y.01/ton)	TCE	216.00	12.90	6.35	n.a.	n.a.
Palm oil (MYR/mt)	MDEX	2528.00	24.00	0.96	3,004.00	2,450.00
Crude oil ($/bbl.)	NYMEX	49.63	-1.08	-2.13	57.95	47.58
NY Harbor ULSD ($/gal.)	NYMEX	1.5598	-0.0259	-1.63	1.7833	1.4910
RBOB gasoline ($/gal.)	NYMEX	1.6428	-0.0285	-1.71	1.9012	1.5908
Natural gas ($/mmBtu)	NYMEX	3.194	-0.056	-1.72	3.5410	2.8170
Brent crude ($/bbl.)	ICE-EU	52.45	-1.01	-1.89	60.09	50.29
Gas oil ($/ton)	ICE-EU	468.25	-8.50	-1.78	525.00	446.25

Sources: SIX Financial Information; WSJ Market Data Group

Cross rates

London close on Apr 21

	USD	GBP	CHF	JPY	HKD	EUR	CDN	AUD
Australia	1.3268	1.6972	1.3287	0.0122	0.1706	1.4186	0.9819	...
Canada	1.3513	1.7284	1.3532	0.0124	0.1738	1.4445	...	1.0183
Euro	0.9352	1.1965	0.9366	0.0086	0.1203	...	0.6921	0.7049
Hong Kong	7.7750	9.9457	7.7859	0.0713	...	8.3134	5.7543	5.8600
Japan	108.9950	139.4300	109.1500	...	14.0190	116.5300	80.6700	82.1500
Switzerland	0.9986	1.2774	...	0.0092	0.1284	1.0677	0.7390	0.7526
U.K.	0.7817	...	0.7828	0.0072	0.1005	0.8359	0.5785	0.5892
U.S.	...	1.2792	1.0014	0.0092	0.1286	1.0693	0.7401	0.7537

Source: Tullett Prebon

Key Rates

	Latest	52 wks ago
Libor		
One month	**0.99056%**	0.43645%
Three month	**1.15622**	0.63585
Six month	**1.40211**	0.90865
One year	**1.74456**	1.23635
Euro Libor		
One month	**-0.40000%**	-0.34829%
Three month	**-0.36214**	-0.26771
Six month	**-0.25943**	-0.15629
One year	**-0.14471**	-0.03000
Euribor		
One month	**-0.37100%**	-0.34200%
Three month	**-0.33100**	-0.24900
Six month	**-0.24900**	-0.14300
One year	**-0.12400**	-0.01100
Yen Libor		
One month	**-0.01157%**	-0.06271%
Three month	**0.01193**	-0.03886
Six month	**0.03357**	-0.02086
One year	**0.13643**	0.07186
	Offer	Bid
Eurodollars		
One month	**1.1000%**	1.0000%
Three month	**1.2000**	1.1000
Six month	**1.3500**	1.2500
One year	**1.6000**	1.5000
	Latest	52 wks ago
Prime rates		
U.S.	**4.00%**	3.50%
Canada	**2.70**	2.70
Japan	**1.475**	1.475
Hong Kong	**5.00**	5.00
Policy rates		
ECB	**0.00%**	0.00%
Britain	**0.25**	0.50
Switzerland	**0.50**	0.50
Australia	**1.50**	2.00
U.S. discount	**1.50**	1.00
Fed-funds target	**0.75-1.00**	0.25-0.50
Call money	**2.75**	2.25
Overnight repurchase rates		
U.S.	**0.91%**	0.47%
Euro zone	**n.a.**	n.a.

Sources: WSJ Market Data Group, SIX Financial Information, Tullett

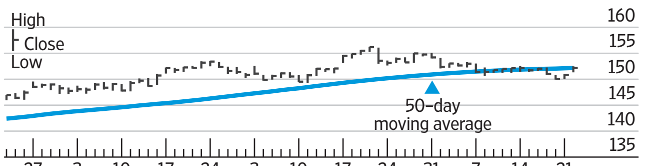
Top Stock Listings

4 p.m. New York time

Cur	Stock	Sym	Last	% Chg	YTD% Chg
	Asia Titans				
HK$	AIAGroup	1299	49.75	0.40	13.71
¥	AstellasPharma	4503	1524.00	2.18	-6.13
AU$	AustNZBk	ANZ	31.81	0.86	4.57
AU$	BHP	BHP	24.04	1.65	-4.07
HK$	BankofChina	3988	3.68	0.82	6.98
HK$	CKHutchison	0001	93.15	-0.80	5.97
HK$	CNOOC	0883	9.05	-0.44	-6.70
AU$	CSL	CSL	128.42	0.38	27.90
¥	Canon	7751	3481.00	-0.06	5.64
¥	CentralJapanRwy	9022	18270	1.05	-4.99
HK$	ChinaConstructnBk	0939	6.18	0.32	3.52
HK$	ChinaLifeInsurance	2628	22.70	-0.66	12.38
HK$	ChinaMobile	0941	83.85	-0.36	2.01
HK$	ChinaPetro&Chem	0386	6.27	0.64	14.00
AU$	CmwlthBkAust	CBA	85.64	0.60	3.92
¥	EastJapanRailway	9020	9693.00	1.56	-4.03
¥	Fanuc	6954	22385	0.88	12.97
¥	Hitachi	6501	587.40	1.42	-7.06
TW$	Hon Hai Precisn	2317	96.50	0.52	14.61
¥	HondaMotor	7267	3115.00	1.23	-8.78
KRW	HyundaiMtr	005380	141500	...	-3.08
HK$	Ind&Comml	1398	4.96	0.20	6.67
¥	JapanTobacco	2914	3702.00	1.62	-3.69
¥	KDDI	9433	2887.00	0.91	-2.45
¥	Mitsubishi	8058	2299.00	0.72	-7.67
¥	MitsubishiElectric	6503	1498.50	1.01	-8.04
¥	MitsubishiUFJFin	8306	678.40	1.77	-5.80
¥	Mitsui	8031	1521.50	2.08	-5.32
¥	Mizuho Fin	8411	196.00	1.03	-6.58
¥	NTTDoCoMo	9437	2605.00	0.70	-2.18
AU$	NatAustBnk	NAB	33.07	0.98	7.83
¥	NipponTeleg	9432	4801.00	0.67	-2.26
¥	NissanMotor	7201	1036.00	0.39	-11.87
¥	Panasonic	6752	1265.50	1.44	6.39
HK$	PingAnInsofChina	2318	42.00	-0.12	8.25
$	RelianceIndsGDR	RIGD	43.25	2.13	37.08
KRW	SamsungElectronics	005930	2038000	1.19	13.10
¥	Seven&I Hldgs	3382	4538.00	-0.22	1.91
¥	SoftBankGroup	9984	8090.00	1.25	4.19
¥	Sony	6758	3592.00	0.59	9.68
¥	Sumitomo Mitsui	8316	4000.00	1.65	-10.31
HK$	SunHngKaiPrp	0016	116.50	-0.68	18.88
TW$	TaiwanSemiMfg	2330	190.00	1.60	4.68
¥	TakedaPharm	4502	5284.00	1.34	9.29
HK$	TencentHoldings	0700	236.40	-0.08	24.62
¥	TokioMarineHldg	8766	4613.00	1.56	-3.82
¥	ToyotaMtr	7203	5855.00	1.76	-14.87
AU$	Wesfarmers	WES	43.89	-1.17	4.15
AU$	WestpacBanking	WBC	34.35	0.53	5.37
AU$	Woolworths	WOW	26.51	0.88	10.00
	Stoxx 50				
CHF	ABB	ABBN	23.17	1.94	7.87
€	ASMLHolding	ASML	121.60	0.66	14.02
€	AXA	CS	23.50	0.88	-2.04
€	AirLiquide	AI	105.75	-1.12	0.09
€	Allianz	ALV	170.25	0.80	8.44
€	AB InBev	ABI	101.55	0.25	0.99
£	AstraZeneca	AZN	4566.00	-0.62	2.90
€	BASF	BAS	88.77	0.31	0.52
€	BNP Paribas	BNP	62.00	2.23	2.39
£	BT Group	BT.A	310.95	-0.19	-15.25
€	BancoBilVizAr	BBVA	7.09	1.07	11.72
€	BancoSantander	SAN	5.67	0.18	14.34
£	Barclays	BARC	207.95	0.10	-6.94
€	Bayer	BAYN	105.20	0.77	6.12
£	BP	BP.	441.40	-1.18	-13.38
£	BritishAmTob	BATS	5200.00	-0.34	12.52
€	Daimler	DAI	66.17	-0.18	-6.43
€	DeutscheTelekom	DTE	15.93	0.09	-2.60
£	Diageo	DGE	2208.00	0.18	4.64
€	ENI	ENI	14.52	-1.09	-6.14
£	GlaxoSmithKline	GSK	1565.50	0.19	0.22
£	HSBC Hldgs	HSBA	624.00	0.26	-5.01
€	INGGroep	INGA	14.21	0.42	6.28
£	ImperialBrands	IMB	3745.00	-0.21	5.72
€	IntesaSanpaolo	ISP	2.51	0.96	3.63
€	LVMHMoetHennessy	MC	206.90	-0.24	14.06
£	LloydsBankingGroup	LLOY	64.37	0.48	2.98
€	LOreal	OR	180.80	-0.52	4.27
£	NationalGrid	NG.	1002.00	1.18	5.30
CHF	Nestle	NESN	75.70	0.13	3.63
CHF	Novartis	NOVN	73.30	0.07	-1.08
DKK	NovoNordiskB	NOVO-B	249.70	-1.07	-1.96
£	Prudential	PRU	1640.50	-0.33	0.80
£	ReckittBenckiser	RB.	7215.00	-0.82	4.78
£	RioTinto	RIO	3058.50	-0.31	-3.17
CHF	RocheHldgctf	ROG	251.70	-0.51	8.21
£	RoyDtchShell A	RDSA	1992.50	-0.42	-11.15
€	SAP	SAP	90.92	0.58	9.79
€	Sanofi	SAN	82.36	-1.15	7.10
€	SchneiderElectric	SU	70.60	0.83	6.79
€	Siemens	SIE	125.35	-0.52	7.32
CHF	Syngenta	SYNN	452.10	-0.77	12.32
€	Telefonica	TEF	10.16	-0.83	15.19
€	Total	FP	46.48	-1.25	-3.64
CHF	UBSGroup	UBSG	15.56	0.39	-2.45
€	Unilever	UNA	47.70	-0.16	21.95
£	Unilever	ULVR	3937.50	-0.32	19.59
€	Vinci	DG	73.33	-0.89	13.34
£	VodafoneGroup	VOD	198.75	-0.28	-0.55
CHF	ZurichInsurance	ZURN	264.60	0.23	-5.63
	DJIA				
$	AmericanExpress	AXP	79.59	-0.54	7.44
$	Apple	AAPL	142.27	-0.12	22.84
$	Boeing	BA	180.38	0.60	15.87
$	Caterpillar	CAT	94.32	-0.36	1.70
$	Chevron	CVX	104.89	0.01	-10.88
$	CiscoSystems	CSCO	32.82	-0.03	8.60
$	Coca-Cola	KO	43.07	-0.05	3.88
$	Disney	DIS	114.44	-0.30	9.81
$	DuPont	DD	78.65	0.46	7.15
$	ExxonMobil	XOM	80.69	-0.40	-10.60
$	GeneralElec	GE	29.55	-2.38	-6.49
$	GoldmanSachs	GS	216.86	-0.55	-9.43
$	HomeDepot	HD	150.00	0.86	11.87
$	Intel	INTC	36.32	0.39	0.14
$	IBM	IBM	160.38	-1.18	-3.38
$	JPMorganChase	JPM	84.52	-1.20	-2.05
$	J&J	JNJ	121.76	-0.09	5.69
$	McDonalds	MCD	133.41	0.11	9.60
$	Merck	MRK	61.89	-1.06	5.13
$	Microsoft	MSFT	66.40	1.37	6.86
$	Nike	NKE	55.85	-0.98	9.88
$	Pfizer	PFE	33.64	-0.30	3.57
$	Procter&Gamble	PG	88.62	-0.79	5.40
$	3M	MMM	191.50	0.18	7.24
$	Travelers	TRV	119.10	0.19	-2.71
$	UnitedTech	UTX	114.99	0.92	4.90
$	UnitedHealth	UNH	171.16	-0.22	6.95
$	Visa	V	91.15	...	16.83
$	Verizon	VZ	47.25	-2.40	-11.48
$	Wal-Mart	WMT	74.94	0.19	8.42

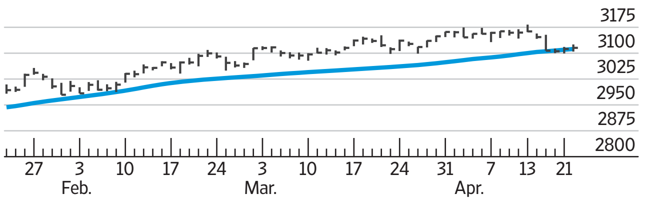
Asia Titans 50

Last: **152.18** ▲ 1.34, or 0.89% YTD ▲ **7.9%**



Stoxx 50

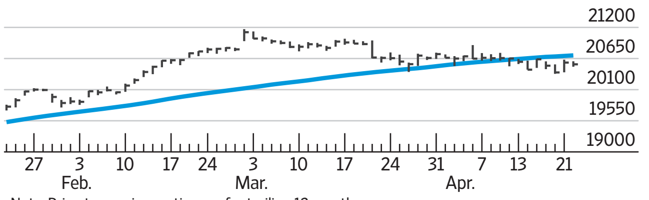
Last: **3115.47** ▲ 3.14, or 0.10% YTD ▲ **3.5%**



Dow Jones Industrial Average

P/E: 21

Last: **20547.76** ▼ 30.95, or 0.15% YTD ▲ **4.0%**



Note: Price-to-earnings ratios are for trailing 12 months
Sources: WSJ Market Data Group; Birinyi Associates

FINANCE & MARKETS

Goldman Tweaks Reviews

New system will allow employees to receive feedback on a more frequent basis.

BY LIZ HOFFMAN

MICAH B. RUBIN FOR THE WALL STREET JOURNAL

Goldman Sachs's shift is part of a broader switch in how companies grade workers' performance.

Radical transparency is coming to **Goldman Sachs Group** Inc.

The Wall Street firm is rolling out a new review system through which employees can get continuing feedback from their managers and peers.

The goal is to supplement the bank's annual review process with more frequent check-ins, Edith Cooper, Goldman's head of human capital management, said in an interview with The Wall Street Journal.

The firm will continue to conduct annual reviews. Those remain a high-stakes affair that influences employees' chances for promotion and the size of their all-important bonus checks.

Goldman's changes are part of a bigger shift in the way companies track and grade workers' performance.

Consulting firms **Accenture** PLC and **Deloitte** recently scrapped annual performance reviews in favor of more-frequent communications. **J.P. Morgan Chase** & Co. made a similar move last month, rolling out a tool that employees can use to request and receive feedback "from anyone, anytime."

A memo to employees explained the change this way: "Our employees want to know where they stand at all times."

Goldman and rival **Morgan Stanley** in recent years have dropped numerical ratings of employees and moved to more-qualitative feedback, as have Microsoft Corp., Netflix Inc. and FedEx Corp.

Goldman's new system is based on software the firm already used in a few divisions last year. It is now being extended to the rest of Goldman's 35,000 employees.

"The same approach that we take to our revenue-producing businesses, we have to apply to our investment in people," Ms. Cooper said. "That means taking a look and saying 'can we do this better?' "

The idea is that after a big client pitch or product launch, employees can get quick feedback instead of waiting until year-end, Ms. Cooper said. A real-time sense of where they stand allows employees to make improvements and avoid feeling blindsided later on, she added.

'Our employees want to know where they stand at all times,' a memo to staff reads.

"Those conversations that happen once a year for an hour are going to go better," Ms. Cooper said.

In Goldman's early days as a small private partnership, performance reviews were easy. As the firm grew, an informal system developed in which, following a big deal or successful trade, executives would send around a memo detailing each team member's contributions, a tradition that continues.

And every two years, the selection of a new class of managing directors and partners entails a thorough review of candidates, with feedback from their managers, colleagues and direct reports.

But in an internal firm survey in 2015, many Goldman employees said they wanted more-regular feedback, Ms. Cooper said.

The software for the review system was developed in-house by Goldman's engineers and is accessible from smartphones.

Ms. Cooper chose Goldman's investment-banking division as a testing ground last year, figuring that if even its harried, road-weary bankers could be convinced to use it, others would follow.

It is easy to view Goldman's latest shift as a response to millennials, with what is often described as their expectations of constant praise. And indeed, Wall Street has changed much about its work environment in recent years to satisfy a younger generation, including "protected weekends" at J.P. Morgan, one-month sabbaticals at Morgan Stanley and faster promotions at Goldman.

But Ms. Cooper said vice presidents and managing directors, a group that is typically in their 30s and 40s, were the most likely in the 2015 survey to say they wanted more-frequent reviews.

Financial firms need to adapt their management to keep younger workers. "If you're a boomer, you grew up in an environment where it was, 'put your head down, work really hard, and if you don't get fired you know you're doing OK,' " Carla Harris, a vice chairman at Morgan Stanley, said at a Wall Street Journal event this past week.

That won't work for millennials, who grew up in a more transparent world, she said. They will be loyal to employers as long as they have a clear sense of where they stand and where they can expect to go in their careers. "If you're giving them lots of feedback and being transparent, that will create some stickiness," she said.

—Emily Glazer contributed to this article.

FINANCE WATCH

SEC

Acting Chief Wants New Fiduciary Rule

Wall Street's top regulator should craft its own rule governing the advice that stockbrokers provide to retail investors, the Securities and Exchange Commission's acting chairman said.

Michael Piwowar's comments indicate he favors the brokerage industry's call to replace a rule issued by the Labor Department with one, written by the SEC, that businesses would find less onerous. The Labor rule, issued under the Obama administration, imposed new restrictions on conflicts of interest that affect investment advice. The Trump administration has postponed the measure, known as the fiduciary rule, as it considers how to modify or repeal it.

"We at the SEC need to take the opportunity now to fill that space," Mr. Piwowar, a Republican, said on Friday at a conference sponsored by the Mutual Fund Directors Forum.

It isn't clear whether Mr. Piwowar's views on the rule will prompt the SEC to draft it. As an acting chairman, he will soon be succeeded by Jay Clayton, a partner at Sullivan & Cromwell LLP.

—Dave Michaels

LONDON METAL EXCHANGE

Interim CEO Wins Top Job, Permanently

The **London Metal Exchange** has appointed Matthew Chamberlain as chief executive officer, the exchange said on Friday.

Mr. Chamberlain, who was previously chief operating officer and head of strategy of the LME, had been performing the role on an interim basis since former CEO Garry Jones stepped down in January.

The management change comes at a time when the 140-year-old exchange faces falling trading volumes. The average daily volume in 2016 declined almost 8% from the previous year, according to the LME website.

The LME is owned by Hong Kong Exchanges & Clearing Ltd., or HKEx.

The exchange said that Mr Chamberlain will remain on the LME board and as a member of HKEx's management committee.

—Sarah McFarlane

VISA

New Scrutiny Over Debit Cards

Visa Inc. disclosed Friday that it received a civil investigative demand from Ohio Attorney General Mike DeWine's office in January, requesting information pertaining to several debit-card practices, including the company's rules related to the acceptance of its debit cards.

A spokeswoman for Mr. DeWine said the probe is focused on chip-enabled cards.

Other practices that the attorney general's office is looking into include Visa's card-holder-verification methods and the routing of its debit-card transactions. Visa said it is cooperating with the attorney general.

—AnnaMaria Andriotis

LEON NEAL/AGENCE FRANCE-PRESSE/GETTY IMAGES

Matthew Chamberlain has been running the LME since January.

MARKETS

Rise of Indexing Lifts S&P

Rating firm criticized during financial crisis now rides high, helped by passive investing

BY BEN EISEN AND ALEXANDER OSIPOVICH

Once vilified for its role in the financial crisis, **S&P Global** Inc. is emerging as one of the biggest beneficiaries of the rise of passive investing.

The New York financial-information giant collects a tiny fee from every investor that buys an exchange-traded fund tied to one of its market indexes. Total assets in those products topped $1 trillion in December, the firm said, doubling from three years earlier. S&P is roughly twice as large an indexer as its next biggest rival, MSCI Inc., according to data from ETFGI, a London-based research and consultancy firm on ETF trends.

Just seven years ago, S&P was in the hot seat. Former executives were grilled on Capitol Hill over why the firm gave top-notch AAA ratings to toxic mortgage-backed securities. Congress passed the Dodd-Frank Act, partly in a bid to dislodge the big debt-rating firms from the heart of the U.S. financial system.

Those efforts failed. S&P still doles out nearly half of the debt ratings issued in the U.S., according to the latest Securities and Exchange Commission data. A boom in corporate-debt issuance has helped power S&P Global's stock up 27% over the past year, to $131.52 on Friday, including a 22% rise so far in 2017 that has topped the benchmark S&P 500 index that bears the company's name. In October 2008, the stock traded as low as $17.15.

Critics fault regulators for failing to do more to shake up the ratings industry, where the Big Three firms of S&P, Moody's Corp. and Fitch Ratings Inc. are paid by the companies whose debt they rate. Rating fees have helped underpin S&P's expansion in recent years.

"For the SEC to have let it sit there for all these years is beyond disgraceful," said Alan Blinder, vice chairman of the Federal Reserve in the 1990s.

S&P Global says that the "issuer pays" model allows them to make ratings available for public scrutiny free of charge, and that conflicts are addressed by separating analysis from business activities. An SEC report from December cites improved processes for firms' oversight of credit ratings, such as increased documentation.

The company has also restructured and rebranded itself, spinning off its education unit in 2012 and shedding its old name, McGraw Hill Financial Inc., in April 2016.

Ratings, along with commodities, data and analytics, account for the lion's share of S&P Global's revenue. But indexing has grown the fastest since 2012. The unit, known as S&P Dow Jones Indices, and owned in part by CME Group Inc., boasted adjusted operating margins of 65% last year. The firm is scheduled to report earnings on April 25.

Indexes have been around since 1896, when the Dow Jones Industrial Average, now an S&P-owned index, was introduced. But S&P Global wasn't predestined to be an index giant.

In 2011, when Jana Partners LLC and the Ontario Teachers' Pension Plan called for changes at the company, then named McGraw-Hill Cos., the activist investors proposed turning the index unit into a stand-alone company. S&P held on to the business.

Dow Jones & Co., a unit of Wall Street Journal parent company News Corp, completed a sale of its stake in S&P's index business in 2013. Two representatives of the Journal still help determine the composition of the Dow industrials, one of S&P's indexes.

Indexes have gained a higher profile in the past few years as ETFs have surged in popularity. The world's largest ETF, the S&P 500 tracking SPDR fund, now has more than $230 billion in assets. S&P Dow Jones Indices collects a licensing fee that averages out to 0.0303% of the assets that an investor holds in the fund each year.

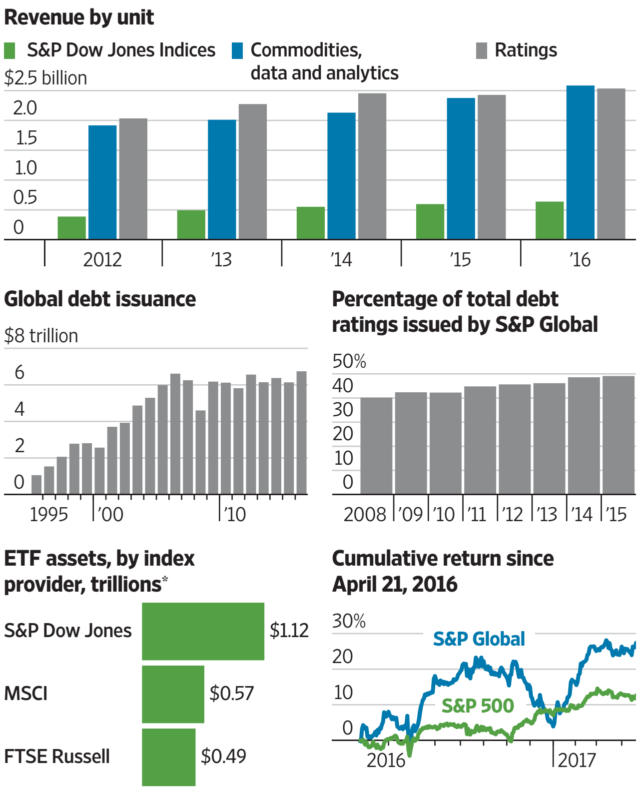
S&P Dow Jones Indices collects licensing fees from exchanges such as CME and CBOE Holdings Inc. that offer futures and options based on S&P indexes. It also makes money by calculating the value of indexes and developing custom benchmarks.

Competition is heating up as upstart index providers offer cheaper alternatives for ETF issuers that don't need a highly recognizable brand like S&P's. **Solactive** AG, for example, has a flat rate for its indexes, typically seeking to charge smaller fees than its larger competitors.

"Globally you have, let's say 20 big, massive, branded indices that are really hard to replace," such as the S&P 500, said Steffen Scheuble, chief executive at Solactive. "We don't go after them. Nevertheless, everything beyond that, of course we are trying to get that business."

Giving Credit

S&P Global's ratings business, buoyed by recent strong debt issuance, has helped underpin its stock. But its indexing business has been growing rapidly as money flows into ETFs tracking its indexes.



*As of March 2017 Sources: S&P Global (revenue); Dealogic (global issuance); Securities and Exchange Commission (ratings); ETFGI (assets); FactSet (stock, index)

THE WALL STREET JOURNAL.

AHEAD OF THE TAPE | By Steven Russolillo

Moment of Truth for Alcoa-Arconic Split

Say what you want about the vogue for splitting companies apart, but in the case of **Alcoa** Corp. and **Arconic** Inc., it has been followed by impressive gains.

That is a stark reversal from what longtime investors in the old Alcoa had grown accustomed to over the past decade. As both companies report earnings this week, sustaining the good times won't be easy.

Shares of Alcoa—the spinoff that contains the raw-aluminum mining and smelting operations—have surged almost 50% since the split on Nov. 1 of last year.

Arconic, the renamed parent company that supplies the aerospace and automotive markets, is up 20%.

Alcoa, which is set to report first-quarter results on Monday, has climbed on hopes that large-scale infrastructure projects promised by President Donald Trump will boost aluminum demand. But the big rally already has lost some steam since mid-February, coinciding with doubts over if or how these plans will come to fruition. And a flood of cheap Chinese aluminum continues to weigh on the company. Analysts surveyed by FactSet expect first-quarter earnings of 50 cents a share, down from 63 cents a year earlier.

Then there is Arconic, scheduled to report Tuesday. It is grappling with its abrupt divorce from chief Klaus Kleinfeld after he sent an unauthorized, vaguely threatening letter to the president of shareholder **Elliott Management** Corp. The activist investor, which has been critical of the company's missed profit forecasts and inefficient spending on advertising, has wanted a big overhaul of management.

Elliott charges that Arconic hasn't been focused enough on the bottom line. The stock has traded more on the activist fight and less on fundamentals. The spinoff occurred at a time when one of Arconic's bright spots, aerospace, has been less so of late. Arconic cut its profit forecast twice last year, with aerospace weighing on performance.

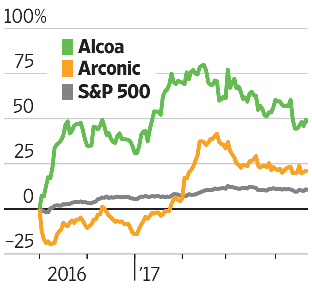
And Arconic's easy gains might already have been made. Shares are already up 40% this year, making it the third-best performer in the S&P 500.

That raises the risk that the stock's fans are getting ahead of themselves, whatever changes are made. Analysts at J.P. Morgan Chase & Co. warned that Elliott's targets "look very challenging to us" to achieve.

Breaking up is easy to do. Consistently outperforming the market is a lot harder.

Clean Break

Share and index performance



Source: FactSet

THE WALL STREET JOURNAL.

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Investors Not Sold on Car Makers

Auto makers have had much to cheer about lately, but investors don't seem to care. The U.S. market remains a cloud on everyone's horizon.

BMW released key elements of its first-quarter results Thursday, ahead of schedule, because they were much better than analyst forecasts—as is required by German stock-market rules. **Volkswagen** did the same Tuesday, following the lead of Mercedes owner **Daimler** earlier this month. This would seem to bode well for the results of **Ford Motor** and **General Motors** in the coming week.

There were one-time reasons for the beats. Most interestingly, all three German car makers are anchor shareholders in Here, the digital mapping service they jointly bought from **Nokia** in 2015 as a cornerstone of autonomous driving. In the first quarter, they sold minority stakes to technology and investment partners, including both U.S. chip group **Intel** and Chinese tech giant **Tencent**. These new investors paid more for their stakes than the car makers initially did, prompting write-ups.

Yet the car market also remains robust—and particularly on the German brands' European home turf. Unit sales were up 8.2% in Europe in the first quarter; even adjusted for extra working days, growth of 3.7% looks robust. The Chinese collapse many expected after tax breaks were scaled back at the end of 2016 has yet to materialize: Unit sales were up 5.1%, and 7.3% adjusted for selling days, according to Barclays.

The major weak spot has been the U.S., where first-quarter unit sales were down 1.5% and used-car values are sinking. This has justified fears that the election of President Donald Trump hasn't, in fact, delayed the expected cyclical downturn in the car market.

The problem for the German car makers is that the U.S. carries disproportionate weight in investor sentiment.

The question of China is a trickier one, complicated by rising local competition on the one hand and the government's apparent determination to keep the sector buoyant on the other. Even though China is arguably as important these days, investors seem happy to focus on the U.S.

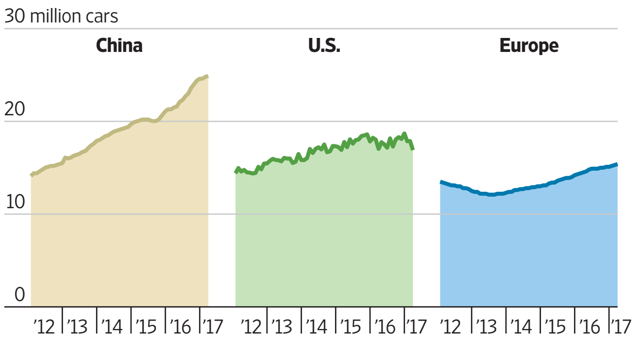
The result is that good news from Europe or China can be ignored as merely delaying an inevitable correction. BMW's shares barely moved when it announced its first-quarter beat. The exception to this rule is Volkswagen, where this past week's numbers should help convince investors that its restructuring is finally bearing fruit.

Valuations across the sector remain cheap, but it is hard to see what could prompt a breakout when growth is easily dismissed as the last spurts of an engine low on gas.

—Stephen Wilmot

Out of Gas?

Annualized unit car sales



Note: U.S. data are seasonally adjusted

Source: FactSet

THE WALL STREET JOURNAL.

OVERHEARD

What's in a name? Not much for one clinical-stage biotechnology company.

Cancer-drug specialist **XBiotech** announced results of a meeting with European regulators Friday surrounding the potential approval of its experimental colon-cancer treatment, Hutruo.

That name may have caught company observers off guard. XBiotech has long referred to the drug as "Xilonix." That name appears a dozen times in its annual report. Hutruo doesn't at all.

Regulators were unimpressed. The European Medicines Agency issued a negative "trend" vote, a likely precursor to a formal rejection.

XBiotech shares plunged 40% Friday, though the company said it might appeal any rejection.

Regulators' concerns with Hutruo aren't semantic. "The key outstanding issues are related to clinical relevance of the therapy in the indication and quality assurance related matters," XBiotech said.

Trump Steel Battle Looks Unwinnable

American steel towns are back in the political spotlight—and U.S. steel-sector shares like **Nucor** and **U.S. Steel** have surged after news that President Donald Trump could raise import tariffs.

U.S. steelworkers have suffered, but a costly fight to bring back their jobs isn't a good idea. Focusing on labor-intensive industries—such as oil and gas, where the U.S. already has a big cost advantage—would do more to boost growth.

American steel manufacturers are at a steep disadvantage to the world's heavyweight producer, China, in two crucial areas: finance and labor costs. Labor costs are rising in Chinese manufacturing, but as of 2015 they were still only around 15% to 20% of an average American steel-worker's wage. Chinese steelmakers also find it easier to ride out downturns because state-owned banks are often reluctant to cut them off. Overcapacity thus tends to stick around during bad times. American producers can't afford that.

There is one area where America has an edge: energy. Cheap gas and coal, and more-efficient electricity pricing, means U.S. steelmakers pay much less than Chinese counterparts.

Furthermore, tariffs are a blunt instrument to attack deep-rooted imbalances in the global steel market: If prices rise in response, that will just encourage more mothballed Chinese production to resume.

If Mr. Trump's latest gesture toward protectionism spurs retaliation rather than capitulation from trading partners, investors should steel themselves for lower returns. *—Nathaniel Taplin*

Confidence Game: American Data Fall Short of Huge Hopes

In the months since President Donald Trump was elected, consumer and business confidence have soared, but the economy has slowed. The split has rarely been so stark and while optimists have been hoping the economy will soon catch up with sentiment, it is looking more likely that sentiment will roll over.

Following a string of weak sales, spending and production data, economists have cut their expectations of economic growth for the first quarter. Forecasters polled by Macroeconomic Advisers now expect Friday's gross-domestic-product report will show the economy grew at a 0.9% annual rate in the first quarter. At the start of the year, they had estimated growth of 2.1%.

Some of the apparent weakness in GDP is likely due to quirks in the data caused by factors such as unusual winter weather and a swing in business inventories. Still, the divergence between "hard data"—tangible measures such as car sales—and "soft data," such as confidence and other survey-based measures, is unusual. Research firm Cornerstone Macro calculates that the confidence data would normally imply GDP growth of about 5%.

The bullish case is that newly optimistic consumers and business owners will soon start spending, boosting economic data. This is generally what happens when the economy is coming out of recession, with the hard data following the soft data higher.

But the economy isn't coming out of a recession—the last one ended nearly eight years ago. Instead, the country has experienced a long period of rising employment and disappointing but steady growth. The pent-up demand that exists in the aftermath of a downturn isn't there. And the mere possibility of lower taxes and faster growth hasn't changed the caution that consumers and businesses learned since the financial crisis.

The clock is ticking, says **Bank of the West** economist Scott Anderson. Historically, when the hard data don't pick up within a month or two of the move higher in the soft data, the soft data tend to tumble.

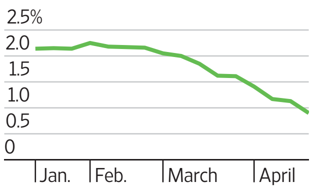
There are signs the souring in the soft data has begun. Last week, regional manufacturing surveys from the Federal Reserve Banks of Philadelphia and New York registered slowing activity. So did U.S. private-sector surveys conducted by Markit.

Barring proof that the White House and Republican-controlled Congress are about to deliver on tax cuts and stimulus, investors would be better off expecting the economy Mr. Trump inherited rather than the one he has promised.

—Justin Lahart

The Letdown

Economists' forecasts for the annualized change in first-quarter gross domestic product



Source: Macroeconomic Advisers

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