

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

THURSDAY, APRIL 12, 2018 ~ VOL. CCLXXI NO. 85

WSJ.com

★★★★ \$4.00

DJIA 24189.45 ▼ 218.55 0.9% NASDAQ 7069.03 ▼ 0.4% STOXX 600 376.18 ▼ 0.6% 10-YR. TREAS. ▲ 3/32, yield 2.790% OIL \$66.82 ▲ \$1.31 GOLD \$1,356.50 ▲ \$14.50 EURO \$1.2369 YEN 106.79

What's News

Business & Finance

Facebook's Zuckerberg completed two days of testimony on Capitol Hill, where he sought to placate lawmakers amid calls for regulations to address privacy concerns. **A1**

♦ Oil prices surged to their highest level since 2014 on Mideast tensions. U.S. crude futures jumped \$1.31 to \$66.82 a barrel. **B1**

♦ Fed officials expressed greater confidence at their March meeting that inflation would rise to a 2% target. **A3**

♦ U.S. stocks fell on global tensions and the latest inflation gauge. The Dow shed 218.55 points to 24189.45. **B11**

♦ Bank regulators proposed retooling a major capital rule, which could benefit some of the biggest U.S. banks. **B10**

♦ Fidelity is overhauling its wealth-management fees, tying costs strictly to how much a client invests. **B1**

♦ Alphabet investors and others have renewed calls for transparency about YouTube's revenue and profitability. **B1**

♦ Tesla defended its Auto-pilot system, blaming the driver for a fatal crash. **B4**

♦ China's HNA could make a \$2 billion profit from its Hilton investment. **B2**

♦ Equifax shareholders were urged by a pension-fund adviser to oppose the re-election of three board members. **B10**

♦ Apple tapped the head of its European music and content operations to lead Apple Music world-wide. **B4**

♦ China pledged to launch a stock-trading link between Shanghai and London by the end of this year. **B10**

World-Wide

♦ Ryan said he would retire at the end of his term, sparking an intraparty battle to succeed him as speaker and rattling Republicans concerned about maintaining their House majority. **A1**

♦ McCarthy and Scalise are considered the top contenders to succeed Ryan as House GOP leader. **A6**

♦ A series of exchanges between Trump and Moscow raised the prospect of a clash between the U.S. and Russian forces in Syria. **A1**

♦ Top U.S. lawmakers said they won't vote on authorizing military strikes against Syria, sidestepping a debate about Congress's role. **A9**

♦ The GOP chairman of the Senate judiciary panel said it would take up a bill to protect Mueller from being fired without cause. **A3**

♦ China denied that recently announced policy changes constitute concessions to the U.S. in the countries' trade fight. **A7**

♦ The Trump administration is working on a relief package for farmers affected by trade tensions with China. **A4**

♦ The CFPB's acting head expressed support for turning the agency into a bipartisan commission. **A4**

♦ An Algerian military jet crashed outside Algiers, killing at least 257 people. **A18**

♦ A report detailed accusations against Missouri's governor in connection with a sexual encounter. **A4**

♦ Several elite colleges are targets of a U.S. probe into possible antitrust violations in early admissions. **A3**

CONTENTS Markets B11-12 Business News... B3-6 Opinion A15-17 Capital Account... A4 Sports A14 Crossword..... A14 Technology..... B4 Head on Street. B12 U.S. News..... A2-6 Life & Arts.... A11-13 Weather..... A14 Management..... B5 World News. A7-9,18

15437>
0 78908 63141 1

© Copyright 2018 Dow Jones & Company. All Rights Reserved

THURSDAY, APRIL 12, 2018 ~ VOL. CCLXXI NO. 85

WSJ.com

★★★★ \$4.00

Ryan Exit Adds to GOP Challenge



House Speaker Paul Ryan on Wednesday said he won't seek re-election this year, after nearly 20 years in Congress.

Loss of House speaker and prolific fundraiser opens leadership race ahead of midterms

WASHINGTON—House Speaker Paul Ryan said Wednesday he would retire at the end of the term, sparking an intraparty battle to succeed him and rattling Republicans who expect a fierce struggle to maintain their majority.

By Kristina Peterson,
Janet Hook and
Natalie Andrews

Less than three years into his tenure as speaker, Mr. Ryan said he would step down in January. While the timing of his announcement was a surprise, lawmakers have been privately weighing the odds of the two front-runners, Majority Leader Kevin McCarthy (R., Calif.) and Majority Whip Steve Scalise (R., La.) to replace him.

Mr. Ryan's planned departure could add to the headwinds already buffeting the Republicans as the midterm elections approach because it

Please see RYAN page A6

- ♦ Two contenders emerge for speaker's role..... A6
- ♦ Opinion: The Paul Ryan difference..... A16

U.S., Russia Trade Threats Over Syria Strikes

A series of exchanges between President Donald Trump and Moscow raised the prospect of a clash between U.S. and Russian military forces in Syria, a confrontation that would pit advanced American missile technology against Russia's integrated air defense.

After a Russian diplomat said his country's forces would shoot down U.S. missiles launched at Syria, Mr. Trump in three tweets said U.S.-Russian relations were

worse than ever, including during the Cold War, and said missiles "will be coming." "Get ready, Russia," he wrote.

The saber rattling Wednesday morning threatened to elevate U.S. outrage over a suspected Syrian chemical attack into a standoff between the two military powers. Mr. Trump vowed that U.S. technology would prevail, although current and former U.S. military officials acknowledge that

Russian defenses are formidable, including weapons like its S-400 surface-to-air systems.

"The Russians have demonstrated that they have very capable surface-to-air defenses.

Russian defenses have often been augmented by very sophisticated S-300 and S-400 systems," said Philip M. Breedlove, the retired Air Force general who served as the top commander of the North Atlantic Treaty Organization between 2013 and 2016.

"The challenge for the U.S. in penetrating a sophisticated air-defense capability is not trivial," he added.

Mr. Trump also tweeted that Russia shouldn't be a partner

with Syrian President Bashar al-Assad, whom he called a "Gas Killing Animal who kills his people and enjoys it!"

The president was responding to reported comments by the Russian ambassador to Lebanon, Alexander Zasypkin,

Please see SYRIA page A9

- ♦ Congress to bypass strike authorization..... A9
- ♦ Yaroslav Trofimov: Rift over Syria puts Israel in bind.... A9

Crash of Algerian Military Plane Kills at Least 257



WRECKAGE: A Russian-made plane carrying military personnel and their families crashed outside Algeria's capital on Wednesday, in the world's deadliest aviation disaster in almost four years. **A18**

A Hedge-Fund Star's \$1 Billion Tax Bill

John Paulson's bet before the financial crisis paid out royally; now, the IRS wants its cut

By GREGORY ZUCKERMAN

John Paulson won fame after he made one of the greatest financial bets of all time. What comes next? One of the largest-ever personal tax bills.

By April 17, the hedge-fund manager must make federal and state tax payments of about \$1 billion, on top of roughly \$500 million in taxes he paid late last year, said people close to the firm. That sum is so big it dwarfs the maximum

amount the Internal Revenue Service will allow any single taxpayer to pay with a single check. (That's \$99,999,999, in case you're wondering.)

Mr. Paulson bet big against subprime mortgages ahead of last decade's financial crisis, earning about \$15 billion of profits for his funds and approximately \$4 billion for himself. He deferred the bulk of the taxes on these profits, using a tax provision available at the time to hedge-fund managers.

Please see TAX page A10

What's Bugging Techies? Naming Computer Viruses

* * *

Puns and geekspeak come together in a quest for the catchiest moniker

By ROBERT McMILLAN

Paul Kocher unearthed a complex computer-security problem last fall that had eluded even the best engineers working for chip makers. Yet one thing stumped him. What should he name it?

Two decades earlier, when he had uncovered another problem—his first blockbuster find—he hadn't given nearly enough thought to the name. Hence, a clunker: "differential power analysis."

This time around, the independent cryptography researcher wanted something a lot catchier. He considered Evil Twin. But he really wanted a pun.

Mr. Kocher settled on Spec-

tre, a play on "speculative execution," the calculations that computer chips make invisibly in anticipation of future work they might have to do. It doubles as a nod to the James Bond evil-genius organization, although Mr. Kocher didn't realize that at the time.

The ghostly moniker, which carried a logo of a little ghost holding a branch, dominated headlines for days.

Like astronomers who discover new stars, security experts who first identify computer bugs, viruses, worms, ransomware and other coding catastrophes often get to name their finds. Such discoveries now number in the thousands each year, so crafting a standout moniker can be

Please see VIRUS page A10

Facebook Hearings Put Regulation In Spotlight

By JOHN D. MCKINNON
AND DEEPA SEETHARAMAN

WASHINGTON—Facebook Inc. CEO Mark Zuckerberg spent two days on Capitol Hill seeking to placate angry lawmakers by saying he would be open to some sort of regulation to protect the privacy of users on his global social-media platform.

The question now is whether Washington will create regulations that address increasingly widespread concerns about digital privacy, and how any new constraints would squeeze the business models of companies like Facebook that rely on the free flow of data.

That tension was at the

Please see DATA page A2

♦ Greg Ip: Facebook's monopoly is ripe for regulation..... A2

♦ Gap exists between techs and lawmakers..... A2

World's First "Self-Driving" Database

Oracle Autonomous Database

No Human Labor – Half the Cost
No Human Error – 100x More Reliable

ORACLE®

oracle.com/selfdrivingdb

Human labor refers to tuning, patching, updating, and maintenance of database.

Copyright © 2018, Oracle and/or its affiliates. All rights reserved.

U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

Facebook's Monopoly Is Ripe for Regulation



Facebook Inc.'s climb to the pinnacle of business success was nurtured by a grand policy experiment: that a light regulatory touch would turbocharge innovation and make consumers wealthier and happier. Companies who mistreated their customers would succumb to competitors, or be punished with rules already on the books.

The events of the last few months suggest the experiment may have run its course. It has left Facebook effectively an unregulated monopoly and despite founder Mark Zuckerberg's latest apologies, the company has little economic incentive to change its ways. Its business is to sell its users' attention to advertisers and thus it must keep pushing the boundaries on privacy, while the paucity of competition limits the consequences if it goes too far. If policy makers want to change that calculus—a big if—they will either have to enact tougher regulation, or use antitrust authority to nurture more competition.

Recent flaps over Russian political manipulation and the unauthorized release of data to Cambridge Analytica

aren't Facebook's first. In 2007, it was over the news feed of ads and information a user encountered when logging in, and its Beacon service that shared user activity with third-party sites and other users; Facebook modified both in response.

In 2009, it changed its terms of service so that it could use any data users had uploaded for any purpose. In response to protests, Facebook reverted to the old terms. In 2011, it settled Federal Trade Commission charges of promising users they could keep their information private, then, the FTC said, "repeatedly allowing it to be shared and made public."

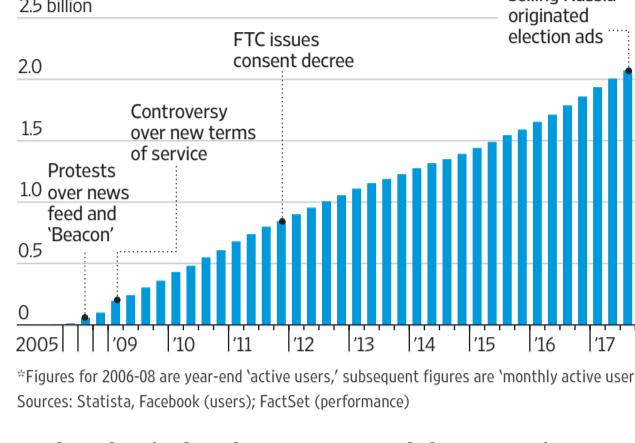
None had any discernible impact on Facebook's user growth. That wasn't unusual. Researchers have found that companies seldom pay a price for privacy scandals.

There are several explanations for the lack of economic consequences. One is that the services and products people get in return for their data far exceeds the annoyance or worries about privacy. Indeed, the more information customers surrender, the more useful the ads and products they are offered are likely to be.

Privacy Perturbations

Privacy controversies in 2007, 2009 and 2011 didn't slow Facebook user growth and data problems hurt its stock much less this year than Equifax's last year.

Active users*



*Figures for 2006-08 are year-end 'active users,' subsequent figures are 'monthly active users.'

Sources: Statista, Facebook (users); FactSet (performance)

The other is that the costs of invading privacy aren't easily quantified, or borne by the company: the small probability your identity will be stolen, your social-media history turned against you, or democracy undermined.

"The economic proposition is opaque," says Alessandro Acquisti, an economist specializing in privacy at Carnegie Mellon University.

Facebook does self-regulate by adhering to the privacy practices of the Digital Advertising Alliance, an industry group.

And the economic costs of privacy violations appear to be growing, potentially raising the incentive to act. Last fall, credit-reporting service Equifax Inc. lost a third of its market value and its chief executive after disclosing an extensive data breach.

Like Facebook, Equifax makes money by collecting and analyzing data about people. Unlike Facebook, Equifax also operates under several federal laws that expose it to significant legal risk; multiple federal, state

taint doesn't feel like that to me." Advertisers and users probably feel differently.

"It's not like if you don't like Facebook you can go next door and use someone else's social-networking services," says Marc Rotenberg, president of the Electronic Privacy Information Center, an advocacy group critical of Facebook. He notes users who wanted more privacy once had WhatsApp, a messaging service that promised not to use their data to sell ads. Then, in 2014, Facebook bought WhatsApp. In 2016, WhatsApp began sharing user data with Facebook.

Critics who think Facebook is too big have struggled to make an antitrust case against a company that offers an expanding array of services free of charge. Privacy might provide an alternative rationale: customers "pay" for Facebook by offering up personal information, and they might have to offer less information if competing platforms were around.

That, however, targets a company rather than a behavior, says Mr. Acquisti.

Instead, he says it would be better to implement privacy protection that maintains the genuine benefits that data sharing makes possible. That would require regulation, he says.

DATA

Continued from Page One
heart of Mr. Zuckerberg's two days of testimony. He signaled repeatedly that he had learned the lesson of the recent data-breach scandals that have dogged the company. And yet, when the discussion turned to how industrywide rules might help protect user data, he often couched his willingness to embrace new rules with warnings about poor regulation leading to unintended consequences.

In response to a question from Rep. Fred Upton (R., Mich.), Mr. Zuckerberg said he thought it was "inevitable that there will need to be some regulation." Then he immediately warned against going too far. "You have to be careful about what regulations you put in place," he said.

Big internet companies stopped short of endorsing Mr. Zuckerberg's qualified support for more privacy regulation in his testimony this week. Michael Beckerman, president of the Internet Association, a trade group, said in a statement late Tuesday that the industry's leading companies pledge to "continue to work with lawmakers" to protect consumers.

He added, however, that the internet industry already "complies with a host of laws and regulations in the U.S. and around the world."

Following Wednesday's hearing, House Commerce Chairman Greg Walden (R., Ore.) described it as "a wake-up call for Silicon Valley and the tech community that if you let these things get out of hand,



During his testimony Wednesday, Facebook CEO Mark Zuckerberg addressed the company's recent data-breach scandals.

having grown up in a very lightly regulated environment, you could end up with a lot more regulation than you seek."

Legislators during the hearings voiced their anger at Facebook's approach to privacy, but offered few specifics of what type of oversight would be appropriate, as some struggled with the complexities of data-privacy policy.

Rep. Anna Eshoo, a California Democrat representing part of Silicon Valley, asked Mr. Zuckerberg several tough questions concerning the Cam-

bridge Analytica incident, in which Facebook users' personal data was sold for political purposes, and she repeatedly interrupted his answers.

She asked whether Mr. Zuckerberg was "willing to change your business model in the interest of protecting individual privacy." Unable to finish his answer given the time pressures, he eventually promised to follow up in writing.

For Mr. Zuckerberg, the two days represented a balancing act, in which he sought to deflect politicians tapping into

public ire over recent scandals, without doing anything to alter the fundamental business model that has made the company one of the most valuable in the world and the 33-year-old CEO one of the richest.

"It's not enough to just connect people, we have to make sure those connections are positive," Mr. Zuckerberg said.

"It will take some time to work through all of the changes we need to make, but I'm committed to getting it right," he added. Ultimately, Mr. Zuckerberg offered to change little

about how Facebook makes money—by selling ad slots and offering targeted ad products.

The stock market liked his performance, which provided a floor to recent declines over data-privacy concerns. Shares in the company rose 5.5% over the two days of testimony.

Mr. Zuckerberg on Wednesday frequently faced tougher questioning than he had the day before in Senate hearings. House Republicans posed numerous questions about alleged censorship of conservative viewpoints on the platform.

Cathy McMorris Rodgers of Washington, for example, questioned why Facebook temporarily rejected an image from a Catholic university in Ohio showing Jesus being crucified.

"It sounds like we made a mistake there, and I apologize for that," Mr. Zuckerberg said.

He added that Facebook also receives complaints about bias against liberal points of view.

Rep. Steve Scalise of Louisiana, among others, questioned whether Facebook had given special access to the 2012 Obama campaign, as some Obama campaign aides have suggested. Mr. Zuckerberg told lawmakers that the firm treats all campaigns equally.

Rep. Jan Schakowsky (D., Ill.) asked if other firms besides Cambridge Analytica might have purchased the data from a researcher. "I don't believe it was a large number," Mr. Zuckerberg said, but he added that Facebook would find out more from its coming audits.

Mr. Zuckerberg also disclosed that his own personal data was improperly sold to Cambridge Analytica by a developer. The company said last week data about 87 million users was accessed.

Gap Exists Between Techs, Lawmakers

After lawmakers questioned **Facebook** Inc. Chief Executive Mark Zuckerberg, Silicon Valley had one for Congress: What's up?

Some tech workers tuning in to two days of Mr. Zuckerberg's testimony this week said they cringed at his interrogators, worried that their understanding of the internet could result in poorly crafted or overly burdensome regulation.

Sen. Brian Schatz (D., Hawaii) mistook WhatsApp, Facebook's popular text-messaging tool, for an email service. Sen. Roger Wicker (R., Miss.) asked for clarification when Mr. Zuckerberg referred to internet-service providers as the "pipes" of the internet. Sen. Shelley Moore Capito (R., W.Va.) asked whether Facebook could provide West Virginia with "fiber"—a service the company doesn't offer.

"It's a reminder of how far Silicon Valley has to go to educate policy makers and the public about our companies and products," said Rebecca Reeve, CEO of public-relations firm Rquared Communication.

Government officials and tech executives have a long history of poor communication. But the pressure to educate the public and find a common language is growing with the threat of greater government oversight. The congressional testimony, which extended into Wednesday, was as much a public examination of the tech industry as it was a questioning of Facebook.

During Tuesday's hearing, Sen. John Thune (R., S.D.) and Sen. Chuck Grassley (R., Iowa) both said federal intervention in tech platforms might be necessary. Or, as Sen. John Kennedy (R., La.) put it, "I don't want to vote to have to regulate Facebook, but by God I will."

The talk of regulation bothered George Arison, a founder of used-car-buying website Shift Technologies Inc.

"Most people in Congress don't have a clue about what [tech] actually does," he said. "That's a very dangerous situation to be in."

Michael Fertik, founder of the venture firm Heroic Ventures and the privacy-management firm Reputation.com Inc., said he worries that lawmakers aren't asking Facebook tough questions. Change is overdue, he said, but he worries Congress will cripple young startups with carelessly crafted rules.

"They will make it hard for startups to compete with Facebook," he said.

—Douglas MacMillan and Rolfe Winkler

CORRECTIONS & AMPLIFICATIONS

Acting Associate Attorney General Jesse Panuccio wouldn't be in the chain of officials who could fire special counsel Robert Mueller because he is in an acting capacity and the post hasn't been officially filled. A graphic with a Page One article Wednesday about the possibility of President Donald Trump asking for Mr. Mueller to be fired incorrectly said Mr. Panuccio could dismiss him.

Adm. Philip Davidson has commanded the Sixth Fleet, which is responsible for Europe and Africa. In some editions Wednesday, a World Watch article about the nomination of Adm. Davidson to oversee all U.S. military operations and branches in the Pacific incorrectly said he has commanded the Seventh Fleet.

Two groups of small colleges that have joined to lower their retirement-plan costs have set

up multiple-employer plans. A Business & Finance article Saturday about the retirement plans incorrectly characterized them as multiemployer plans, which are maintained under collective-bargaining agreements.

The spot price for LBMA silver for April 3 was £11,780, with a U.S. dollar equivalent of \$16,520; April 4's prices were £11,720 (\$16,460); April 5's prices were £11,590 (\$16,305); April 6's prices were £11,610 (\$16,275); and April 9's prices were £11,590 (\$16,340). The Cash Prices tables for those dates, which were published April 4 through April 10, incorrectly contained data for the previous trading days.

A chart with a March 27 Markets article about yuan-denominated oil futures showed oil imports to the U.S. and China in billions of dollars a month. The chart incorrectly was labeled in thousands of dollars.

On Friday, March 23, the S&P 500 closed at 25,882.26, down 2.10%; the S&P Financials Index closed down 2.99%, and the S&P Information Technology Index closed down 2.73%; the Dow Jones Transportation Average closed down 1.84%; the Wall Street Journal Dollar Index closed down 0.31%; the three-month London interbank offered rate closed at 2.29%; and the Nikkei Stock Average closed at 20,617.86, down 4.51%. The market-data strip at the top of page B1 on Saturday, March 24, incorrectly repeated closing data from Thursday, March 22, and a March 23 midday quote for the Nikkei.

A FirstEnergy Corp. power plant shown in a photo with a Business & Finance article Tuesday about the company is in Shippingport, Pa. The caption incorrectly said it is in Monaca, Pa.

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

THE WALL STREET JOURNAL

(USPS 664-880)
(Eastern Edition ISSN 0099-9660)

(Central Edition ISSN 1092-0935)

(Western Edition ISSN 0193-2241)

Editorial and publication headquarters:
1211 Avenue of the Americas,
New York, NY, 10036

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

Postmaster:

Send address changes to The Wall Street
Journal, 200 Burnett Rd., Chicope, MA 01020.

All advertising published in The Wall Street
Journal is subject to the applicable rate card,
copies of which are available from the
Advertising Services Department, Dow Jones
& Co. Inc., 1211 Avenue of the Americas, New
York, NY, 10036. The Journal reserves the
right not to accept an advertiser's order. Only
publication of an advertisement shall constitute
final acceptance of the advertiser's order.

Letters to the Editor:

Fax 212-416-2891; email: wsjltts@wsj.com

NEED ASSISTANCE WITH
YOUR SUBSCRIPTION?

By web: customercenter.wsj.com;

By email: wsjsupport@wsj.com

By phone: 1-800-JOURNAL (1-800-568-7625);

Or by live chat at wsj.com/livechat

REPRINTS & LICENSING

By email: customerreprints@djreprints.com

By phone: 1-800-843-0008

GOT A TIP FOR US?
SUBMIT IT AT WSJ.COM/TIPS

U.S. NEWS

Senators Take Up Bill to Shield Mueller

Bipartisan proposal marks first major congressional action to protect special counsel

BY BYRON TAU

WASHINGTON—The Republican chairman of the Senate Judiciary Committee said Wednesday his panel would take up a bill to protect special counsel Robert Mueller from being dismissed without cause, the first major congressional action designed to protect the integrity of the criminal investigation into Russian activity during the 2016 election.

A spokesman for Sen. Chuck Grassley, an Iowa Republican, said that he would put a bipartisan bill that would prevent Mr. Mueller from being dismissed without cause on the committee's agenda. It is expected to be considered, debated and amended next week, which would set up a vote on the measure on April 26.

Mr. Grassley's move was unexpected and comes as President Donald Trump has voiced increasing anger at the direction of the investigation. Earlier this week, Federal Bureau of Investigation agents searched the office, home and hotel room of Mr. Trump's longtime lawyer Michael Cohen and seized records including those related to a payment to a former adult-film actress.

Members of Congress in both parties have grown increasingly alarmed that Mr. Trump would take action against Mr. Mueller, whose investigation he has repeatedly called a "witch hunt," assert-

ing there was no collusion between his campaign and Russia during the 2016 race. Russia has denied meddling in the election.

White House press secretary Sarah Huckabee Sanders said this week that Mr. Trump "certainly believes he has the power" to fire Mr. Mueller directly. Mr. Mueller is examining Russia's alleged meddling into the 2016 presidential campaign and whether associates of Mr. Trump colluded with Moscow.

Mr. Grassley tried to bring the bill up under an expedited process at a meeting scheduled for this week, but Dianne Feinstein of California, the top Democrat on the Judiciary Committee, objected under committee rules. Ms. Feinstein said she wanted more time to study proposed amendments to the measure but supports efforts to protect Mr. Mueller.

"It's vital that special counsel Mueller be allowed to continue his investigation without interference, and passing a bipartisan bill to ensure he can't be fired without cause is essential," said Ms. Feinstein.

Mr. Grassley said it isn't clear whether he will support the measure but he is open to having the committee consider and vote on it. The measure was co-authored by two Republicans and is likely to draw at least some Republicans to support on the panel.

The bill would propose to enshrine into law a Justice Department regulation that a special counsel can't be fired without cause. It would give a special counsel a 10-day window to challenge his or her firing in federal court. It would also ensure that any



Sen. Chuck Grassley (R, Iowa) is proposing a bill that would prevent special counsel Robert Mueller from being dismissed without cause.

work product from a special counsel investigation couldn't be destroyed until courts ruled on the matter.

Still, enacting such a bill would be an uphill battle. It would need the buy-in of Republican leadership on Capitol Hill, who have encouraged Mr. Trump not to fire Mr. Mueller but have been reluctant to pass any legislation. If Mr. Trump exercised his prerogative to veto such a bill, it would need supermajorities in

both the Republican-controlled House and Senate to pass. Asked if the White House would support or oppose a measure protecting the Mueller probe, Ms. Sanders said Wednesday, "We don't have an administrative policy on that right now."

The proposal was authored by two Democrats and two Republicans—Cory Booker (D, N.J.), Lindsey Graham (R, S.C.), Chris Coons (D, Del.) and Thom Tillis (R, N.C.).

Elite-School Admissions Probed

BY MELISSA KORN

The targets of a new federal probe into possible antitrust violations related to early-decision college admissions include Wesleyan University, Middlebury College and Pomona College, as well as at least four other highly selective liberal-arts schools.

The Justice Department sent letters late last week notifying the schools of the investigation and asking them to preserve emails and other messages detailing arrangements they may have with other schools about swapping names of admitted students,

and how they might use that information.

All the schools targeted offer prospective students the option to apply under binding early-decision agreements, which often have significantly higher acceptance rates than do regular-decision pools. If the applicant is offered admission, he or she must commit to attending and withdraw applications to other schools or risk having the admission offer rescinded.

Higher-education experts say it seems the Justice Department investigation is focusing on whether the schools are violating antitrust regula-

tions by sharing the names of admitted students to enforce the rules of the programs.

Other schools that received the letters or were contacted by the Justice Department include Amherst College, Wellesley College, Williams College and Grinnell College.

A Justice Department spokeswoman declined to comment on the letters or scope of the probe.

The investigation has perplexed some in elite-college admissions circles, who say that sharing the information serves only to ensure that schools aren't being misled about an applicant's inten-

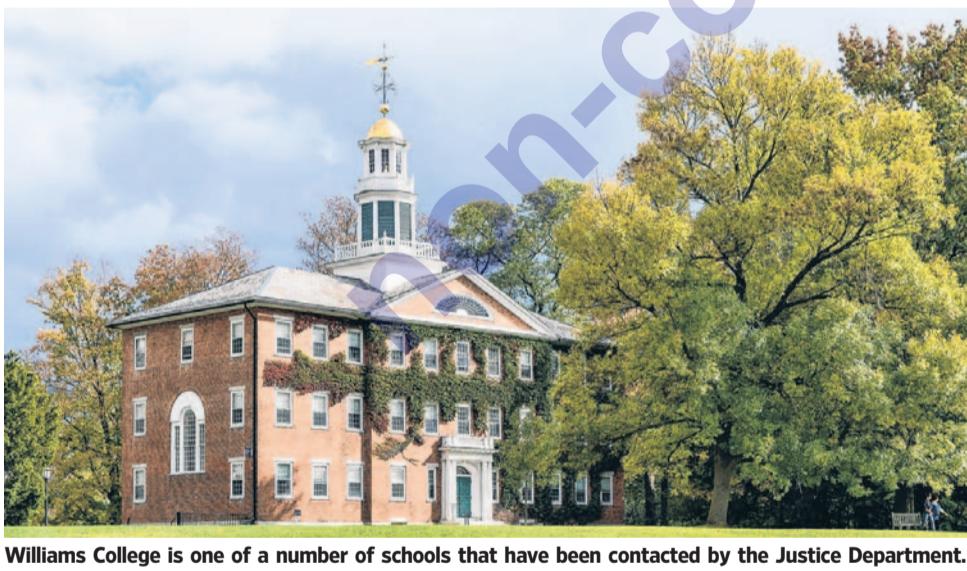
tions, given their commitments elsewhere.

The admissions dean of a New England liberal-arts college that received the Justice Department letter said that the school swaps with about 20 other institutions the application-identification number, name and home state of students admitted early decision.

That dean said it was rare to find someone who violated the binding early-decision agreement by applying to more than one institution early. The dean said the schools don't share information about regular-decision candidates, so an offer from one school wouldn't affect outcomes elsewhere.

Some college counselors said they are pleased to see the early-decision practice investigated because the penalties for being caught breaking an early-decision agreement are too stiff. Some also say the process puts too much pressure on young adults.

But Terry Hartle, senior vice president for government and public affairs at the American Council on Education, which represents nearly 1,800 colleges, universities and education groups, said students who choose to apply in a binding early-decision program know the terms of the agreement and don't have to apply early if they want more freedom.



Williams College is one of a number of schools that have been contacted by the Justice Department.

Fed More Confident on Inflation Target

BY NICK TIMIRAO

WASHINGTON—Federal Reserve officials at their meeting last month expressed greater confidence inflation would rise to their 2% target over the coming year, a development that could affect how much they raise interest rates in coming years.

They also debated the costs and benefits of allowing the economy to run hot and discussed how they might need to later raise rates to a level that would deliberately slow growth, according to minutes of their March 20-21 meeting released Wednesday.

The minutes highlight just how much Fed officials' outlook has changed since last fall, when surprisingly slow inflation raised questions about the need for continued rate increases.

Fed officials last month said the economy would run

hot, or grow faster than its sustainable rate, for the next few years, the minutes said.

In March, "all participants agreed that the outlook for the economy beyond the current quarter had strengthened in recent months," the minutes said. In addition, "all par-

icipants expected inflation on a 12-month basis to move up in coming months."

The outlook has shifted since late last year because Congress and the White House approved tax cuts and a boost in federal government spending for this year and next. The

economy hasn't often had such fiscal stimulus when unemployment is so low.

But inflation pressures softened last year, bolstering arguments in favor of slowing the pace of rate rises. At the time, top Fed officials said they expected the slowdown would prove transitory, and inflation pressures have firmed up in recent months.

Officials noted the potential benefits of letting the economy run hot, such as drawing more Americans into the workforce from the sidelines and speeding inflation's return toward the central bank's 2% goal. The policy makers also noted potential costs: "An overheated economy could result in significant inflation pressure or lead to financial instability," the minutes said.

At the same time, some officials warned they eventually could need to lift rates to a



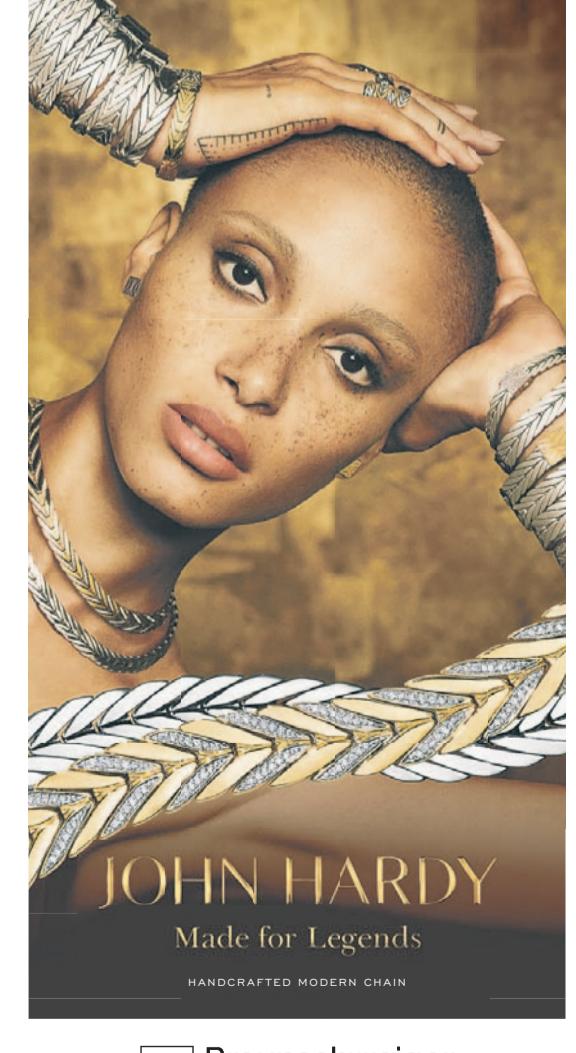
TIMEPIECES OF DISTINCTION

L.U.C LUNAR ONE

L.U.C

Chopard

New York | Bal Harbour Shops | Brickell City Centre
South Coast Plaza | Wynn Hotel & Resort
River Oaks District
1-800-CHOPARD www.chopard.com/us



JOHN HARDY

Made for Legends

HANDCRAFTED MODERN CHAIN



Braunschweiger
JEWELERS

Morristown • NJ | New Providence • NJ | braunschweiger.com

◆ Heard on the Street: Fed may yet surprise investors..... B1

U.S. NEWS

White House Develops Farm-Relief Plan

The Trump administration is seeking to blunt domestic opposition to its trade policies with a relief package for farmers affected by the U.S. trade spat with China, say officials involved in the discussions.

*By Bob Davis,
Siobhan Hughes
and Jesse Newman*

The aid package, which could climb into the billions of dollars, is still being developed. Agriculture and congressional officials are examining Depression-era programs like the Commodity Credit Corp., which was created in 1933 to stabilize farm incomes, and which permits borrowing of as much as \$30 billion from the Treasury to finance its activities. Using the CCC would also give the administration an existing program to tap, rather than having to devise something new that would need to clear Congress.

These programs haven't traditionally been used in trade fights, but Congress has started to clear the way for the CCC to be tapped.

Last month, lawmakers lifted restrictions that, until now, stood in the way of the Agriculture Department using a special price-support program to aid farmers. The change, tucked into a sweeping, \$1.3 trillion spending bill, reversed years of restrictions that had prevented the CCC from supporting farm prices or buying surplus products.

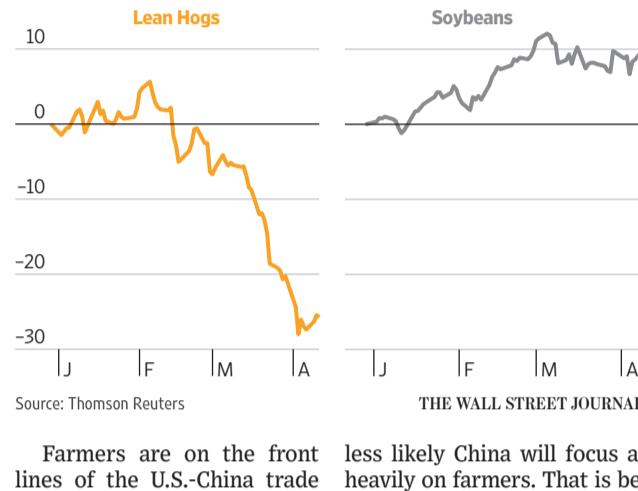
Sen. Chuck Grassley (R., Iowa) said that the Trump administration could rely on the CCC and related authorities to shield farmers from the effects of any tariffs imposed by China. "I've had conversations with people in the administration that thought if there were ever tariffs imposed, that the income coming from the tariffs could be used for that purpose," Mr. Grassley said on Tuesday.



Soybeans are one of the U.S. exports likely to face Chinese tariffs if the current trade tensions unfold as many people fear. Beijing has threatened a 25% levy.

Volatile Commodities

Percentage change in lean hogs and soybeans futures prices



Source: Thomson Reuters

Cost of Aid Package Could Rise Rapidly

The cost of any compensation program for U.S. farmers could quickly mount.

China is by far the largest foreign buyer of U.S. soybeans, making up nearly 60% of international sales, according to the Agriculture Department.

If tariffs sapped Chinese demand for U.S. soybeans, prompting the USDA to purchase crop supplies to boost prices, the federal agency would have to buy huge quantities to provide a significant lift,

according to farm groups. Government inventories could also compete with farmers' fresh crops in the long run, putting a ceiling on prices.

Compensating farmers for a 10% reduction in the price of soybeans and hogs could cost \$5 billion, according to industry calculations.

In White House debates over how aggressively to push China in the trade fight, Agriculture Secretary Sonny Perdue, sometimes joined by U.S. Ambassador to China Terry Branstad, a former Iowa governor, has urged for the U.S. to negotiate with China over tariffs, according to those in-

volved in the discussions.

The two men have warned that farmers could get battered by retaliation. But, over time, that argument has had less impact, say administration officials, because the president and others in the administration feel that China needs to be confronted.

At a Senate Finance Committee hearing in March, U.S. Trade Representative Robert Lighthizer explained the administration's thinking. "It's not possible to take the position that, because of soybean farmers, we're not going to stick up for our rights in a whole variety of ways," he said.

Washington, D.C., and Mar-a-Lago, Fla., Mr. Trump's weekend retreat.

China retaliated against U.S. steel and aluminum tariffs by imposing tariffs ranging from 15% to 25% on U.S. pork, fruits, wine and nuts. Beijing then threatened 25% tariffs on U.S. soybeans shortly after the U.S. targeted a passel of Chinese goods for alleged violation of U.S. intellectual property laws.

◆ Chinese firms suffer bringing home the bacon B1

Farmers are on the front lines of the U.S.-China trade fight. China is targeting U.S. agricultural products for tariffs in retaliation for U.S. levies on Chinese goods because Beijing realizes that the Farm Belt was crucial to President Donald Trump's electoral victory. Mr. Trump said on Monday that farmers may initially take a financial hit from tariffs, but "we'll make it up to them."

By putting together a farm-relief program, the administration hopes that will make it less likely China will focus as heavily on farmers. That is because Beijing would know farmers have an income stream even if they are hit by levies in retaliation for U.S. tariffs.

Many farm groups say they aren't looking for a handout and would rather have unimpeded trade with China. "Farmers are more interested in negotiation [with China] than mitigation," said Davie Stephens, vice president of the American Soybean Association and a farmer who

raises crops near Clinton, Ky. "Let's get an agreement where tariffs don't have to be implemented."

Soybeans are one of the U.S. exports likely to face Chinese tariffs if the current trade tensions unfold as many people fear.

A coalition of about 45 trade associations, representing industries from high technology to shoes—and all of which oppose tariffs on China—are focusing their lobbying efforts on agriculture in pitches to Cap-

itol Hill and the White House, said those involved in the lobbying.

"Farmers are seen as the one group able to change the president's mind," said a lobbyist involved in the effort.

Farmers for Free Trade, a trade group supported by the American Farm Bureau Federation, as well as by pork, wheat and corn producers, said it has so far spent \$650,000 on an anti-tariff television ad featuring a soybean farmer. The ad is airing in markets surrounding

Washington, D.C., and Mar-a-Lago, Fla., Mr. Trump's weekend retreat.

China retaliated against U.S. steel and aluminum tariffs by imposing tariffs ranging from 15% to 25% on U.S. pork, fruits, wine and nuts. Beijing then threatened 25% tariffs on U.S. soybeans shortly after the U.S. targeted a passel of Chinese goods for alleged violation of U.S. intellectual property laws.

◆ Chinese firms suffer bringing home the bacon B1

Mulvaney Seeks Bipartisan CFPB

By YUKA HAYASHI

WASHINGTON—The acting director of the Consumer Financial Protection Bureau expressed his support for turning the agency into a bipartisan commission, an idea that is firmly backed by the financial industry but has lost traction in Congress.

Mick Mulvaney, a longtime CFPB critic who has taken steps to overhaul the bureau since assuming his post in November, said moving to a commission from a single director would prevent "wild swings" in rules and policies that accompany changes in administrations.

"We need to have a more down-the-middle approach," Mr. Mulvaney said while giving a semiannual report on the CFPB before the House Financial Services Committee. He was a Republican member of the panel before joining the Trump administration.

As a House member, Mr. Mulvaney voted for multiple bills calling to turn the CFPB into a commission. Asked by Rep. Randy Hultgren (R., Ill.) if

he still believed a commission provides "greater certainty to market participants and consumers," Mr. Mulvaney said: "I still believe that and I was a co-sponsor of that bill when I was here," referring to one of the measures introduced over the years.

While an Obama appointee was leading the agency, Republican lawmakers had pushed for a CFPB commission similar to the Federal Trade Commission or the Securities and Exchange Commission, saying that the CFPB's director had too much power. But as their party took control of the White House and Mr. Mulvaney was installed as interim chief, most Republican lawmakers lost interest in the commission idea—including Rep. Jeb Hensarling of Texas, the House financial panel's influential chairman.

In contrast, calls for a commission have grown from financial-industry executives in recent months, as they grew wary of the sharp policy shifts after the administration change, as well as a partisan fight over the CFPB's leadership.

"What we are witnessing at



CFPB acting chief Mick Mulvaney

the CFPB since November is a pure donnybrook," said Richard Hunt, president of the Consumer Bankers Association, a trade group. "What the banking industry yearns for is certainty and stability. That's why we have been pushing for the commission at the CFPB."

Last week, more than 20 trade groups signed a letter expressing support for the latest House bill calling for a bipartisan commission. The bill has four co-sponsors from both

parties but its prospects for becoming a law are slim due to a lack of support. Legislation recently passed by the Senate that calls for rolling back some postcrisis financial regulations doesn't include any significant steps to restructure the CFPB. The House is expected to pass the bill within the next few months.

Mr. Mulvaney is slated to appear Thursday before the Senate Banking Committee, where he faces Sen. Elizabeth Warren (D., Mass.), the key architect of the CFPB and a leading critic of Mr. Mulvaney.

At Wednesday's session, House Democrats were sharply critical of Mr. Mulvaney's tenure and focused on his retrenchment from enforcement actions. After bringing dozens of cases annually under Richard Cordray, the Obama-appointed former director, the CFPB hasn't filed a single enforcement action since Mr. Mulvaney took over.

While acknowledging he hasn't initiated any new actions, Mr. Mulvaney stressed the agency's enforcement and supervisory work continues.

Report Details Case Against Governor

By JOE BARRETT AND SHAYNDI RAICE

A special Missouri legislative committee issued a report Wednesday detailing a sexual encounter between Republican Gov. Eric Greitens and an unnamed woman, who testified the then-candidate photographed her bound, blindfolded and partially naked and then threatened to release the photos if she divulged the affair.

The woman also testified that Mr. Greitens ripped off her shirt, spanked her and coerced her into performing a sexual act, the report said.

The committee's report was requested by the Missouri House as a potential first step toward an impeachment proceeding, but the report doesn't make any recommendation about whether such a process should go forward.

Mr. Greitens faces trial next month on a criminal charge of invasion of privacy for alleg-

edly taking a photograph against the woman's will during the 2015 encounter and transmitting the image.

In a news conference before the report was issued, Mr. Greitens repeated that he regretted the affair, but denied any wrongdoing. "We fully expect the report being released tonight will include lies and falsehoods. This is a political witch hunt," he said.

Mr. Greitens was indicted by a St. Louis grand jury in February. The criminal charge was filed by City of St. Louis Circuit Attorney Kimberly Gardner, a Democrat. Both chambers of the Missouri legislature are controlled by Republicans.

Mr. Greitens said Wednesday that he expected to have his name cleared at trial and that the report was one-sided since he and his lawyers weren't allowed to question the witnesses.

The report, however, said the governor had declined to participate in its investigation.

Michigan Supreme Court Hears Campus-Firearms Arguments

By JACOB GERSHMAN

Michigan's highest court on Wednesday heard arguments on whether the right to carry firearms openly extends to school grounds.

Until recently, no law or regulation in Ann Arbor, home to the University of Michigan, prevented a properly licensed gun owner from walking into a school with a holstered pistol. If the person had a concealed-pistol license—requiring a strict background check—and wasn't trespassing, the gun owner couldn't be forced to disarm or be denied entry.

That was until 2015, when a family member of a Pioneer High School choir student came to a concert armed. The choir director spotted the openly carried pistol and summoned the police. Police said the man, Joshua Wade, hadn't broken a law. The commotion led to a districtwide policy forbidding firearms on school property while students are in class, en-

route to school or at a school-sponsored activity, with an exception for law enforcement.

Weeks later, a local gun-rights group, Michigan Gun Owners Inc., filed suit against Ann Arbor Public Schools, alleging that the school board lacked authority under state law to impose the ban. Joining its lawsuit is a high-school parent, who says he wants to be allowed to carry a gun onto school grounds for self-defense.

The dispute has reached a critical stage in the aftermath of the school massacre in Parkland, Fla., in which 17 people were killed in February.

The case isn't the first to test the rights of cities and other local governments to regulate firearms. Other court clashes have dealt with firearm policies at public universities, such as a dispute more than a decade ago that ultimately struck down campus firearm restrictions that had been adopted by the University of Utah.

The Michigan dispute marks



A family member of a Pioneer High School choir student came to a concert armed in 2015.

a rare instance of a state high court squarely considering the legality of a gun ban in the K-12 educational system. Generally speaking, the issue isn't

about whether students can openly carry guns, but whether adults—like school staff and student relatives—may do so. That the dispute has flared



A family member of a Pioneer High School choir student came to a concert armed in 2015.

in Michigan has a lot to do with the state's unusual statutory setup, which is more restrictive of concealed carry but makes a concealed license

permit a prerequisite for getting approval to openly carry.

Lower courts have mostly sided with the districts, tossing the complaint and a similar lawsuit brought by a group called Michigan Open Carry Inc. and an elementary-school parent contesting a ban imposed by a school board in the Flint suburb of Clio. On Wednesday, the Michigan Supreme Court considered whether to uphold those dismissals.

On one level, the debated legal questions aren't about gun rights or control, but the division of power between the state and local school boards.

Michigan Gun Owners argues that the districts' firearm policies are trumped by a 1990 state law limiting "local units of government" from dictating where firearms are permitted.

The Ann Arbor board points to another state law that gives school boards a general right to draft policies to safeguard the safety and welfare of students and to prevent disruptions.



© Blue Cross Blue Shield Association. All rights reserved.

WHEN YOU INSURE SO MANY IN AMERICA, TURNS OUT YOU CAN HELP EVERYONE IN AMERICA.

One in three Americans. Over 100 million people. That's how many mothers, fathers, daughters and sons we protect under the banner of Blue Cross Blue Shield. It's a responsibility we don't take lightly. One that in many respects we consider a privilege.

But an interesting thing happens when you start listening to the stories of so many in your care. You start to see patterns. Information that can be turned into tools, helping not just those we insure, but all Americans. Like the Blue Cross Blue Shield Health Index. An innovative health measure, one that's empowering local communities to improve the well-being of their citizens by revealing problem areas — and inspiring revolutionary solutions.

Some might say that's a lot to take on.
We say we're just getting started.

Learn more at HealthofAmerica.com



**BlueCross®
BlueShield®**

Blue Cross Blue Shield Association is an association of independent Blue Cross and Blue Shield companies.

U.S. NEWS



President Donald Trump and House Speaker Paul Ryan, center, at the White House in December following the passage of the GOP tax plan.

GOP Old Guard Takes a Hit

BY JANET HOOK

Speaker Paul Ryan's retirement from the House will sideline one of the most influential leaders championing traditional Republican-establishment policies, such as free trade, lower federal deficits and an overhaul of safety-net programs.

The departure of Mr. Ryan is an emblem of how the Republican Party is being remade by President Donald Trump, who has upended decades of party orthodoxy by pushing tariffs and demanding big boosts in spending, particularly on defense, which contributed to the federal deficit growing.

"This is Donald Trump's party," said Pete Wehner, a friend of Mr. Ryan's and a frequent critic of Mr. Trump. "Paul Ryan was never comfortable in Trump's party. The only way to loosen Trump's grip on the party is for Republicans to lose."

Mr. Ryan, who was first elected in his Wisconsin district in 1998, is the latest—and most prominent—of Republican traditionalists to head to the exits. Others who are stepping down include Sens. Bob Corker of Tennessee and Jeff Flake of Arizona, both frequent critics of the president. The roster of House members who aren't seeking re-election in-

Speaker's Exit Could Put His Seat at Risk

House Speaker Paul Ryan's Wisconsin district has long been an object of fascination for Democrats, winnable by some of the party's presidential hopefuls but out of reach for House candidates because of the popularity and fundraising of the GOP incumbent.

Now, with Mr. Ryan's announcement that he won't seek re-election, nonpartisan observers and Republicans are saying the 24-year GOP hold on the seat is in jeopardy.

"There's an increasing sentiment of concern about what is happening in this state and what could happen this fall," said Matt Batzel, the Sheboygan, Wis.-based executive director of the conservative organization American Majority.

He said Mr. Ryan's departure would make it harder for the GOP to hold his seat.

Mr. Ryan, 48 years old, faced

few competitive challengers for re-election since he was first elected in 1998, though his district wasn't overwhelmingly Republican. Former President Barack Obama, a Democrat, carried the district in the 2008 election. GOP presidential nominee Mitt Romney took it in 2012, and President Donald Trump, a fellow Republican, won it by 10 percentage points in 2016.

Two Democrats have been campaigning ahead of the state's August primary. Randy Bryce, an ironworker and union activist, has raised \$4.75 million since starting his campaign last summer. Cathy Myers, a schoolteacher from Janesville, is also running. She's raised about \$750,000, according to her campaign.

Republicans who may run for Mr. Ryan's seat include Robin Vos, the Wisconsin state Assembly speaker; Bryan Steil, a member of the University of Wisconsin board of regents; and Dave Craig, a state senator from Waukesha County.

—Reid J. Epstein

clude centrists like Reps. Charlie Dent of Pennsylvania and Dave Reichert of Washington.

Mr. Ryan, while not confrontational, would occasionally disagree with Mr. Trump when controversies emerged, although he had little impact

who is probing allegations of collusion between Mr. Trump's associates and Russia during the 2016 presidential election. Moscow has denied meddling in the election, and Mr. Trump has said there was no collusion.

Vice President Mike Pence, as a former House member and Indiana governor, has a record that exemplifies traditional Republicanism but he has shown solidarity with the president, even when advocating legislation that seemed to veer from his fiscal-conservative persona when he was in the House.

Out on the campaign trail, most elected officials who are on the ballot have either embraced Mr. Trump's style and message or belatedly aligned with him.

Some members of the GOP old guard are hoping the party can campaign this year on the parts of Mr. Trump's agenda that they support, especially tax cuts. They said the jury is still out on whether the changes in the party brought by Mr. Trump will outlast his presidency.

"There are an awful lot more people like Paul Ryan than Donald Trump in elected office," a veteran GOP strategist said. "They just aren't as vocal about it."

—Kristina Peterson contributed to this article.

changing the president's positions.

The speaker has disagreed with the White House plan to impose tariffs on Chinese and other imports and publicly advised against the firing of special counsel Robert Mueller,

Two Contenders Emerge for Role

BY NATALIE ANDREWS
AND SIOBHAN HUGHES

WASHINGTON — House Speaker Paul Ryan's announcement that he would be leaving Congress when his term expires sets up a battle to succeed him at the helm of the House Republican conference. The top contenders, one of whom will become House speaker or minority leader, depending on the outcome of the midterm elections, are Majority Leader Kevin McCarthy and Majority Whip Steve Scalise. They are now the second- and third-highest-ranking House Republicans, respectively.

the party's most conservative House members, who wanted his support for one of their own to succeed him as majority leader. He could face the same trouble with that bloc again this year, especially given that a significant number of centrist Republicans, who hail from Democratic-leaning districts, are retiring.



Steve Scalise

The 52-year-old Louisianian has been House majority whip since 2014. First elected to the House in a 2008 special election, Mr. Scalise serves on the House Energy and Commerce Committee and once chaired the Republican Study Committee, a bloc of conservatives.

Why He Might Win: He is media-savvy and competitive, and a well-liked, master networker whose profile grew after he was shot by a gunman at a baseball practice last year. Mr. Scalise also appeals to the large conservative faction of the GOP conference.

Why He Might Not: Mr. Scalise isn't as close to Mr. Trump as some other top Republicans, and he isn't seen as having Paul Ryan's policy acumen. Another race for House leadership also is certain to revive concerns about a 2002 meeting in which he addressed a white nationalist group, an appearance he later described as "a mistake I regret."

Kevin McCarthy

The 53-year-old Californian



Kevin McCarthy

has been House majority leader since 2014. The six-term congressman, who once used a \$5,000 lottery winning to open a deli, has fashioned a role on Capitol Hill as a bridge between President Donald Trump and House Republicans. He served as majority whip from 2011 to 2014, counting votes and cobbling together support for the House leadership's bills, then succeeded Eric Cantor as majority leader after he was defeated in his primary election.

Why He Might Win: Mr. McCarthy is well-liked in the GOP conference and is a close ally of Mr. Trump. He delivered votes of 14 of his home-state Republicans to help a budget bill pass the House, enabling the chamber to take up the tax overhaul enacted in December. He is known for fostering relationships with members, and his recruitment efforts helped the House GOP win the majority in 2010.

Why He Might Not: Mr. McCarthy was a favorite to succeed House Speaker John Boehner in 2015, but quit in the face of opposition from

Anyone Else?

No obvious candidates have emerged. Several prominent Republican committee chairmen, such as Trey Gowdy of South Carolina and Jeb Hensarling of Texas, already have announced they are retiring. Members didn't rule out a dark horse Wednesday, but said Messrs. McCarthy and Scalise were the clear front-runners.

RYAN

Continued from Page One
is likely to weaken his power to raise money for the party.

"This is a public acknowledgment that the House is really, really gone," said Dan Eberhart, a GOP donor and chief executive of a Colorado-based drilling services company. "Ryan has unzipped a deluge of donors that are now going to be focused more than they were on the Senate."

Since 1994, the president's party has lost an average of 23 seats in the House midterm elections. The GOP this year is further burdened by President Donald Trump's low approval ratings and the planned retirements of an unusually large number of House Republicans, although the party is hoping a strong economy will provide a boost to their candidates.

Mr. Ryan's announcement brings to 38 the number of House Republican incumbents not seeking re-election, and the nonpartisan Cook Political Report on Wednesday downgraded the chances the GOP would hold his Wisconsin seat in the November election.

Democrats need a net gain of 23 House seats to win the majority.

withdrew from the 2015 speaker race.

His allies said he has worked harder and built stronger relationships with House Republicans since 2015. As the lawmaker in charge of scheduling bills for House floor votes, "he's in a different spot where he was three years ago," said Rep. Bill Huizenga (R., Mich.). After Mr. McCarthy withdrew from the last race, "he could have had a 'pox upon all of you,' and he didn't do that. He did the opposite."

But conservatives, who had previously been suspicious of Mr. McCarthy's policy leanings, will play an even larger role in selecting the next GOP leader, because so many centrist Republicans are planning to retire and more could lose their seats in November.

If Mr. McCarthy's ascent again stalls, Mr. Scalise would

likely become the lead candidate to succeed Mr. Ryan. An increasingly frequent presence on national television, Mr. Scalise's national profile soared and his emotional connection with the House GOP intensified after he survived a shooting of congressional Republicans at a baseball practice last June.

Mr. Ryan didn't throw his support behind either of his deputies Wednesday, though he said he would have more to say on the subject in the coming days.

After spending nearly 20 years in Congress, Mr. Ryan, who was the 2012 GOP vice-presidential nominee, said Wednesday that he had decided to leave because he had accomplished many of his legislative goals and didn't want to be a "Sunday dad" who only spent one day a week with his children in Wisconsin.

Mr. Ryan played a central role in the passage of the 2017 tax overhaul, Mr. Trump's biggest legislative achievement. A former House Ways and Means Committee chairman, he sold the tax policies to sometimes-wary Republicans and brokered for the necessary votes. Its passage marked a personal redemption for him and congressional Republicans after a bruising year in which the House was barely able to achieve its long-sought repeal of the 2010 health law, and the effort ultimately faltered in the Senate.

"We have achieved a heck of a lot," said Mr. Ryan, singling out the tax overhaul. But he said he had reluctantly agreed in the fall of 2015 to become the speaker, and was no longer willing to be absent from home.

Mr. Ryan had been leaning toward retiring for a while, but made the final decision over the recent congressional recess, when his family joined him on a trip to Europe.

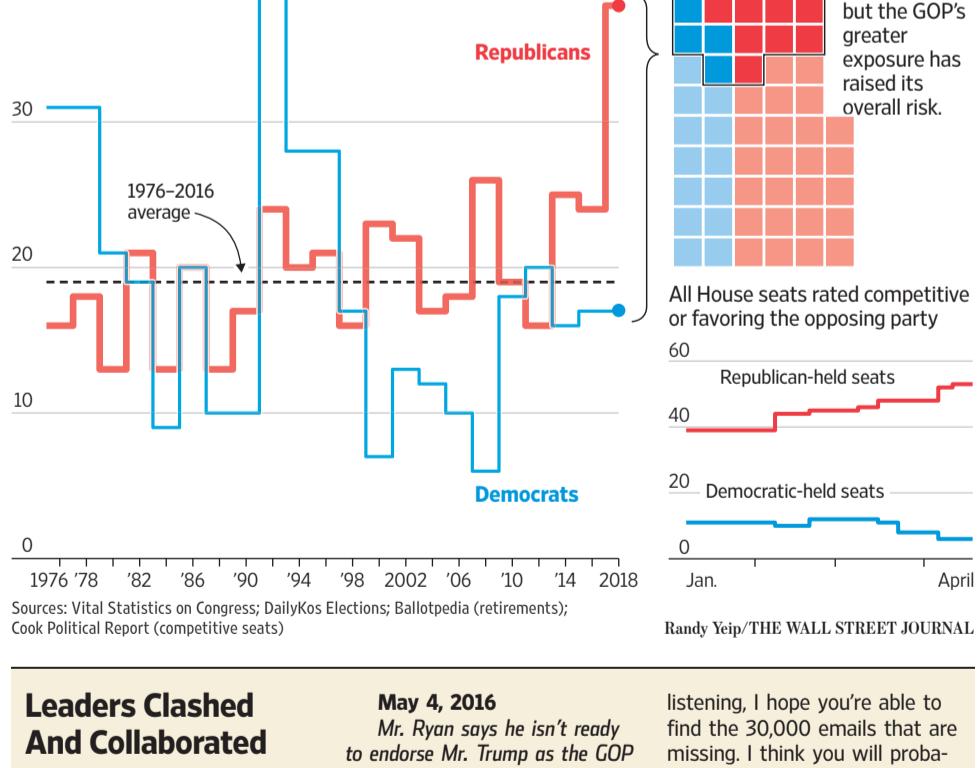
—Siobhan Hughes

contributed to this article.

Bowing Out

Speaker Paul Ryan's retirement adds to the growing list of House Republicans who aren't seeking re-election, expanding the competitive landscape in the battle for control of the chamber.

Number of House retirements each election cycle, excluding resignations



Leaders Clashed And Collaborated

House Speaker Paul Ryan has had an uneasy relationship with President Donald Trump since the early days of Mr. Trump's campaign. Here are some of the tensions, differences—and occasional agreements—in their own words.

Dec. 8, 2015

House Speaker Paul Ryan responds to presidential candidate Donald Trump's call to temporarily ban Muslims from entering the U.S.

Ryan: "What was proposed yesterday is not what this party stands for, and more important it's not what this country stands for."

Trump: "I am not ready to support Speaker Ryan's agenda."

July 27, 2016

Mr. Ryan criticized Mr. Trump after the presumptive Republican nominee invited Russia to unearth Hillary Clinton's deleted emails from her time as secretary of state.

Trump: "Russia—if you're

May 4, 2016

Mr. Ryan says he isn't ready to endorse Mr. Trump as the GOP nominee, drawing Mr. Trump's ire.

Ryan: "I'm just not ready to do that at this point. I'm not there right now. And I hope to, though, and I want to. But I think what is required is that we unify the party. And I think the bulk of the burden on unifying the party will have to come from the presumptive nominee."

Trump: "I am not ready to support Speaker Ryan's agenda."

July 27, 2016

Mr. Ryan criticized Mr. Trump after the presumptive Republican nominee invited Russia to unearth Hillary Clinton's deleted emails from her time as secretary of state.

Trump: "We got it done."

We have a tremendous amount of talent in each chamber, the president said, thanking Mr. Ryan and Senate Majority Leader Mitch McConnell.

Ryan: "We put a real deadline that I thought would work and we got on the same page and we drove it."

listening, I hope you're able to find the 30,000 emails that are missing. I think you will probably be rewarded mightily by our press."

Ryan spokesman: "Russia is a global menace led by a deviant thug. Putin should stay out of this election."

Dec. 20, 2017

Congress approved the most sweeping overhaul of the U.S. tax code in more than 30 years, drawing praise from Mr. Trump for keeping the bill on target.

Trump: "We got it done."

We have a tremendous amount of talent in each chamber, the president said, thanking Mr. Ryan and Senate Majority Leader Mitch McConnell.

Ryan: "We put a real deadline that I thought would work and we got on the same page and we drove it."

WORLD NEWS

Japan's Job-for-Life Culture Fades

Personal preferences and tight market lead workers to call it quits on enduring loyalty

By MEGUMI FUJIKAWA

TOKYO — The Japanese practice of lifetime employment at larger companies survived more than two decades of economic stagnation. Now the system is confronting one of its biggest trials: a tight job market.

More people are switching jobs, often with the lure of a higher salary or fewer hours.

"I used to have the Japanese way of thinking that I would finish up my career with the first company I was employed at," said Yoko Brown, 43 years old, a patent specialist who spent 17 years at an electronics maker. When she grew worried about its business prospects she switched jobs, and when another employer demanded weekend work she changed again, joining Japan Tobacco Inc. last year.

The number of people who changed jobs has risen for seven straight years, reaching 3.11 million in 2017, according to Japan's Ministry of Internal Affairs and Communications. In February, there were 158 jobs for every 100 applicants, near a 44-year high, and unemployment is at a low 2.5%.

In a sign of competition among companies, a record 29.7% of job seekers saw their salaries rise by more than 10% from their previous job in the year ended March 31, according to data from Recruit Career Co., a job-placement firm.

This month, the Japanese company that operates the fashion site Zozotown put out a job notice saying it was seeking to hire seven "geniuses" and would pay each up to \$1 million a year.

The company has received dozens of applications, said



The number of Japanese who changed jobs has risen for seven consecutive years, reaching 3.11 million in 2017.

Yuki Kanayama, an executive at its technology unit. "In the IT and software industry, one person can make a big impact on the business," he said. "Foreign companies, for example Google and Apple, can offer those kinds of talented people amounts that are unthinkable for Japanese companies."

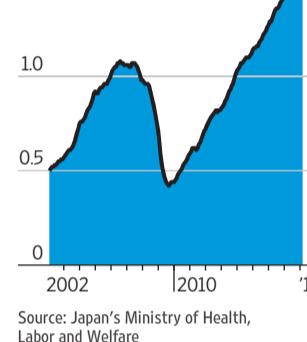
Under the lifetime-employment system, most large Japanese companies take in new recruits each spring and offer them a near-guarantee they can stay until retirement age, barring a severe business downturn. The CEOs of most big companies, including Sony Corp., Honda Motor Co. and Panasonic Corp., are lifetime employees of their companies.

The practice provides job security for the upper stratum of the workforce and an incentive to train workers for the long term, but it has been blamed for causing stagnation and low productivity.

More recently, Prime Minis-

Help Wanted

Demand for labor in Japan has given job switchers a stronger hand. Jobs-to-applicant ratio, seasonally adjusted:



Source: Japan's Ministry of Health, Labor and Welfare

THE WALL STREET JOURNAL

of potential workers.

Japan Tobacco nearly doubled its hiring of midcareer employees in 2017 after its global rivals, such as Philip Morris International Inc. and British American Tobacco PLC, jumped ahead in selling "heat-not-burn" cigarettes, in which the tobacco is heated to release a nicotine-laden vapor.

Japan Tobacco is now trying to reverse the tide with its own device, called Ploom Tech. Ms. Brown was hired to manage the company's intellectual property related to Ploom Tech and other technology.

"In today's rapidly changing competitive environment, we need those who can go into battle from day one," said Japan Tobacco spokesman Masahito Shiraszu.

Last year Toyota Motor Corp. ran ads on a train line used by many engineers working at big research facilities south of Tokyo operated by companies like Fujitsu Ltd., NEC Corp. and Toshiba Corp.,

urging them to switch jobs. "We want engineers from the Nambu Line area, more than from Silicon Valley," a Toyota poster said.

Still, many companies resist the idea of midcareer job-switching. Last fiscal year Ogaki Kyoritsu Bank Ltd. hired 177 people out of college and two midcareer. A spokesman said the bank preferred to hire new graduates and give them wide-ranging training "so that we can hand down and develop the way of thinking and the culture of OKB."

The number of employees switching jobs annually is still less than 5% of the Japanese workforce. In 2016, the average worker in Japan had been at one company for about 12 years, compared with an average 8.6 years in the U.K., according to official data. The U.S. Bureau of Labor Statistics doesn't report average employee tenure, but the median U.S. figure was 4.2 years in 2016.

China Says Xi Didn't Back Off On Trade

BEIJING—A Chinese government spokesman denied that recently announced policy changes constitute concessions to the Trump administration in the countries' trade fight.

A Commerce Ministry spokesman said Thursday that the new measures announced by President Xi Jinping "have nothing to do with the trade disputes with the U.S." The spokesman, Gao Feng, told reporters that the Chinese government is opening the economy "at its own pace, in its own direction, which is already fixed."

At a forum of political and business leaders Tuesday, Mr. Xi offered to further open China's markets to foreign business, increase imports, accelerate access to China's insurance and other financial sectors, raise protections for intellectual property and lower tariffs and reduce ownership restrictions for foreign car makers.

Global financial markets, which have been rocky in recent weeks as the U.S. and China threatened tariffs on each other's goods, were cheered by Mr. Xi's remarks, seeing them as a sign both governments would negotiate their way out of the dispute. President Donald Trump liked them, too, thanking Mr. Xi on Twitter and saying, "We will make great progress together."

Still, the Commerce Ministry's Mr. Gao reiterated Beijing's position that no talks are taking place and that China won't engage in them under U.S. threats. "The U.S. lacks the sincerity for negotiations," he said.

—Liyan Qi



A laborer works at a rare-earth metals mine in Jiangxi province. China dominates the sector.

In Rare-Earth Find, Hope Of an Edge Against China

By MAYUMI NEGISHI

TOKYO—Japan has hundreds of years' worth of rare-earth metal deposits in its waters, according to new research that reflects Tokyo's concern about China's hegemony over minerals used in batteries and electric vehicles.

The deposits were found in the Pacific Ocean seabed near remote Minamitorii Island, about 1,150 miles southeast of Tokyo. Extracting them would likely be costly, but resource-poor Japan is pushing ahead with research in hopes of getting more control over next-generation technologies.

A roughly 965-square-mile seabed near the island contains more than 16 million tons of rare-earth oxides, estimated to hold 780 years' worth of the global supply of yttrium, 620 years' worth of europium, 420 years' worth of terbium, and 730 years' worth of dysprosium, according to a study published this week in *Nature Publishing Group's Scientific Reports*.

The U.S. Department of Energy and the European Union have issued warnings about shortages of rare earths as China's own consumption of them increases.

Mineral Monopoly

China dominates global production of rare-earth oxides.

2017 production

in metric tons

Australia 20,000

Russia 3,000

Brazil 2,000

Others 3,500

China 105,000

Note: Based on rare-earth oxide equivalent content

Source: U.S. Geological Survey

THE WALL STREET JOURNAL

times by cutting its export quota on 17 elements by 40% from the previous year. It said it wanted to clean up a polluting industry, but the move left Japan seeking more independence from prices dictated by its neighbor. Japanese manufacturers have since lowered the amount of rare-earth metals in batteries and motors.

"It is important to secure our own source of resources, given how China controls the prices," said Waseda University Prof. Yutaro Takaya, who led the study.

Still, isolating rare-earth minerals from mud hundreds of meters underwater is expensive. More research needs to be done on methods of extracting the rare earths continuously, Prof. Takaya said. A Japanese consortium of government-backed entities, corporations including Toyota Motor Corp. and research institutions hopes to conduct a feasibility test within the next five years, the researchers said.

Large rare-earth deposits are found in many nations, but China dominates the field largely because it also has businesses to process the minerals into materials usable in industrial applications.

Jeans reimaged

Rohan Jeans may look like regular jeans, but in terms of performance they are the opposite.

Made from a sophisticated fusion of cotton and advanced modern synthetics, they're softer, lighter, stretchier, quicker drying and more durable.

Clever details include two hidden security pockets, one just the right size for a passport.

They're available in a classic fit or a more contemporary tapered leg fit.

Perfectly normal jeans, just much cleverer.

Special price

\$89

Plus FREE shipping & returns



Men's Jeans Tapered Leg

How to buy

Visit rohandesigns.com and enter U105 at the Basket Page or call 800 334 3750 and quote U105

The price you see is the price you pay. Rohan pays the duty, and shipping is free on orders of \$75 or over. Your new jeans will be shipped from the UK, and should be with you within 7-10 business days. Imported.

Rohan®

FOR EVERY JOURNEY

This offer is valid on Men's Jeans Classic in Mid Denim and Dark Denim (product code 04399) and Men's Jeans Tapered Leg in Dark Denim (product code 04341) only. This offer may not be used against a previous purchase and cannot be used in conjunction with any other offer or discount. Offer expires 20 May 2018. Offer code U105.

THE WALL STREET JOURNAL.

CFO Network

World-Class CFOs Driving the Future of the Global Economy.

Member Benefits

Annual Meeting

June 11–12, 2018 | Washington, D.C.

WSJ editors, business leaders, policy makers and CFOs from around the globe convene to identify and debate the latest business issues.

Editor's Dinner Series

July 26, 2018 | New York, NY

September 26, 2018 | New York, NY

Moderated by senior WSJ editors, these engagements bring together top executives for dinner and discussions on issues facing global business.

D.LIVE

April 19–20, 2018 | Hong Kong

November 12–14, 2018 | Laguna Beach, CA

Complimentary access to The Wall Street Journal's premier technology events. D.LIVE brings together an unmatched group of CEOs, founders, investors and luminaries from around the world to set the global tech agenda.

WSJ Pro Cybersecurity Newsletter

Curated daily to give you unique and actionable insight on the wide-ranging challenges of cybercrime risk.

Quarterly Cybersecurity Briefing Report & Video Conference

Exclusively for C-Suite executives, this quarterly briefing provides the latest cybersecurity trends that may impact your business.

WSJ Pro Executive Cybersecurity Forum

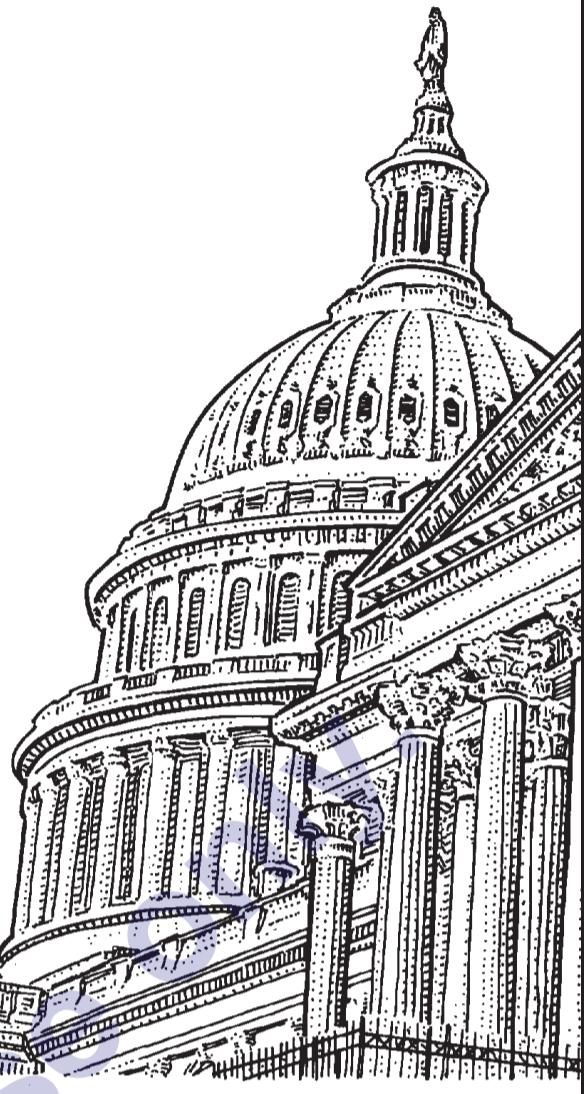
May 24, 2018 | London

December 2018 | New York City

Join fellow senior executives and industry leaders to discover how you can prepare for increasing cybersecurity threats.

Proudly Sponsored By:

Deloitte.



The Wall Street Journal CFO Network is an exclusive membership for Chief Financial Officers from the world's largest and most influential companies collaborating on the most pressing issues in global financial leadership.

Membership is by invitation.
For more information, please email CFONetwork@wsj.com

WORLD NEWS

Tweets Raise Questions About Planning

Trump's comments about possible strike stir concerns over opponents' response

BY GORDON LUBOLD AND NANCY A. YOUSSEF

WASHINGTON—In a series of tweets and pronouncements in recent days, President Donald Trump has outlined a military operation still in the planning stages, spelled out a decision timetable and pointed to the kinds of weapons he may use.

"Get ready Russia, because they will be coming, nice and new and 'smart!'" he tweeted on Wednesday, referring to advanced weaponry at least 24 hours before any operation in Syria is likely to begin.

The U.S. military maintains strict discipline when it comes to discussing such operations in advance, taking the position that removing the element of surprise can render operations less effective and put troops in danger.

"The department does not comment on potential future military actions," Pentagon spokesman Eric Pahon said Wednesday when asked about Mr. Trump's tweet. "I refer you to the White House to characterize the president's tweet."

But the commander-in-chief's statements have telegraphed U.S. military intentions, appearing at odds with Mr. Trump's own criticisms of former President Barack Obama and catching the Pen-



The U.S. has one guided-missile destroyer, the USS Donald Cook, in the Mediterranean, where it could take part in any strike on Syria.

MC2 ALYSSA WIEHL/US NAVY/AGENCE FRANCE PRESSE/GTY IMAGES

tagon off guard.

"The last thing in the world any military organization should be doing is telegraphing what you're going to do," said retired Army Gen. Ben Hodges. If the U.S. now opts not to conduct strikes in Syria, it would weaken Mr. Trump's word the next time, he said. "I don't like it."

Gen. Hodges, now a senior consultant at the Washington, D.C.-based Center for Euro-

pean Policy Analysis, said he was "appalled" by Mr. Trump's tweet early Wednesday, not only because it signaled a potential future military move, but because it could box the U.S. into a course of action.

Mr. Trump's pronouncements may already have triggered moves by adversaries, military officials said. Syria has moved its fighter jets, sending some to a Russia-op-

erated air base near the Syrian city of Latakia, according to Syrian experts, in the belief that the U.S. won't strike Russian-protected targets.

Iranian troops and allied militias, meanwhile, were redeploying around the country, according to the Syrian Observatory for Human Rights.

White House press secretary Sarah Huckabee Sanders said later Wednesday that Mr. Trump hadn't made a final de-

cision on how the U.S. will respond to chemical-weapons attacks in Syria and that all options remain on the table.

Ms. Sanders argued that the key difference between Mr. Trump's comments and Mr. Obama's actions was that Mr. Trump "has not laid out a timetable." Mr. Obama, in planning troop withdrawals from Afghanistan, issued a detailed timeline.

Mr. Trump in recent days

has given estimates of timetables for administration decision making.

At the Pentagon, some feared the president's comments could affect the U.S. military plans leading up to a potential strike, two defense officials said. By telegraphing American intentions in Syria before war planning is even complete, Mr. Trump runs the risk that international coalition support for strikes may flag, or that the operation doesn't take place at all.

Some were concerned the tweet could be interpreted as an unofficial declaration of military action, making it difficult for the U.S. to step back later. Normally, presidential orders to conduct strikes go through the military chain of command, with specifics about what is expected and what the military hopes to achieve with the use of weapons and personnel.

By telling the world that the strike was imminent, the president could have put the USS Donald Cook, which is in the region's waters and expected to be a part of any operation, in danger of harassment flights and maneuvers by Russian forces, one defense official said.

"It's a consideration," he said.

Despite the frustration, military officers refrained from direct criticism of the tweets. Mr. Trump "is still the commander in chief," one defense official said, declining to express his views.

—Michael C. Bender contributed to this article.

U.S.-Russia Rift Over Damascus Puts Israel in a Bind



MIDDLE EAST CROSSROADS

By Yaroslav Trofimov

Russian President Vladimir Putin looked the other way as Israel repeatedly attacked Iranian and regime military installations in Syria. Russia also delivered on its tacit pledge to prevent the deployment of Iranian forces and their proxies in the vicinity of the Israeli-held Golan Heights. In exchange, Israel took a much softer line on Russia than most Western countries.

All of this is changing now that President Donald Trump (and, likely, France) is readying major strikes against the Syrian regime to punish it for its alleged use of lethal chemical weapons in the rebel-held Douma area northeast of Damascus. With Moscow warning of grave consequences if these strikes go ahead, Israel's bilateral understandings with the Kremlin risk being swept away by a much broader clash.

"It has definitely been a goal of Israeli policy to avoid confronting Russia on a number of issues that have been a cause of friction between Russia and the West," said Dan Shapiro, the U.S. ambassador to Israel in 2011-2017 and currently a fellow at the



Russia's Vladimir Putin, left, with Israel's Benjamin Netanyahu

Institute for National Security Studies in Tel Aviv.

officials support the idea of meaningful U.S. military action in Syria, in part because they want to enforce red lines against any use of chemical weapons in the Middle East—and in part because they think such a campaign may prompt Mr. Trump to reconsider his announced desire to withdraw American forces that secure a large part of eastern Syria.

Such a withdrawal, in Is-

rael's view, would be a strategic boon to its existential foe, the Iranian regime, as well as to Russia.

In a way, Israel's current predicament with Moscow is a replay of the past. The Soviet Union helped establish Israel and was the first country to bestow on it de jure diplomatic recognition, as well as getting satellite Czechoslovakia to supply it with weapons in 1948.

But American-Soviet hostility during the Cold War pushed Moscow to sever its ties with Israel and to arm and fund Israel's Arab enemies, most notably Syria.

It was only in 1991 that the two countries resumed diplomatic relations, an event followed by the migration of more than a million Soviet Jews to Israel and the flourishing of business, tourism and cultural connections.

"The current friendly relations between Russia and Israel are a deviation from the norm," said Maxim Suchkov, a Middle East expert at the Russian International Affairs Council, a state think tank. "The current escalation over Syria can shuffle all the cards, including the Russian-Israeli ties."

Until now, Mr. Netanyahu's diplomacy resulted in Russia tolerating Israel's military activity in Syria against Iran and Iranian proxies, within well-defined limits and using a coordination mechanism to prevent mishaps.

"There are a lot of agreements and understandings. As long as Russia has no Russians hurt in Israeli actions and Israel doesn't threaten the stability of the Assad regime, tactical deconfliction and leadership interactions make it easier," said reserve Brig. Gen. Assaf Orion, who served until 2015 as head of strategic planning in Israel's General Staff.

That equation, however, would change fundamentally should U.S. (and French) military action pose a material threat to the Syrian regime's stability—and endanger Moscow's hard-won sway in Syria.

"Netanyahu's many visits to Moscow were great, and I am sure that his personal relations with Putin are very warm and close," said Ksenia Svetlova, a Russian-born Israeli lawmaker. "But that doesn't change the fact that Russia has its own ironclad interests in Syria, and that those interests are incompatible with ours."

SYRIA

Continued from Page One

Pope Says He Was Wrong On Sex Abuse

By FRANCIS X. ROCCA

ROME—Pope Francis said he made "grave mistakes" in the case of a Chilean bishop accused of covering up clerical sexual abuse, whom the pontiff had defended, and asked "forgiveness of all those whom I offended," including victims of the abuse.

The pope, in a letter, said he erred because he had been misinformed. He didn't say if he would remove the bishop, postponing resolution of the matter until at least late May.

The pope's acknowledgment came in a letter, addressed to Chilean bishops concerning a Vatican investigation into Bishop Juan Barros of Osorno.

The pope commissioned the probe after drawing criticism during a visit to Chile, when he dismissed accusations against the bishop as slander. Victims had accused Bishop Barros of failing to report sex abuse by the Rev. Fernando Karadima. Father Karadima has maintained he is innocent, and Bishop Barros has denied knowledge of the actions.

and raised concerns about the threats made by Russia, the officials said. As of Wednesday afternoon, there appeared to be consensus building for one strike on several military targets in Syria, although a series of strikes rolling through several days has been discussed.

U.S. officials are eager to have France and the U.K. take part in the attack to demonstrate international support for the response. While British Prime Minister Theresa May has expressed some caution, U.S. officials said the U.K. now appears to be more willing to join in a unified strike.

"The chemical-weapons attack that took place in Douma was a shocking and barbaric attack," Mrs. May told reporters in Birmingham. "All the indications are that the Syrian regime was responsible."

The U.S. and France have positioned warships armed with cruise missiles within firing range of Syria. Mrs. May planned to meet Thursday with her cabinet to discuss Syria, officials said.

The exchanges came during a day of fast-paced developments. Russia's navy began an exercise off the coast of Syria, an aviation body said, posing potential complications to U.S. plans for a strike.

Meanwhile, Syria on



A former rebel-held area in Damascus's outskirts, on Wednesday.

Wednesday moved many of its aircraft, apparently counting on Russian air defenses for protection. Some Syrian fighters have been relocated to the base the Russia military has been using near Latakia, Syrian state media said.

Ever since Russia carried out its first airstrike in Syria in September 2015, U.S. and Russian warplanes have been sharing the skies over the country. There have been tense moments. In December, two U.S. Air Force F-22s intercepted and dropped flares near Russian Su-25s that ventured beyond a prearranged boundary along the Euphrates River.

By and large, however, commanders on each side have

been able to "de-conflict" their air operations and avert any hostilities, and the U.S. military still adheres to that approach. There is concerted effort at the Pentagon to avoid hitting Russia personnel if a U.S. attack takes place and some military officials favor alerting the Russian military in advance.

When Mr. Trump ordered a cruise-missile attack a year ago to punish Mr. Assad for using chemical weapons, the U.S. went out of its way to avoid striking Russian forces. The U.S. target then was 59 Syrian aircraft, hardened plane shelters, radar installations, an air-defense system, petroleum storage sites and ammunition bunkers at the Al Shayrat air-

field. As many as 100 Russian military personnel were estimated to be at one time part of the Al Shayrat base.

What makes the current situation different is that the element of surprise has been forfeited, as Mr. Trump has already vowed to carry out a missile attack. Russia's air-defense system in Syria appears to have expanded, too. Maj. Gen. Sergey Meshcheryakov, chief of staff of the Russian Aerospace Forces, described it as "a unified, integrated air-defense system" in August.

Faced with the array of defenses, the U.S. is expected to rely heavily on cruise missiles that can be fired from a safe distance. The Navy's Tomahawk cruise missile isn't stealthy, but it can fly low to the ground, which would make it harder for the S-400 to target.

The most-modern Tomahawk variants can fly as far as 1,000 miles, meaning the ships that launched them could stay outside the range of shore-based antiship defenses. Though some might be shot down, the U.S. and its allies could easily compensate by firing a larger number of missiles.

—Dion Nissenbaum/ and Chris Gordon in Washington and Jason Douglas in London contributed to this article.

IN DEPTH

TAX

Continued from Page One
ers, said the people close to the firm. Now the bill is due.

Mr. Paulson, 62, isn't exactly struggling to pay the \$1.5 billion bill. But he's also not as flush as the heady days of 2008. In fact, after a string of poor results, a bad bet on pharmaceutical stocks and client defections, Mr. Paulson has been selling various investments to cover the bill.

He's also in the process of cutting costs and shrinking his firm, including laying off senior traders.

Seven years ago, Mr. Paulson was managing \$38 billion and was firmly among Wall Street's elite. Today, Paulson & Co. is managing under \$9 billion—most of it Mr. Paulson's own assets, said the people close to the firm. That's one reason this particular IRS deadline stings.

"It is safe to say it is one of the largest tax bills on earned income in history," said Henry Bregstein, co-global head of the financial services group at the law firm Katten Muchin Rosenman LLP. Billionaires in the technology and private-equity worlds usually achieved the bulk of their wealth through the appreciation of shares, he said, not from earned income. Mr. Paulson declined to be interviewed for this article.

As with most hedge funds, Paulson & Co. enjoys profits from fees amounting to 20% of gains generated for investors. For decades, tax authorities allowed managers of hedge funds to defer receipt of this income. The IRS generally permits businesses to let executives defer compensation because that tends to lower the firms' compensation costs, forcing them to pay higher taxes on profits. That offsets income taxes not immediately paid by the employees.

But in the case of offshore hedge funds that don't pay offsetting U.S. taxes, including some operated by Mr. Paulson, the Treasury lost out. A 2008 tax change mandated by Congress gave Mr. Paulson and other hedge-fund managers until tax day of this year to pay taxes on money accumulated before the law changed.

Other hedge-fund managers facing enormous tax bills include Steven Cohen, David Einhorn and Daniel Loeb, the Journal previously reported, citing people familiar with the matter. Mr. Loeb didn't respond to a request for comment. Representatives for Mr. Cohen and Mr. Einhorn declined to comment.

Mr. Paulson has been turning to his Credit Opportunities fund—one of several funds he operates—for the money, the people close to the firm said. This fund held about \$3.5 billion in assets late last year, the bulk represented by Mr. Paulson's own interests. He pulled about \$500 million from the fund late last year to make an initial tax payment and will pay another \$1 billion from the fund by April 17, the people said. Mr. Paulson is the largest investor in the fund, which gained 10% last year, one of these people said.

To generate enough cash to let Mr. Paulson withdraw his money, Paulson has been selling investments including shares of Caesars Entertainment Corp., people close to the firm said. Paulson held nearly 28 million shares late last year, making it one of Caesars' largest holders. Paulson sold almost nine million shares in the fourth quarter, according to filings, and sold millions more earlier this year, the people said. The stock has fallen to about \$11 from about \$13 since November, weakness that some investors attribute at least in part to Paulson's selling.

Paying the tax bill may itself be something of a chore for Mr. Paulson. He could wire the money but may wish to pay by check if he'll earn interest on the money until tax authorities cash the check. If so, the IRS accepts only checks or money orders of less than \$100 million. He could submit multiple payments, though tax attorneys note that clients can have problems fitting such huge numbers onto the line on a check.

It has been a remarkable reversal of fortune for Mr. Paulson. Before that trade of a lifetime, he hadn't made much of a mark. A native of the New York borough of Queens, Mr. Paulson grew up in a middle-class family and attended New York University and Harvard Business School. He later worked at Bear



PHOTO: BRYAN SMITH/ZUMA PRESS; PAUL J. RICHARDS/AGENCE FRANCE PRESSE/GETTY IMAGES

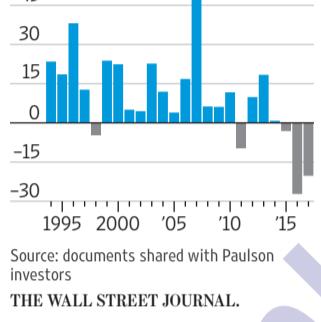
agement and not put more than 35% of the fund's assets in a single industry group, among other changes.

Soon, he was adding still more Valeant shares. A person close to his firm said it complied with the new risk guidelines. In the second quarter of 2016, Paulson bought nearly 5.8 million shares of Valeant, taking the firm's ownership to 5.6% of all shares from 3.9% in the previous quarter. Other drug positions also grew. As drug stocks fell further, Mr. Paulson expressed confidence the slump wouldn't last.

Paulson Partners, Mr. Paulson's oldest fund, lost over 10% through the first two months this year after dropping 20% last year and 27% in 2016, according to documents shared with investors. Paulson Partners Enhanced fund, which uses borrowed money to invest in merger deals, is down over 20% this year, fell 35% last year and lost about 49% in 2016.

Change of Fortunes

Annual return on Paulson Partners fund



Source: documents shared with Paulson investors

THE WALL STREET JOURNAL.

John Paulson owes taxes on returns from his successful wager against subprime mortgages before the financial crisis. Above center, Mr. Paulson with then-Mayor Michael Bloomberg at the announcement of a gift to the Central Park Conservancy in 2012.



share, would hit \$250, the investor said.

By July 2015, Valeant had soared past his target. But it soon fell, along with other drug holdings, hurt in part by a tweet by Hillary Clinton, then the presumptive Democratic presidential candidate, about "price gouging" in the specialty-drug sector.

It is safe to say it is one of the largest tax bills on earned income in history.

In October 2015, with Valeant under \$100, Mr. Paulson held a special meeting with more than 40 investors in a conference room in his Midtown Manhattan office, many of whom were unhappy, according to some investors at the event. Speaking in a calm, confident monotone, Mr. Paulson reiterated his support for Valeant and other drug stocks.

By 2014, Mr. Paulson told clients he had found a new hit: Consolidation in the drug industry would accelerate and boost a number of pharmaceutical companies, some investors said he told them. Late that year, he told one of these investors one of his largest holdings, Valeant Pharmaceuticals International Inc., then trading at around \$140 a

share, would hit \$250, the investor said.

Then he went cold. Gold-mining stocks were crushed when gold prices weakened, other holdings slumped and some investors exited. At one point that year, Paulson owned more than 14% of Sino-Forest Corp., before fraud accusations against the Chinese forestry company sent shares tumbling, costing Paulson more than \$100 million, according to a person familiar with the loss.

Canadian regulators later ruled that executives at Sino-Forest, which filed for bankruptcy in 2012, had engaged in fraud. By 2014, Mr. Paulson told clients he had found a new hit: Consolidation in the drug industry would accelerate and boost a number of pharmaceutical companies, some investors said he told them. Late that year, he told one of these investors one of his largest holdings, Valeant Pharmaceuticals International Inc., then trading at around \$140 a

Last month, after shares of Shire spiked amid rumors of a possible takeover, Mr. Paulson said the move reaffirmed his strategy, according to a person close to him.

—Laura Saunders contributed to this article.

Mixed Results

Some of Paulson & Co.'s biggest winning and losing bets over the past decade

■ Winning bets
■ Losing bets

Purchased derivatives that soared as subprime mortgages collapsed (2007)

+\$15 billion

Shorted financial companies that tumbled in crisis (2008)

+\$5 billion

Bought gold, gold shares ahead of surge in prices (2010)

+\$2-3 billion

Prematurely purchased financial stocks including Citigroup, Bank of America (2011)

-\$2-3 billion

14% ownership of Sino-Forest led to losses when fraud emerged (2011)

-\$100 million

Falling gold prices, poor results crippled gold and mining investments (2011-14)

-\$2-4 billion

Bet on drug stocks like Valeant struggled (2015-18)

-\$4-5 billion

Short of stocks to hedge drug positions led to losses as stock soar (2017)

-\$200 million

Real-estate investments rose as market improves (2017)

+\$30 million

Sources: Securities filings; Paulson investors; staff reports

THE WALL STREET JOURNAL.

VIRUS

Continued from Page One
a serious challenge.

Two years ago, German security firm SerNet GmbH figured a punchy name for their bug discovery would give the company a publicity jolt. They called it Badlock, designed a fractured-lock logo and set up a website. The marketing push backfired when some security experts decided Badlock wasn't that bad. Cynical hackers called it Sadlock.

"We would not do this again," says SerNet Chief Executive Johannes Loxen of the branding blitz, which he says was overkill because a relatively small number of people were affected by Badlock.

Hackers are no fans of marketing. They brand things in their own way. Puns and historic references are the name of the game. "They see it as a kind of grass-roots initiative," says Gabriella Coleman, an anthropologist who teaches courses on hacker culture at McGill University in Montreal.

In 2014, Finnish computer

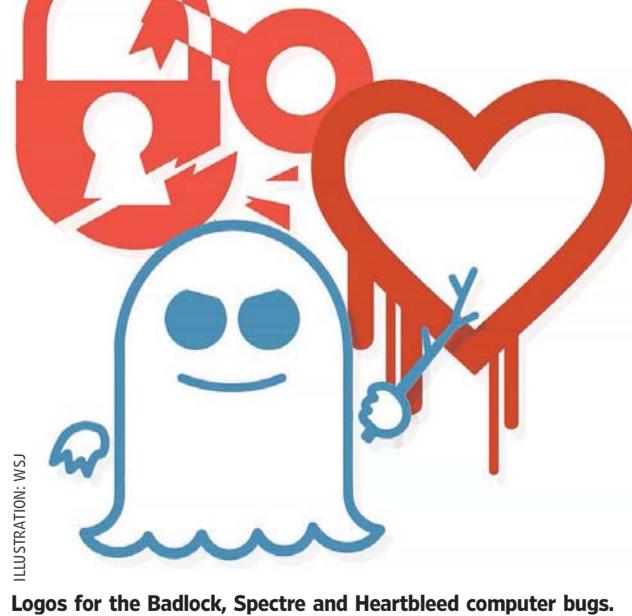
security company Codenomicon wasn't thrilled with U.S. government bureaucrats who keep track of bugs. Codenomicon had found what it thought was a whopper that people needed to know about—a bug that caused software at the heart of the internet to bleed data. The U.S. government filed it under the name CVE-2014-0160, a reference to its Common Vulnerabilities and Exposures database number.

To take control of the narrative, Codenomicon built a marketing campaign around a more dramatic name, Heartbleed, and a bleeding-heart logo. It was a hit. Nearly four years later, Heartbleed T-shirts are still available on Amazon.com for \$16.99. CVE-2014-0160 shirts are not.

The U.S. Department of Homeland Security, which oversees the unit that names computer-security problems, declined to comment.

At computer-security conventions, hackers sometimes chide David Chartier, Codenomicon's CEO at the time, for opening a Pandora's box. "Our

ILLUSTRATION: WSJ



Logos for the Badlock, Spectre and Heartbleed computer bugs.

goal was to drive public awareness," he explains. "We exceeded our goal."

Heartbleed gained so much attention it inspired the Pwnie Awards—pronounced "Pony" Awards—which recognize the

best bug branding at the annual Black Hat computer-security conference in Las Vegas. (In tech talk, "pwn" means "own," or to completely trounce an opponent.) Award winners receive a

gold-painted My Little Pony figure, often with shocks of purple and pink hair.

This year's top prize went to the name given to a bug in software used to read digital documents. It was called GhostButt. "Butts are popular," Pwnie presenter Katie Moussouris, chief executive of security consulting firm Luta Security Inc., explained while sipping champagne.

"The Pwnies are not really meant to be taken all that seriously," noted Dino Dai Zovi, one of the awards' creators.

At times, the hacking community can't seem to agree on a name. Take last year's Petya outbreak. Or was that NotPetya?

The security firm Symantec Corp. chose Petya because the malware contained code from a previously detected ransomware program of the same name. CrowdStrike Inc., though, called it NotPetya after deciding the worm was different from the original Petya. At Cisco Systems Inc., it was called NyetPetya—a tip of the hat to the new worm's alleged Russian creators.

GREATER NEW YORK

Office Market Perking Up

New Jersey posted its lowest vacancy rate in nine years, indicating a possible turning point

BY KEIKO MORRIS

New Jersey office leasing declined in the first quarter of the year, but the state posted its lowest office-vacancy rate in nine years, offering a glimpse of a future turning point, according to a new report from real-estate services firm JLL.

Just more than 1.3 million square feet of office leases were signed in northern and central New Jersey in the first three months of 2018, repre-

senting a 40% decline from about 2.2 million square feet of deals completed in the same period last year, JLL said.

Yet, the overall vacancy rate dipped to 23.9%, the lowest since early 2009, the report said. The scenario could be viewed as "the glass is half full/half empty," said Steve Jenco, a vice president in JLL's suburban tri-state research group.

"Yes, the vacancy rate did decline and we've gotten below 24%," Mr. Jenco said. "The half-empty portion is: Where is the demand that's driving that? We were taking buildings out of the inventory."

The elimination of 1.7 million square feet of older, obsolete buildings, mostly in the

Parsippany market, helped shrink the vacancy rate.

Those buildings, typically in the class-B category, are being redeveloped or demolished and replaced by mixed-use projects, residential complexes and, in some cases, warehouse buildings.

Like other suburban office markets in the tri-state area, New Jersey has struggled with vacancies in outdated suburban office parks, created by mergers and consolidations in major sectors such as the pharmaceutical industry, as well as a growing preference for higher-quality offices close to mass transit, shops, restaurants and other amenities.

Parsippany's vacancy rate fell from 34.2% at the end of

2017 to less than 32% in the first quarter. The state's class-B vacancy rate dropped nearly 3 percentage points to 21.2% from the first quarter of 2017.

Removing some of this less expensive office space may have played a part in asking rents continuing to rise. The average asking rent increased 3.3% to \$27.31 a square foot, the report noted.

However, rents have appreciated in markets such as the Hudson River waterfront, where office conversions weren't a factor, Mr. Jenco said.

"The demand we're going to continue to see is demand for class A, high-quality tenant space in amenity-filled buildings," Mr. Jenco said.



The elimination of older buildings has helped shrink the vacancy rate.

Whether the office market is at a turning point remains to be seen, Mr. Jenco said, but the report's outlook is optimistic. Tours of office space have ticked up and potential

office-space requirements of more than 100,000 square feet increased from last year. In the first quarter, there were nearly 20 such requests, compared with 12 last year.

State Will Spend \$18.5 Million to Fight MS-13 Gang

BY CORINNE RAMEY

New York Gov. Andrew Cuomo announced Wednesday that the state would spend \$18.5 million to fund programs designed to keep young people on Long Island from joining MS-13, a brutal gang tied to murders and violence in Nassau and Suffolk counties.

"Let's stop the young people from getting caught in the gang pipeline to begin with, rather than just treating them as criminals once the gang takes over," Mr. Cuomo, a

gang recruiters.

About \$16 million of the funding, which will come from the state budget, will be allocated to after-school, job-training and social-service programs designed for at-risk young people. About \$2.5 million will fund violence-reduction efforts, officials said.

Suffolk County Executive Steve Bellone said in an interview Wednesday that the funding would support some new programs and expand other existing ones.

He said teenagers targeted for recruitment by the gang often are immigrants who come to Long Island to join family members. Many don't speak English, may be living with relatives they don't know well and come from harsh circumstances, he said.

"The worst thing we can do is just leave these kids out there on their own," said Mr. Bellone, a Democrat. "They're just sitting ducks for MS-13."

Mr. Cuomo's announcement comes on the anniversary of the gang-related killings of four young men, whose mutilated bodies were found last year in a Central Islip park.

Federal prosecutors said that on April 11, 2017, two female associates of MS-13 lured five men to the park, believing they were members of a rival gang. MS-13 members then attacked and killed four of the men using machetes, knives and wooden clubs, prosecutors said. Attorneys for the defendants didn't respond to requests for comment.

MS-13, short for La Mara Salvatrucha, is one of the largest street gangs in the U.S., according to the Justice Department.

Devils Embark on Quest for Stanley Cup



TROPHY CHASE: The New Jersey Devils practiced Wednesday ahead of the team's first NHL postseason game since 2012. The Devils will face the Tampa Bay Lightning on the road Thursday in the opening game of the first-round series of the 2018 hockey playoffs.

\$2.5M

Amount of funds allocated for violence-reduction efforts.

Democrat, said at a news conference in Brentwood, N.Y. "Let's not treat the disease, let's prevent the disease."

Gang violence on Long Island has drawn national attention, particularly because many MS-13 members are immigrants with roots in Central America.

Republican President Donald Trump, who visited Brentwood in July, vowed to arrest and deport gang members, saying they had turned some neighborhoods and parks into "blood-stained killing fields."

On Wednesday, Mr. Cuomo said that although a law-enforcement response to the gang is important, a more nuanced approach is necessary to prevent local young people from being "easy prey" for

Website Aims to Aid Home-Hunting

BY JOSH BARBANEL

Here is the latest news from the apartment building at 311 E. Third St. in the East Village: Loud music is blasting nearby. Rats are on the loose in the neighborhood. And the building's last co-op unit sold for \$449,000.

PROPERTY These were some of the insights recently offered by Localize.city, a new New York-centric website that is trying to find new ways to tell the story of the city, building by building.

Localize, a startup that has raised \$11 million in funding, is part of a wave of companies trying to expand the relationship between real estate, data and technology to transform the home-hunting experience. Rocket Mortgage, for example, offers streamlined online and mobile mortgage applications, while Jetty and Rhino allow renters to sign a lease without paying a full security deposit.

While many real-estate websites provide large batches of property and census data, Localize, launching this week, has taken a different path. It hired teams of data scientists and urban planners to distill billions of data points into simple—critics say simplistic—findings.

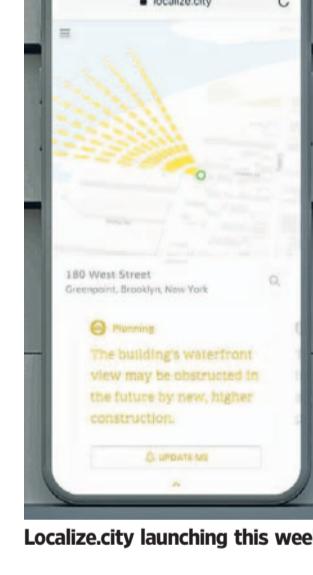
It flags nearby construction sites, park improvement plans, dog-friendly parks, Citi Bike stations and community gardens. A viewer can tap a map or click on a tab to drill down for more information.

It warns of buildings near pedestrian accident hot spots or in the flood plain, provides pricing of short-term rentals nearby, and maps the shortest walk to the subway, among other data points.

At 25 Bruckner Blvd., a new rental building in the rapidly gentrifying South Bronx neighborhood of Port Morris, Localize pointed out that the building is on a flight path to LaGuardia Airport. This insight was generated by digitizing flight path maps and studying federal and international noise standards.

Most of the content on Localize, which is free, is generated by algorithms that combine data from multiple sources, said Asaf Rubin, a mathematician and software engineer who is the company's co-founder and chief executive.

At 180 West St., a four-story walk-up in Greenpoint facing the East River and Manhattan, Localize warned that a partial river view could be completely blocked by future high-rise con-



Localize.city launching this week.

struction under a rezoning of the Greenpoint waterfront. To arrive at this finding, Localize's data scientists had to find a way to define the existing view each building had and then model what could happen under zoning rules, Mr. Rubin said.

"They are going over some things that people would not see any place else," said Noah Rosenblatt, a broker and the creator of UrbanDigs.com, a listing and data website.

But Donna Olshan, a broker

who follows industry marketing trends, found it to be too simple, especially the insights about routine neighborhood projects in the pipeline that are well known to residents.

"It is great if you are 10 years old or under," she said.

Steve Kalifowitz, the New York-based president of Localize.city, said the target audience is house and apartment hunters. Eventually, it will be expanded to other locations, he said.

Localize.city looks like a hyperlocal news site, where existing residents can learn something new about their neighborhood.

Amy Zimmer, the company's head of content strategy, is a former reporter who covered real estate and education at DNAinfo, a now-closed news site that had focused on neighborhood-by-neighborhood news. Ms. Zimmer is using Localize data to create reports on dangerous intersections near schools, patterns in housing violations and the city's housing boom.

"The company sees itself as telling stories, adding to the conversation of what is happening in the city," she said. "The way to find a home is to know about the story of a home and the story of the neighborhood."



Gang violence on Long Island has drawn national attention.

JOHN MOORE/GETTY IMAGES

OYSTER PERPETUAL

DAY-DATE 40



ROLEX

LONDON

JEWELERS

WESTFIELD WORLD TRADE CENTER 212.381.9455

AMERICANA MANHASSET 516.627.7475

EAST HAMPTON 631.329.3939 | SOUTHAMPTON 631.287.4499

ROLEX, OYSTER PERPETUAL AND DAY-DATE ARE TRADEMARKS.

Rapid Acceleration of Drug Discoveries is Transforming Cancer Care

New therapies are revolutionizing the course of cancer treatment.

- Advances in our knowledge of the molecular pathogenesis of cancer have led to an increased interest in molecularly targeted agents (MTAs). MTAs are treatments that specifically target cancer cells – to either kill them or prevent them from growing – while being less harmful to normal cells.
- Similarly, a better understanding of the immune system has finally translated into the rise of immunotherapy, particularly through cell therapies and/or monoclonal antibodies, which, by unleashing the power of the immune system to fight cancer, became a true game-changing treatment.

The greatest promise for curing cancer lies in programs with in-depth experience in clinical trials and phase I capabilities.

- Over the years, all drugs to treat cancer have been approved as a result of clinical trials. Institutions with the ability to do early testing – particularly through phase I and first-in-human testing – are leading the discovery for the next generation of cancer therapies.

Physicians at John Theurer Cancer Center are able to provide hope and novel treatment options for cancer patients for whom other therapies failed.

- John Theurer Cancer Center physicians are major contributors to the developing pipeline of new therapies. Our programs are among the programs that can handle complex and early discovery clinical trials to offer new options for cancer patients when standard therapies don't work or stop working.

- Our phase I research program provides access to new and first-in-human drugs – as well as novel combinations based on preclinical rationale – to target cancer cells in a multifaceted approach.

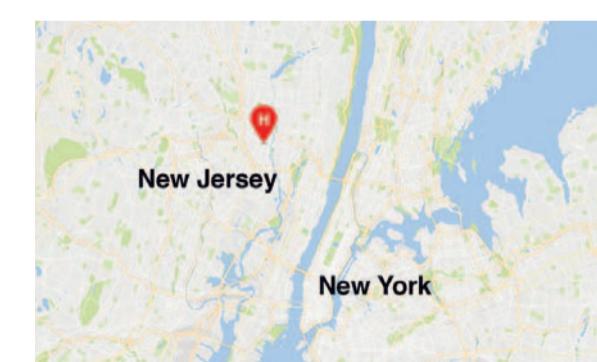
- We enroll more than 150 patients per year in our phase I program. With more than 1,800 patients enrolled in our 400 clinical trials, we have become national leaders in breakthrough drug discoveries and cancer research.

- Our team has more than 75 clinical researchers in adult oncology research and is opening a statewide research network.

In less than 25 years, John Theurer Cancer Center, part of Hackensack University Medical Center, has become the largest clinical research program in New Jersey and a national leader in breakthrough drug discoveries and cancer treatments.

- John Theurer Cancer Center was integral in the development and approval of CAR T-cell therapy – the first FDA-approved cell-based immunotherapy for treatment of refractory leukemia and aggressive lymphomas.
- Combining our highly specialized and sub-specialized physicians with our well-established process for clinical trials and implementation, we are uniquely positioned to transform the way cancers are treated and, ultimately, cured.
- Our ability to treat complex cancers combined with a patient-centered model of care has earned John Theurer Cancer Center a 99% satisfaction rating among our patients.
- John Theurer Cancer Center is advancing discovery through our research partnership with Georgetown Lombardi Comprehensive Cancer Center in Washington, D.C.

To learn more, please visit jtccancercenter.org



A member of the Memorial Sloan Kettering – Hackensack Meridian Health Partnership



Patient story: Paula

Paula was diagnosed with stage IV lung cancer that had spread to her brain. She received a novel combination as part of a phase I clinical trial, under the care of Dr. Martin Gutierrez and his team at John Theurer Cancer Center. Through incredible clinical care and a successful clinical trial, Paula was in remission within six months of starting therapy.



Martin Gutierrez, MD
Director, Drug Discovery and Phase 1 Unit
Medical Oncologist, Thoracic and Gastrointestinal Oncology
Chief, Thoracic Oncology Division
John Theurer Cancer Center

Dr. Gutierrez has extensive experience leading phase I clinical trials and early-stage cancer research. He manages partnerships with industry and academic institutions to expand phase I clinical research at John Theurer Cancer Center. His research centers on the development of novel treatments for solid tumors.

GREATER NEW YORK

Computer Glitches Impede Test Taking

BY LESLIE BRODY

Many children across New York couldn't take the annual state English exams Wednesday because technical glitches blocked some schools from testing on computers.

Schools have several days to administer the tests so they can reschedule, but the problem added stress and inconvenience at a time when anxiety runs high for some families and teachers.

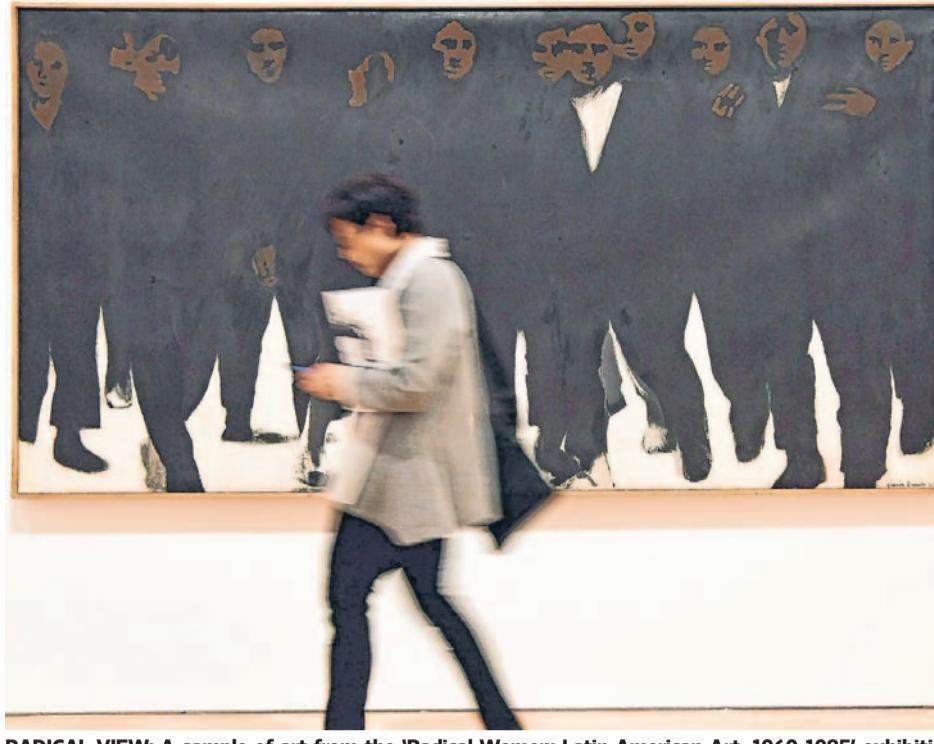
This week marks the first widespread rollout of computer-based testing for New York's exams for grades three through eight in English-language arts and math. State officials said Questar Assessment Inc., the test vendor, was delayed in delivering the tests electronically to some students in the morning, but it was unclear how many were affected.

The problem didn't affect New York City, where pupils tackled tests with paper and pencil.

Many states have faced technical problems when they switched to online testing. "I was disappointed but not surprised that there were testing issues today," said Chris Brown, superintendent of West Genesee Central School District, in Onondaga County. "It inconveniences about 1,260 of our students today but hopefully the system is working tomorrow."

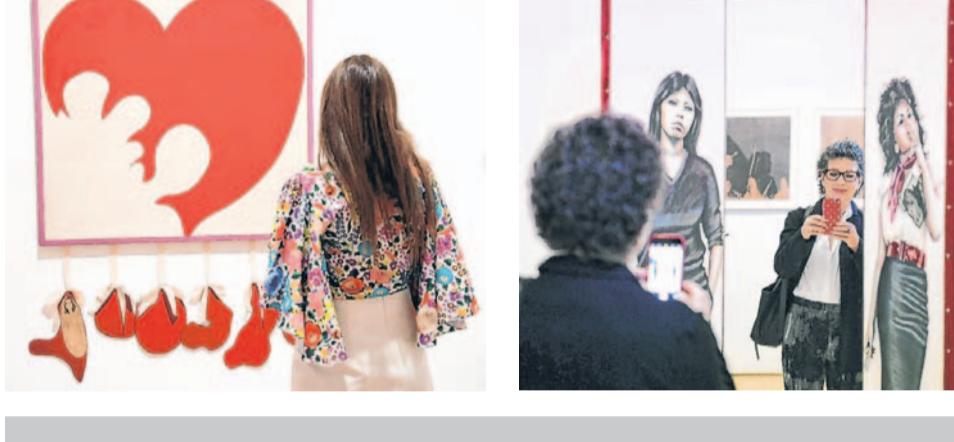
Emily DeSantis, a spokeswoman for the State Education Department, said some students in certain grades at 263 districts experienced delays, and more than 49,900 students completed computer-based tests on Wednesday. "Questar resolved the matter as quickly as possible, with delay times varying," she said by email. A spokesman for Questar, based in Minnesota, didn't respond to calls for comment.

Groundbreaking Latin Showcase



ANGELA WEISS/AGENCE FRANCE PRESSE/GETTY IMAGES (3)

RADICAL VIEW: A sample of art from the 'Radical Women: Latin American Art, 1960-1985' exhibition that was previewed Wednesday at the Brooklyn Museum. The show runs April 13 through July 22.



City Council Passes Sexual-Harassment Bills

BY MELANIE GRAYCE WEST

The New York City Council on Wednesday passed 11 separate bills designed to provide greater protections against workplace sexual harassment.

The strongest piece of the Stop Sexual Harassment in NYC Act requires all private employers with 15 or more workers to conduct annual anti-

sexual-harassment training for all employees, from interns to executives.

The City Council approved that measure 48-2.

Before the vote, Council Speaker Corey Johnson, a Democrat, said the suite of legislation is designed to provide "all New Yorkers a safe and respectful workplace."

"This package of legislation

sends a strong message to public and private employers that there is no place for sexual harassment in our city," he said.

The measures are subject to approval by Mayor Bill de Blasio.

Other bills in the package will require employers in New York City to display a city-designed antisexual-harassment poster, as well as require con-

tractors to include antisexual-harassment policies in their applications for city business.

Another bill extends protections to any employee, regardless of a company's size, while still another increases the statute of limitations for filing harassment claims to three years from one year.

City agencies also will be required to report incidents of

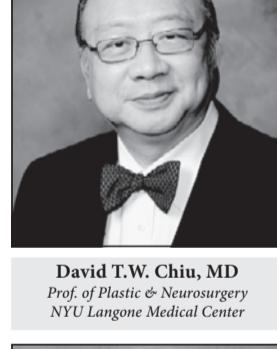
workplace harassment to the Department of Citywide Administrative Services. Mr. Johnson said the goal of that bill is transparency, and that the City Council hasn't seen aggregated numbers on harassment complaints.

"I don't even know if those numbers are being tracked right now, which is part of the problem," he said.

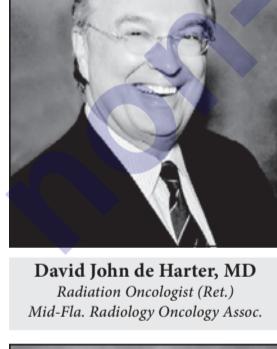
ALBERT NELSON MARQUIS LIFETIME ACHIEVEMENT AWARD 2017-2018 RECIPIENTS



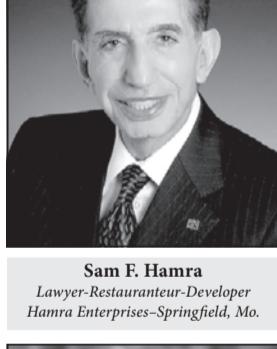
Marquis Who's Who is proud to honor its most distinguished listees based on their career longevity, philanthropic endeavors and lasting contributions to society. Out of 1.5 million biographies, only a small percentage are selected for the Albert Nelson Marquis Lifetime Achievement Award. Among that prestigious group, a handful are chosen to represent Marquis in The Wall Street Journal. It is our great pleasure to present them here. Congratulations to our prestigious listees!



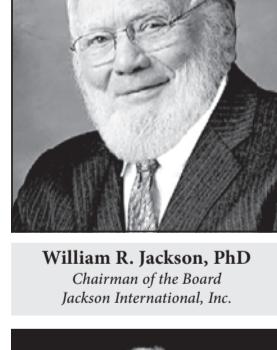
David T.W. Chiu, MD
Prof. of Plastic & Neurosurgery
NYU Langone Medical Center



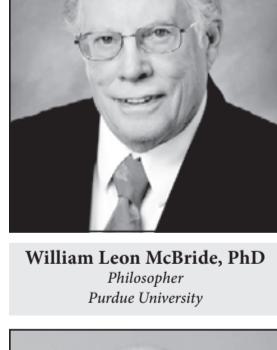
David John de Harter, MD
Radiation Oncologist (Ret.)
Mid-Fla. Radiology Oncology Assoc.



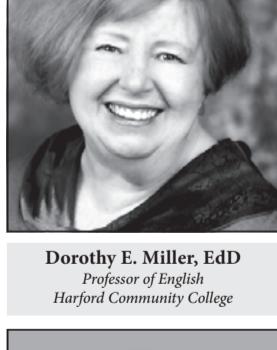
Sam F. Hamra
Lawyer-Restaurateur-Developer
Hamra Enterprises-Springfield, Mo.



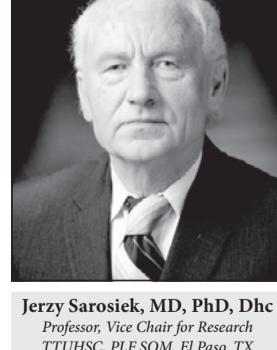
William R. Jackson, PhD
Chairman of the Board
Jackson International, Inc.



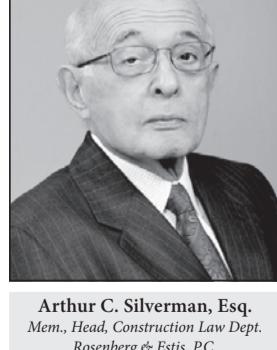
William Leon McBride, PhD
Philosopher
Purdue University



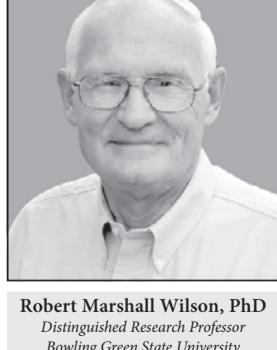
Dorothy E. Miller, EdD
Professor of English
Harford Community College



Jerzy Sarosiek, MD, PhD, Dhc
Professor, Vice Chair for Research
TTUHSC, PLF SOM, El Paso, TX



Arthur C. Silverman, Esq.
Mem., Head, Construction Law Dept.
Rosenberg & Estis, P.C.



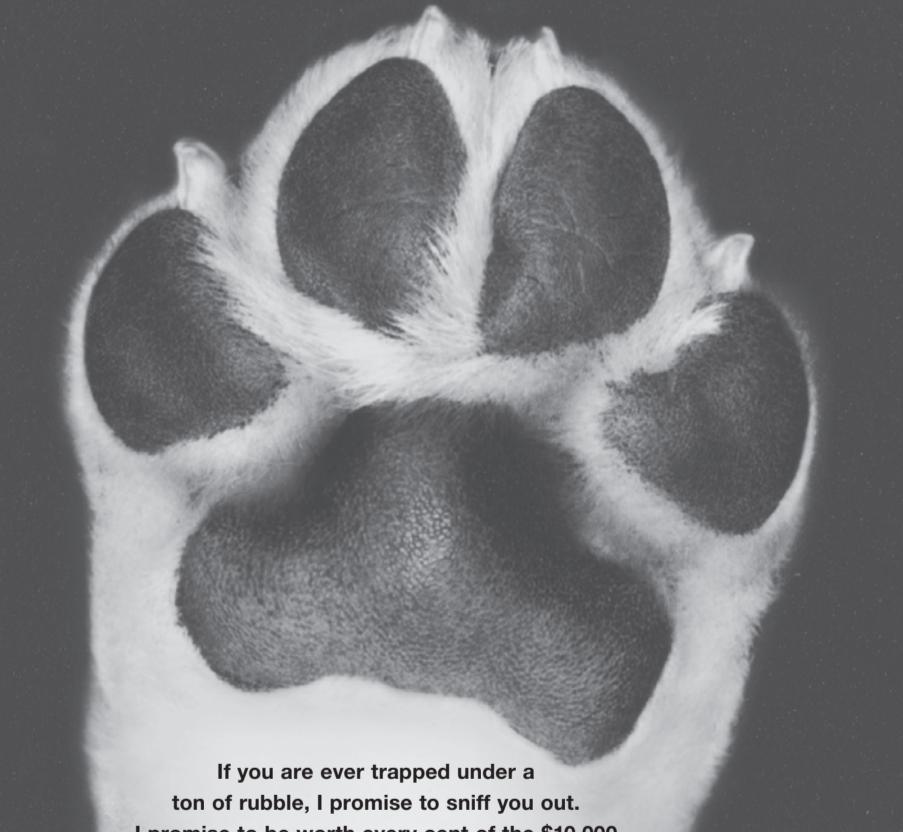
Robert Marshall Wilson, PhD
Distinguished Research Professor
Bowling Green State University



MARQUIS
Who'sWho
est. 1898
The Original.
Often imitated... Never duplicated.

2017-2018

THE PLEDGE



If you are ever trapped under a ton of rubble, I promise to sniff you out. I promise to be worth every cent of the \$10,000 that it took to train me.

I promise to ignore all other more fascinating smells and concentrate on the scent of live humans.

I promise to go about my work with a wagging tail, even if my paws get sore.

I promise never to give up.

NATIONAL DISASTER SEARCH DOG FOUNDATION®
Strengthening disaster response in America by teaming the most highly trained dogs with firefighters to save lives.

To donate, call (888) 459-4376 or visit

www.SearchDogFoundation.org

BE PART OF THE SEARCH®

Photo by Deborah Samuel from PUP, published by Chronicle Books www.chroniclebooks.com

LIFE & ARTS

THE MIDDLE SEAT | By Scott McCartney

The Cards That Carry You Farthest

Rewards deals have gotten sweet enough that it may make sense to have extra credit cards to score extra points

HOW FAT

do you want your wallet to be?

It's not a rhetorical question, and not a cash count. In the competitive world of eye-popping credit-card travel rewards, the way to maximize benefits these days is to load your billfold with multiple cards.

You may want one card for everyday spending, one for travel and restaurant purchases, one to get lounge access and one to waive baggage and priority boarding fees if you don't have elite status. You also might want one more for free hotel stays. And just signing up for a new card every year can get you a free ticket or multi-night hotel stay.

"The rate at which you earn has never been better," says Brian Kelly, founder and chief executive of The Points Guy, a travel news and reviews site.

Sign-up bonuses, which once topped out at 100,000 miles for a few programs, have been fairly steady of late at 50,000 points or miles per sign-up for many cards. That's still generous—it alone can get you a free ticket or two—and is worth doing once every year or two if you have good credit. Opening a new account can temporarily ding your credit score, and banks do track card churning—opening five new credit cards within two years can cause a bank to decline a new application, banks say.

One magic number for credit-card travel rewards is 2%: You should be getting at least 2% of your purchases back. If you have a card that pays airline miles and you're using it for domestic coach tickets, you're not close to 2%. You're better off with a card that pays 2% cash back with no annual fee, like Fidelity Rewards or Citi Double Cash.

Co-branded airline cards are losing their luster, credit-card watchers say. The airline cards typically pay one mile for each dollar spent (and more for airline purchases). As award seats become more expensive and harder to find, the payback you get on those cards weakens.

Airline cards are best for waiving baggage fees if you don't have elite status. Most will get you a free checked bag and some kind of priority boarding.

Bank cards unaffiliated with a specific airline or hotel, like Chase Sapphire, American Express Platinum and the new Barclays Arrival Premier World Elite, do more, experts say. You can earn more points, use them with more flexibility and collect some seriously useful perks.

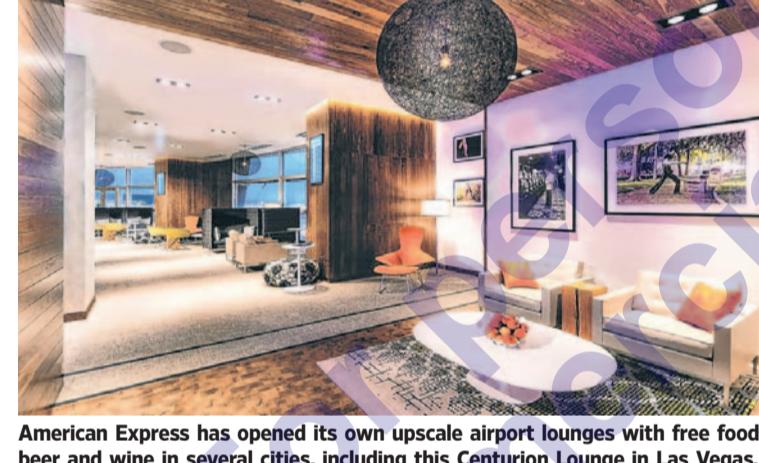
Gary Leff, co-founder of frequent-flier community InsideFlyer, likes that flexibility. You have a better chance of landing the trips and dates you want if you can buy in a variety of programs. "Is there one card that's best? I don't think so," he says.

Lounge access is a major perk. The deals are remarkable at the premium level, which have an annual sticker price of \$450 to \$550 but end up costing a lot less with credits and rebates.

With Chase Sapphire Reserve you get you a 50% bonus on trips



ROB WILSON (ILLUSTRATION); AMERICAN EXPRESS



American Express has opened its own upscale airport lounges with free food, beer and wine in several cities, including this Centurion Lounge in Las Vegas.

booked through Chase Ultimate Rewards, and you earn triple points on travel and dining. In addition, you get a Priority Pass membership, which lets you use any of more than 1,000 lounges worldwide. At Los Angeles International that equals access to the Virgin Atlantic Clubhouse, the Alaska Airlines lounge or the Korean Air lounge.

But the Sapphire Reserve card, which has developed a cultlike following among frequent travelers, isn't the best card for everyday purchases. It gives you triple points for travel and dining purchases, but only one point per dollar spent on everything else.

Bottom line: You're getting about 1.5% back on your everyday purchases. You can easily get back 2% with other cards, and more if you're strategic about it. I get be-

tween 2% and 4% back on the American Express Starwood Preferred Guest card through free Starwood and Marriott hotel nights, plus I get gold status at both Starwood and Marriott after I spend \$30,000 a year on the card. If you turn airline miles into international business-class seats, your payback is about 4% or 5%.

The American Express Platinum card significantly outperforms Chase Sapphire in lounges. Amex Platinum offers Priority Pass as well as Delta Sky Lounges when you fly Delta. But the big benefit is access to American Express Centurion lounges, open in eight U.S. cities plus Hong Kong so far.

The Amex platinum card costs \$550 but it will credit back to you \$200 a year of airline fees at one airline of your choosing, \$200

Pick a Card, Every Card

It pays to have different credit cards for different purchases to maximize travel rewards. Here are some cards to consider having in your wallet:

CREDIT CARD	ANNUAL FEE	SAMPLE PERKS	WHAT IT'S BEST FOR	COMMENT
American Express Platinum	\$550	Lots and lots of lounges	The perks	Reduce the high initial cost using the credits, then enjoy lounges and gold hotel status at low cost.
Chase Sapphire Reserve	\$450	\$300 annual travel credit; Priority Pass lounge membership	Travel and dining	If you redeem points for travel Chase books, you'll get a 50% bonus in points.
Barclays Arrival Premier World Elite	\$150	Annual 25,000-mile bonus after spending \$25,000 annually	Everyday spending if spending is greater than \$25,000 annually	This new card's annual bonus is intriguing.
Starwood Preferred Guest	\$95	Transfer points to 35 airline programs, often with a 25% bonus	Everyday spending	Marriott hasn't said if it will continue once SPG is merged with Marriott Rewards. You might get it now in case holders get grandfathered in.
American Express				

worth of Uber rides spread over 12 months and one \$100 Global Entry or \$85 TSA PreCheck membership. You also get gold status at Hilton, Starwood and Marriott hotels.

(Starwood and Marriott haven't merged their rewards programs yet.) That sometimes gets you upgrades, free premium Wi-Fi, lounge access or free breakfasts.

The Centurion lounges are the big differentiators if you fly where they are located and consider lounges a priority. American Express decided to build its own airport lounges to outflank and outswank other banks after both United and American airlines cut off access to their lounges for Amex cardholders. The Centurion lounges have

spas, bars with free beer and wine, celebrity-chef food buffets and fancy seating and work tables—better than domestic U.S. airline clubs.

Jill Gonzalez, a WalletHub analyst, cautions that often only very frequent travelers take advantage of perks like lounge access.

She likes the Radisson Rewards Premier Visa Signature card, which has a sign-up bonus of 85,000 points if you spend \$2,500 within the first 90 days. That's good for up to nine free award nights worldwide at a handful of the cheapest hotels, fewer nights at nicer hotels. The card gives you several ways to amass a large points war chest.

"That \$75 annual fee will quickly pay for itself," she says.

BOOKS

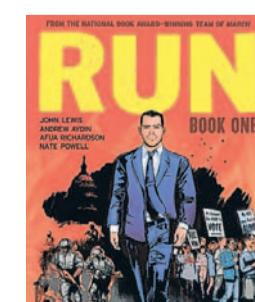
ANOTHER 'RUN' AT A STORY OF CIVIL-RIGHTS STRUGGLES

BY MICHAEL RAPORT

REP. JOHN LEWIS'S story as a civil-rights leader is so big, even three graphic novels couldn't tell it all.

"March," the trilogy retracing African-Americans' fight for equality through Mr. Lewis's eyes, topped best seller lists and in 2016 won a National Book Award. "Run," its first volume slated for release in August, continues the story, following him through the backlash against the civil-rights movement and the tensions that helped splinter it, putting him on the path that would ultimately lead him to Congress.

To the creators of the two



graphic-novel series, this isn't just a history lesson. The events chronicled in "Run" and "March" are more relevant than ever, they say, in an era of Black Lives Matter, Charlottesville and seeming push-back against some civil-rights gains.

"A lot of what we were covering as historical context in 'March' is applying more and more to the world of today," said Nate Powell, who illustrated the "March" trilogy and will contribute to the art for "Run." "There's haunting echoes of the history we were trying to emphasize. More of us need to connect those dots."

That's why they want to use "Run," as they did "March," to encourage young readers to get in-

volved in their own government. When "Run" was announced in February, Mr. Lewis, a Democrat from Georgia, said he hoped it would inspire a generation "to actively participate in the democratic process and help build a more perfect union here in America."

"Democracy is an active state—you have to constantly be agitating," said Andrew Aydin, Mr. Lewis's digital director and policy adviser in Congress, who co-wrote both "March" and "Run" with him. "Run" is coming out just as another generation of young people is being engaged in the political process. You have to teach them the history, show them the tools and give them an example to follow."

"Run" picks up Mr. Lewis's story after the events that ended "March": the 1965 passage of the Voting Rights Act, itself sparked in part by Mr. Lewis's beating by police as he led protesters across the

Please see RUN page A12



John Lewis, far right, marched in Alabama with Martin Luther King Jr., second from left, and his wife Coretta Scott King, second from right.

LIFE & ARTS



FILM

The Eyebrows Have It

An arched brow is a moneymaker for action star Dwayne 'The Rock' Johnson but doesn't work for everyone

BY STEVE KNOPPER

WHEN MAC WELLS was taping an audition for a role on the CMT drama series "Nashville," he wanted to stand out among the other actors. To convey mischievous skepticism, he borrowed a move from Dwayne "The Rock" Johnson and raised his left eyebrow.

Mr. Wells got the part—a member of a church choir who is dubious about collaborating with a sexy pop star. That audition, back in 2016, was the first time his eyebrow acting "was really, really useful," Mr. Wells says. "The eye-brow can have its perks." Mr. Wells has a role in Mr. Johnson's latest film, "Rampage," which opens on Friday.

In the '90s, Mr. Wells watched The Rock wrestle on TV and discovered Mr. Johnson's notable arched brow. As an 11-year-old, Mr. Wells practiced raising his eyebrow in front of the mirror and showed it off to friends. "Acting is the small nuances that can sometimes get the casting director or the director ... to choose you," says Mr. Wells, who is now 29. "If you stand out in the smallest, simplest way, it can help."

Mr. Johnson, who became an action star, turned his eyebrow into a fixture of his films. In interviews he has acknowledged actors such as Roger "007" Moore for paving the way for what he calls "my signature thing." Seventeen minutes into 2017's "Jumanji: Welcome to the Jungle," the camera introduces Mr. Johnson's character by moving up his body and then lingering on the eyebrow; in "Moana," his Rock-like character has an animated raised eyebrow.



Dwayne 'The Rock' Johnson, above, alongside a volatile primate pal in 'Rampage,' has made a raised eyebrow his signature move. Other actors also have deployed the technique to infuse dialogue with skepticism or humor. Top row, from left: John Belushi, Leonard Nimoy, Nicole Kidman and Jack Black. Bottom row, Colin Hanks and Vivien Leigh.

Decades ago, actors often enlisted the eyebrow trick in a subtle fashion. Vivien Leigh learned it while filming 1935's "Things Are Looking Up." Four years later, she used it as Scarlett O'Hara in "Gone With the Wind." After Rhett Butler (Clark Gable) tells Scarlett he doesn't give a damn, her gently curved right eyebrow suggests comeuppance while evoking sympathy. "When Vivien Leigh did it, it was much more natural. I'm sure someone told her, 'Look more arrogant,'" says Tonya Reiman, author of "The Power of Body Language."

By the '60s, Leonard Nimoy's

thin, dark eyebrow was a crucial Mr. Spock tool in "Star Trek," displaying superiority over humans without being smug. And John Belushi used his eyebrow to turn the audience into what "Animal House" director John Landis calls a "co-conspirator." In another of Mr. Landis's movies, "The Blues Brothers," Mr. Belushi's brow helped him sweet-talk Carrie Fisher into forgiveness despite his awful behavior.

"I don't know if it's ever gotten me a job, but it's definitely gotten me a laugh," says actor Colin Hanks, who raises his right brow in films, red-carpet appearances

and even his Twitter photo. "It's good for that comedic response to something stupid, but it can also be for that beat of 'What's this? We're going to go fight the FBI?' It was not anything I trained myself to do. It probably started off as a nervous tic."

In real life—rather than in movies or on TV—an arched eyebrow can swiftly undercut a situation, indicating that someone isn't taking things too seriously. Ms. Reiman, the author, calls the move "indicative of skepticism, bewilderment, irony, mocking."

In an episode of Netflix's "The Crown," actor John Heffernan

plays Lord Altrincham, a royal-family gadfly, who receives an unexpected audience at Buckingham Palace with Queen Elizabeth II (Claire Foy). His eyebrow, raised for almost his entire 10-minute scene with the Queen, suggests an unwillingness to be intimidated. "There are probably 100 ways to use it, but it's definitely a sense of superiority, of noticing things that others aren't noticing, or being a step ahead," says Brian Shoaf, who directs eyebrow masters Zachary Quinto and Jon Hamm in the coming indie film "Aardvark."

While "eyebrow acting" has created some memorable on-screen scenes, in less-than-experienced hands it risks looking gimmicky or amateurish. Michelle Danner, a Santa Monica, Calif., acting coach and director of the coming movie "Bad Impulse," says the technique can look like over-acting. "By and large, the first thing you teach an actor is to keep their eyebrows under control," she says. "If it goes wrong, it can be very messy. It's the tic of the actor, as opposed to [being] used toward what the moment is."

Performers including Stephen Colbert, Nicole Kidman and Messrs. Johnson, Hamm, Quinto and Heffernan—who all have wielded a quizzical brow—declined to comment for this article.

But many in the industry say the move can be an advantage in auditions, especially early in an actor's career. "I've had kids who could wiggle their ears—not necessarily great actors, but they had big, beautiful ears," says Heidi Walker, a Seattle casting director and acting coach. "If they [have] goofy ears, or an eyebrow line that can really arch up, they're going to have an edge."

CLOCKWISE FROM TOP LEFT: MARK HUMPHREY/AP; NATE POWELL/JOHN LEWIS & ANDREW AYDIN/TOP SHELF PRODUCTIONS (3); AFUA RICHARDSON (2)



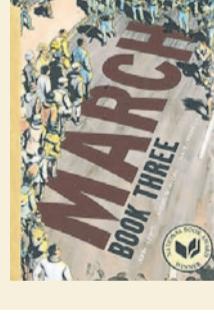
Rep. John Lewis is the central character in 'March' and 'Run.'



'March: Book One' begins in Alabama, where Mr. Lewis grew up, and continues with his early experiences as an activist in Nashville.



'Book Two' picks up after the 1960 Nashville sit-ins, focuses on the efforts of the Freedom Riders and the 1963 March on Washington.



'Book Three,' which won a National Book Award, follows Mr. Lewis through the fight for voting rights and the 1965 Selma-to-Montgomery march.

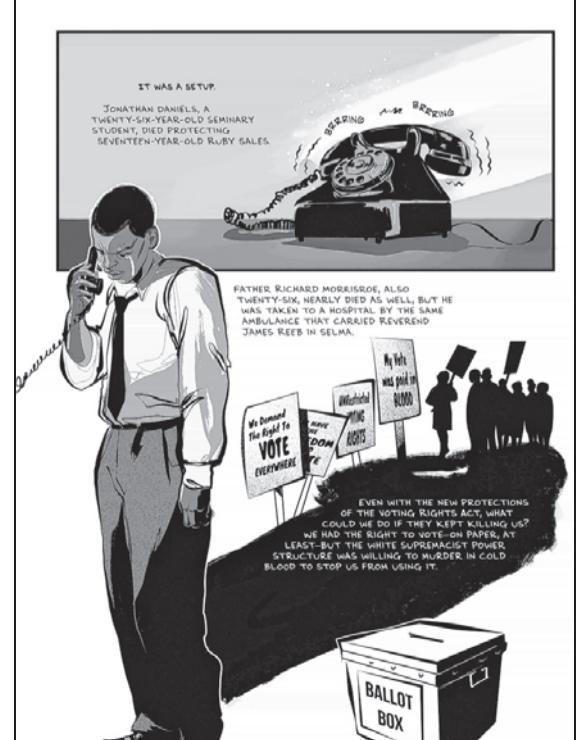
RUN

Continued from page A11

Edmund Pettus Bridge in Selma, Ala. But backlash to the movement's successes was surfacing, like a big Ku Klux Klan rally in Georgia days after the law was signed, and divisions within the movement began to develop about issues like whether it should remain committed to nonviolence, as Mr. Lewis was, or take a more aggressive stance.

"After you lose a couple friends, after someone peacefully demonstrates and they're met with violence every single time, people get frustrated," said Afua Richardson, the primary illustrator of "Run," who previously worked on Image Comics' "Genius" and Marvel Comics' "Black Panther: World of Wakanda." "This book definitely speaks to that."

Mr. Aydin, Mr. Powell and Ms. Richardson all see parallels between the struggles of the mid-'60s and the 2010s, from the Supreme Court's 2013 move to curtail the Voting Rights Act, to police shootings of unarmed black men in Ferguson, Mo., and elsewhere, to what critics maintain are efforts to sup-



'Run,' slated for release starting in August, continues where 'March' left off.

press the African-American vote. The parallels between then and now extend even to the participation of young people. Mr. Lewis was barely 20 when he helped lead the first wave of sit-ins that desegregated Southern lunch counters in 1960, and Mr. Aydin isn't surprised to see today's teenagers, such as the survivors of the Parkland, Fla., school shootings, emerge as activists.

And "March," which is used in schools around the country, played a role in showing them it could be done, Mr. Aydin said. "We got this out to give them resources to help them do well."

As that series recounts, it was by reading a 1950s comic book, "Martin Luther King and the Montgomery Story," that a young Mr. Lewis became interested in the civil-rights movement. It was natural to repeat the process to help teach the digital natives of the latest generation, Mr. Aydin said. "Words and pictures together, that's their language."

"What a comic book does, it transports you, it takes you somewhere else," Ms. Richardson said. "It really embeds more of the story in the mind—that's more interactive learning than 'this is what happened.'"

LIFE & ARTS



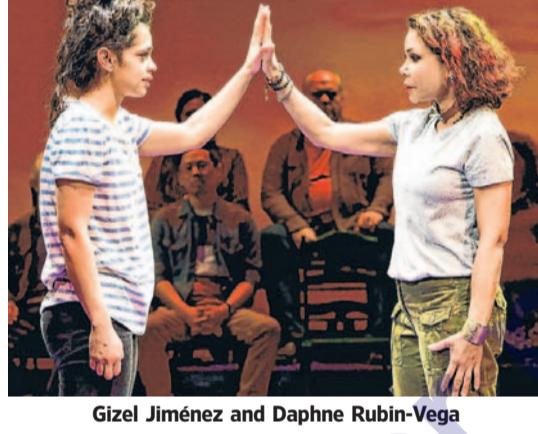
Latoya Edwards (center) and the company of 'Miss You Like Hell,' above; Gisel Jiménez, Daphne Rubin-Vega, Michael Mulheren and David Patrick Kelly, below right

THEATER REVIEW | By Terry Teachout

A Revelatory Mother-Daughter Road Trip

New York
MOST OF TODAY'S hit musicals are fluffy romances based on hit movies—but there are other ways to draw a crowd. So far, the Public Theater has rung the gong twice with a pair of shows, "Fun Home" and "Hamilton," that flew in the face of all the rules of contemporary box-office success. Now it's trying again with "Miss You Like Hell," a new musical by Quiara Alegría Hudes and Erin McKeown that has a timely political edge, an ethnically diverse cast and a score by a singer-songwriter who knows how to rock. What's more, it's good—*really* good.

"Miss You Like Hell" is the story of Beatriz (Daphne Rubin-Vega), an undocumented immigrant who shows up one morning on the doorstep of Olivia (Gisel Jiménez), her egghead, long-estranged daughter. Beatriz wants Olivia to join her on a cross-country road trip, but she isn't just looking to



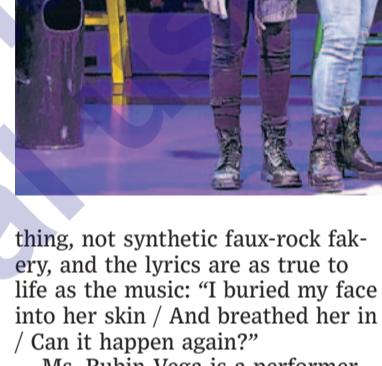
Gisel Jiménez and Daphne Rubin-Vega

tighten the ties that bind: She urgently needs a character witness to testify at her deportation hearing. Ms. Hudes then turns up the pressure by putting Beatriz and Olivia in the front seat of a beat-up truck and letting them vent their mutual frustrations as they drive from Philadelphia to Los Angeles by way of South Dakota (where Beatriz has to face a marijuana rap) and Yellowstone (which Olivia longs to see). Nor does she

let them off easy: "Miss You Like Hell" is not set in a world of happy endings.

Based on a play by Ms. Hudes, who wrote the book for "In the Heights" and won a Pulitzer for "Water by the Spoonful," "Miss You Like Hell" is in no way a piece of pamphleteering (set in 2014, it makes no mention of Donald Trump). Its real subject is the tattered relationship between Beatriz and her wholly deracinated child, who lost her mother in a custody battle and cannot forgive Beatriz for giving in so easily: "Dad won and you were an etiquette book."

Like "Water by the Spoonful," "Miss You Like Hell" steers a bit erratically between sentiment and sentimentality, but it scarcely ever descends to outright tearjerking, and Ms. McKeown's score heightens every emotion so skillfully that you'd think this was her third or fourth show instead of her theatrical debut. It's a treat to hear a pop score that sounds like the real



that you'd think there were 10 musicians up there.

I very much hope that the Public takes a shot at moving "Miss You Like Hell" to Broadway. To my mind, it's even better than "Fun Home," and I think it would work well in one of the smaller theaters. Whatever its future holds, though, we haven't heard the last of Ms. McKeown. She's the real right thing.

Miss You Like Hell
 Public Theater, 425 Lafayette St. (\$90), 212-967-7555, extended through May 13

Mr. Teachout, the Journal's drama critic, is the author, most recently, of "Billy and Me." Write to him at teachout@wsj.com.

THEATER REVIEW

By Terry Teachout

'Mean Girls' Hopes for Fan Boys

New York
EVERY GENERATION has its own what-high-school-is-like movie. For the millennials, it's Tina Fey's "Mean Girls," a softened-up 2004 variation on "Heathers" that retells the old, old story of the pretty but nerdy girl who sells her soul to the most popular girl in town. It's funny enough, and so, I suppose, is the new musical version, which stars Erika Henningsen and Taylor Louderman and into which Ms. Fey has inserted a shovelful of once-over-lightly topical references ("I liked your post about Intersectional Veganism") but which is otherwise hard to distinguish from the film. Of the 18 songs by Nell Benjamin and Jeff Richmond, "What's Wrong With Me?" is dramatically savvy, but none of the others add value: They exist solely to let the actors sing.

What we have here, in other words, is yet another super-safe musical whose target market is those who loved the movie. Should you fill the bill, you'll want to know that Casey Nicholaw's dances are zippy (he deserves a Tony for Best Use of Red Cafeteria Trays) and that Scott Pask's "set," which consists mostly of video projections, is fun to look at. The cast is fine, too, especially Grey Henson and Barrett Wilbert Weed, who play the second-banana "couple" (he's gay, she might be). If that's enough to get you to drop \$343, be my guest.

Mean Girls

August Wilson Theatre, 245 W. 52nd St.

(\$99-\$343), 877-250-2929



Erika Henningsen, Ashley Park, Taylor Louderman and Kate Rockwell in 'Mean Girls'

JOAN MARCUS (3)

JOAN MARCUS

SPORTS

MLB

WINNING EARLY PAYS OFF

BY JARED DIAMOND

EVOLVED FANS in this age of advanced analytics and seemingly limitless amounts of data like to ignore April baseball results with an alarmingly dismissive two-word phrase: It's early. And in a way, that's not an unreasonable position to take. More than 90% of the schedule is still yet to be played.

But that notwithstanding, the first couple of weeks—and this might sound crazy—count in the standings exactly as much as the games in the fall. This means that the Boston Red Sox and New York Mets, who both opened 2018 with blistering 9-1 starts, should feel optimistic about their chances.

In baseball history, 39 other teams have won at least nine of their first 10 games. Those teams finished with a combined winning percentage of .570, which translates to about 92 victories over the course of a year, almost certainly enough to qualify for a playoff spot. Only three of these teams—the 2015 Detroit Tigers, 2002 Cleveland Indians and 1919 Brooklyn Robins—wound up with records below the .500 mark.

Of course, the Red Sox and Mets will cool down. Nobody should realistically think that any of this is a sign that they won't have to compete with the New York Yankees or Washington Nationals for supremacy in their divisions. But by outperforming expectations thus far, they are poised to do better than their talent might suggest.

Think of it this way: Heading into the season, oddsmakers predicted that the Mets would put up 83 wins, or a .512 winning percentage. To exceed that total now, they would have to win just 75 of their 152 remaining games entering Wednesday's play, or a .493 winning percentage. If they play at a .512 clip the rest of the way—their anticipated output—they'd win 87 games and vie for the postseason.

So, yes, it's early—but not that early.



MLB

The Team That Needs Relief Right From the Start

BY JARED DIAMOND

THE TAMPA BAY Rays recognize that if they ever expect to compete with the giants in their division, they must operate differently than the rest of the baseball world. They will never possess the financial resources to outspend the New York Yankees and Boston Red Sox, leaving them only one option: to outmaneuver them.

"If we occupy the wake of both the Yankees and Boston and our behavior is aligned with theirs, we're never going to step out and pass them—ever," one high-ranking Rays official said. "Never, ever, ever will we ever step out and pass them short of some incredible run of luck and good fortune."

So this season, the Rays have embarked on an experiment that is raising eyebrows across the game: They opened 2018 not with five starting pitchers, the industry standard since the 1970s, but with just three, relying exclusively on relievers the other two days.

Though they will likely add a fourth starter to the mix soon, the Rays intend to stick with the strategy for the foreseeable future.

It remains unclear at this point what will happen next. Will the Rays' plan quickly fizzle and disappear as quickly as it arrived? Or will it inspire copycats and effect meaningful change in how clubs use their arms? The Rays don't know yet, but this much seems certain: They are better off trying something weird and failing than

not trying anything at all.

"This wasn't a whim," Rays general manager Erik Neander said. "It doesn't mean it's going to work."

Once before in the franchise's 20-year history, the Rays enjoyed a stretch in which they outflanked their richer rivals to achieve sustained success. They reached the playoffs four times from 2008 through 2013, benefiting from a forward-thinking front office that revolutionized now-ubiquitous concepts like the defensive shift and the practice of locking up pre-arbitration players to long-term contracts.

But by no fault of their own, the Rays lost their advantage somewhere along the way. Big-market franchises with quadruple the Rays' revenue joined the analytics revolution in force, narrowing the gap between the rich and the smart to the point that the divide no longer exists. Andrew Friedman, the executive who built the Rays into a powerhouse a decade ago, currently helms the deep-pocketed Los Angeles Dodgers, transforming them into a data-driven behemoth.

For a microbudget organization like the Rays, this phenomenon makes it increasingly difficult to find an edge over their peers, forcing them to push the limits of innovation and creativity.

Throughout spring training, the Rays intended to break camp with

a four-man rotation and a fifth game using only relievers—an idea they devised after the conclusion of last season. Then right-hander Nathan Eovaldi succumbed to an elbow surgery on the eve of opening day, leaving the team even shorter on starting pitchers. (They also lost prospects Brent Honeywell and Jose De Leon to Tommy John surgery during the spring.)

The group of pitchers for bullpen days consists mostly of young players who served as starters in the minors and are stretched out to throw 50 to 75 pitches. In most cases, the Rays still view them as starters in the long term, like Yonny Chirinos and Ryan Yarbrough.

The Tampa Bay staff picks someone to begin each bullpen game based on the relievers' workload over the previous few days, typically not finalizing the choice until the night before. In Wednesday's bullpen game, a 2-1 loss to the Chicago White Sox, Chirinos started with 5 1/2 scoreless innings. On Sunday, Andrew Kittredge and Yarbrough combined to allow two runs over the first six frames.

So far, the Rays (3-9) have looked like one of baseball's worst teams, not a surprise considering they dismantled their roster this winter to enter a rebuilding phase. Their offense has struggled, while their three primary starters—Chris Archer, Blake Snell and Jake

Faria—have a 6.27 ERA.

Bullpen day, however, hasn't been the problem: Chirinos, Yarbrough, Kittredge and Austin Pruitt, the four primary bullpen day pitchers, have a combined 2.66 ERA.

In the clubhouse, the pitchers involved don't claim to fully understand the rationale behind the Rays' approach. Kittredge said that the front office and coaches "have admitted that they don't know if this is going to work out." Still, they have taken a wait-and-see approach.

The Rays say the unusual approach fits their personnel, especially in a season where they probably won't contend for the playoffs. Rather than elevate one or two of their prospects to the rotation and stash the others in Triple-A or in short-relief, they can allow them to finish developing in the majors. Neander called it "an intermediate step."

Meanwhile, teams increasingly refuse to let their starting pitchers face an opposing lineup more than twice, after which the numbers show that performance declines dramatically. On average, it takes 35 pitches to work through a lineup, which means that if all goes well, bullpen day starters could face each batter in the lineup two times during a game.

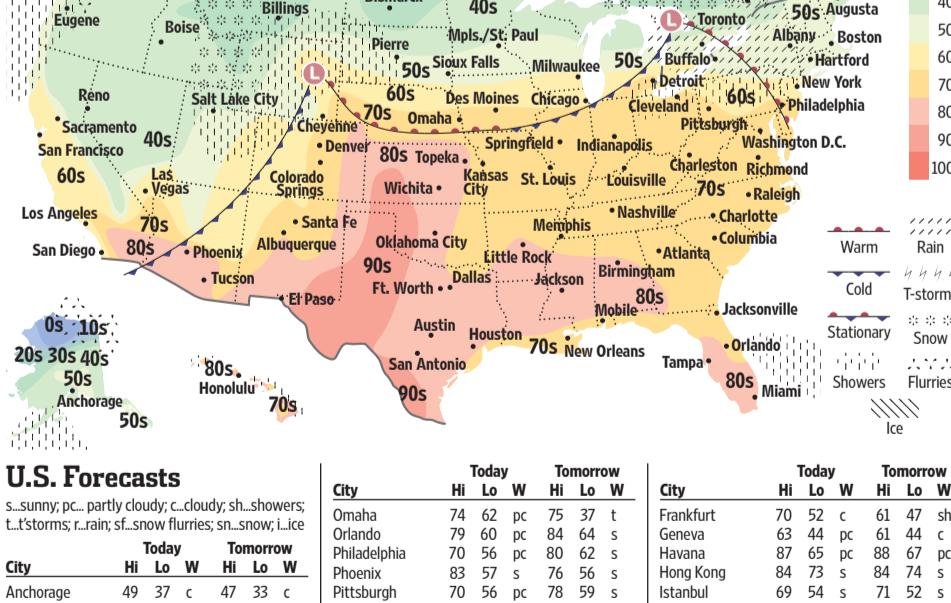
"It makes a lot of sense to allow these young pitchers to get their feet wet, get acclimated at the big-league level," Rays manager Kevin Cash said. "We are doing our due diligence."



The Mets celebrate after a win.

Weather

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



U.S. Forecasts

s.sunny; pc...partly cloudy; c.cloudy; sh.showers;

t.tstorms; r.rain; sf.snow flurries; sn.snow; l.ice

20s 30s 40s 50s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

10s 20s 30s 40s Anchorage 50s

60s 70s 80s 90s Honolulu 70s

OPINION

The Zuckerberg Collusion

**WONDER LAND**
By Daniel Henninger

Somehow in our time all the problems of human existence have boiled down to one cause: Russian collusion.

What is the main reason Mark Zuckerberg was hauled in front of three committees of Congress? It is because the media connected a long series of dots to suggest the possibility that Russian bots exploited the personal Facebook data obtained by a firm named Cambridge

Was it Facebook's job to tell voters Russian bots were working for Trump's election?

Analytica to . . . put Donald Trump in the White House. Without the link to collusion—an infinitely elastic phrase with no legal meaning—Mr. Zuckerberg never would have had to leave Menlo Park.

The live Zuckerberg testimony was torture, forcing anyone interested to hear innumerable senators and House members share their thoughts on technology. Lowering the bar on Senate discourse below swamp level, Louisiana Republican John Kennedy said the Facebook user agreement "sucks."

Despite the legislators' thunderings about regulation, the likelihood of the House and Senate enacting rules for the web is more remote than Halley's Comet, due back in 43 years. Congress has failed for years to bring royalty payments

for creators of music into the digital age.

It's sport now to mock Mark Zuckerberg, but taking an idea from your dorm room to a market cap of more than \$400 billion proves he's no dope. What Mark Zuckerberg thinks about what he did deserves attention.

Mr. Zuckerberg divided his prepared testimony between two subjects. The first, headlined "Cambridge Analytica," was a proxy for the personal-privacy issue; the other was "Russian Election Interference," a proxy for the collusion of

"Russian interference." The Facebook founder describes "Russian interference" as if it is so ubiquitous in his world that it has become an everyday term, like server farms. But Mr. Zuckerberg's testimony offered insight into how the dailiness of Russian interference morphed into the firestorm of "Russian collusion."

He said Facebook was aware of "traditional" Russian cyberthreats "for years," including a group called APT28, which he noted our intelligence services had linked to the Russians.

This time frame revives a relevant question: Why didn't the Obama administration alert the American people in 2015 or earlier to the threat of Russian political subversion? Protecting us from Russian bots wasn't Mark Zuckerberg's responsibility.

We'll push that further. The "Russian collusion" narrative began in January 2017, coincident with the release of a report by Mr. Obama's director of national intelligence, James Clapper, whose headline finding was, "Putin and the Russian Government developed a clear preference for President-elect Trump."



Mark Zuckerberg

Buried beneath the subsequent stampede toward "collusion" was the report's extensive description of U.S. intelligence's longstanding, *pre-Trump* concerns about a Russian "network of quasi-government trolls." This network was suspected of running cyber-based propaganda campaigns against a range of targets—European governments, the Olympics, the World Anti-Doping Agency, and "since early 2014," multiple state and local electoral boards. But somehow all this suspected Russian interference wasn't worth putting in front of American voters until after they elected Donald Trump.

Some 15 months later, the Russian-collusion grand opera has degraded into an FBI smash-and-grab operation against Trump lawyer Michael Cohen to find payoffs to porn stars. It's little wonder nearly half the Senate showed up to discuss privacy for a day with the \$70 billion man.

Privacy on the web matters, but the odds are overwhelming that before Congress gets to it, another technology—probably blockchain—will mitigate the problem. Of more pressing concern are Mr. Zuckerberg's thoughts on what he keeps calling the values of the

Facebook "community." Meaning what?

A primary criticism of social-media platforms like Facebook is that they expose users to content that encourages "hate" or is "hurtful."

Facebook's answer to this perceived problem has been to hire some 15,000 people dedicated to "community operations and review," with more monitors on the way.

During his pre-Congress apology tour, Mr. Zuckerberg elaborated on this subject to Vox:

"Over the long term, what I'd really like to get to is an independent appeal. So maybe folks at Facebook make the first decision based on the community standards that are outlined, and then people can get a second opinion."

"You can imagine some sort of structure, almost like a Supreme Court, that is made up of independent folks who don't work for Facebook, who ultimately make the final judgment call on what should be acceptable speech in a community that reflects the social norms and values of people all around the world."

Up to now, there has been no such thing in the United States as "acceptable speech" defined by the norms and values of people all around the world. Because of his status, Mr. Zuckerberg is a thought leader, and so this idea is not far-fetched.

The bedrock idea of free speech is under pressure in the U.S. now. But if I had to guess which will arrive first—federal regulation of individual privacy or a speech panel of "independent folks" defining what is acceptable—on current course, I think I know which one it will be.

Write henninger@wsj.com.

Paul Ryan's Departure Is a Pity

By Karl Rove

Speaker Paul Ryan's announcement Wednesday that he will not seek reelection is bad news for Republicans, Congress and America's political culture. Mr. Ryan says he's confident Republicans will keep their House majority in the midterms, but his decision reflects a recognition that one of two outcomes is likely—neither of which is promising for GOP leadership.

One is that Democrats take the House. After being his party's vice presidential nominee and third in line to the presidency, a demotion to minority leader is unappealing, especially if the Democrats are more interested in resistance than constructive action.

The other possibility is that Republicans end up with a diminished majority that makes governing more difficult. Even with the current 23-seat majority, the 25 or so Freedom Caucus members have the power to thwart the conference's ambitions. If Republicans retain a razor-thin margin, Mr. Ryan would probably prefer someone else deal with the caucus's threats to nix legislation that doesn't meet its hard-line demands by voting with the Democrats.

Mr. Ryan has worked tirelessly to put Republicans on the strongest possible footing for the midterms. Since becoming speaker he's transferred \$80 million from his

campaign to the National Republican Congressional Committee and helped the Congressional Leadership Fund super PAC accumulate \$25 million cash on hand. (Disclosure: I contributed to a Ryan fundraiser last week in Texas.) It's now up to his potential successors—Majority Leader Kevin McCarthy, Majority Whip Steve Scalise and anyone else who aspires to leadership—to step up.

Mr. Ryan leaves his party with not only money to spend but an example to follow. His tireless, yearslong advocacy for fundamental tax reform led to the passage of legislation that will create jobs and fatten paychecks, while incidentally helping vulnerable Republicans at the polls. His work as Budget Committee chairman persuaded Republicans to embrace entitlement reform in their budget resolutions, charting a path to save the great safety nets of Social Security and Medicare from bankruptcy. And he has been an eloquent evangelist for free-trade policies that level the global playing field and provide more opportunities for Americans to sell goods and services around the world, even as the politics of trade soured in both parties.

Mr. Ryan will leave Congress with the respect of virtually every member of his caucus, to say nothing of Democrats who can't help but like him despite their policy

differences. No one else could have matched his performance at keeping House Republicans moving in a constructive direction over the last three years. That he did so while also deftly managing relations with this White House—not known

perhaps in business, where his strong leadership and keen mind can be put to work. Or maybe the world of ideas will beckon. The nation's pre-eminent think tank, the American Enterprise Institute, is looking for a new president.

My impression of Mr. Ryan

is colored by a Saturday I

spent with him nearly 15 years

ago, when he was a junior

member and I was a White

House aide. I had been sum-

moned to speak at a GOP fund-

raising dinner in the Milwau-

kee suburbs. When Mr. Ryan

found out, he insisted I fly out

at dawn and spend the morn-

ing attending constituent

meetings, then a lunch for rural

Republicans at Walworth

County's nine-hole public golf

course. The decorations were

from Walmart; the homemade

potato salad was excellent.

As we drove through small

towns in southeast Wisconsin,

our conversation was inter-

rupted by irreverent calls on

his pickup's speakerphone

from his brothers about a

family dinner the next day.

When he dropped me off that

afternoon, I thought: This is

one bright, decent and well-

grounded human being. If

only there more like him in

politics.

Mr. Rove helped organize

the political-action committee

American Crossroads and is

the author of "The Triumph of

William McKinley" (Simon &

Schuster, 2015).

The earned-income tax credit beats the minimum wage.

Because it promotes work, the EITC should do just the opposite among those eligible for its most generous benefits—low-skilled single mothers, a critical population for reducing poverty. To test this, I follow women in their 20s and 30s across many decades, tracking

their childbearing and marriage, as well as the generosity of the federal and state EITCs for which they qualified each year. The evidence shows that exposure to a more generous EITC leads to markedly higher earnings in the long run among less-educated single mothers.

Taken together, what are the effects of pro-work policies like the minimum wage and the EITC—not on jobs and earnings now, but on poverty and reliance on public assistance in the long run?

In forthcoming research, my colleagues and I find that minimum wages are counterproductive, leading to higher poverty and an increased reliance on public assistance in disadvantaged neighborhoods. The EITC, in contrast, reduces poverty and dependence on public assistance, with one caveat: It

may be less effective in severely

disadvantaged neighborhoods

where there is insufficient labor

demand to absorb more people

looking for work.

In the period before the 1996

welfare reform, more generous

welfare benefits increased pov-

erty and the share on public as-

sistance. These adverse effects

evaporated after welfare re-

form, when work incentives and

support were strengthened.

Washington should pursue

antipoverty policies that help

turn government assistance in

the short term into economic

self-sufficiency in the long

term. That means doing what

works to promote work.

Mr. Neumark is a professor

of economics and director of

the Economic Self-Sufficiency

Policy Research Institute at the

University of California, Irvine.

BOOKSHELF | By Mimi Swartz

There's Oil In Their Blood

The Kings of Big Spring

By Bryan Mealer
(Flatiron, 369 pages, \$27.99)

Facing everything from flood fallout to sanctuary-city wars to President Trump's plans to build that wall, Texas may be in a state of internal conflict, but no one can argue this isn't a boom time for books about the place. Rodger D. Hodge's "Texas Blood: Seven Generations Among the Outlaws, Ranchers, Indians, Missionaries, Soldiers, and Smugglers of the Borderlands" came out last fall, and this month Lawrence Wright's much-anticipated "God Save Texas: A Journey into the Heart of the Lone Star State" will debut. The University of Texas Press will also be inaugurating their ambitious Texas Bookshelf series with Stephen Harrigan's "They Came From the Sky: The Spanish Arrive in Texas." Amid such a crush, you might easily overlook Bryan Mealer's "The Kings of Big Spring: God, Oil, and One Family's Search for the American Dream." That would be, as my grandmother used to say—and probably

Mr. Mealer's, too—a cryin' shame.

Mr. Mealer, who covered war in the Congo for the Associated Press and Harper's magazine, has impressive reporter's chops as well as a native West Texan's gift for storytelling. The combination produces the best kind of twofer: an engaging history of the oil patch wrapped in an intimate portrait of his own family.

Theirs is not the citified Texas of Dallas, Houston and Austin, where you can get a reasonable facsimile of anything you can get pretty much in any other big city (Vietnamese spring rolls, African fufu, Milanese couture, etc.). Nor is it the rolling landscape of the Hill Country or the lush, dense greenscape of East Texas. This is the Texas landscape of stereotype: scrubby, dusty, often parched, with almost too much sky.

Before the discovery of oil there around 1920, West Texas's charms were hard to discern. It was once Comanche country, home to some of the fiercest native American tribes to ever roam the plains. Even after settlers more or less eradicated the natives, growing cotton and grazing cattle were iffy propositions, given the frequency of drought and sandstorms. Still, one John Lewis Mealer took off from his Georgia hollow in 1892, a young man in his early 20s in search of something better, filled with that vague, uncertain longing that has propelled so many newcomers our way. "Only in Texas was there enough space for so many second acts," Mr. Mealer writes in his introduction, and he is correct in the broadest sense.

To understand the Mealer family's travails and triumphs is to understand much about the West Texas character. Because there are so few distractions and so many difficulties, people there tend to band together—in church or at Friday night football or, yes, in bars—and over time they have developed a gift for narrative that puts us hurried urban Texans to shame. (See: works of McMurtry, Larry, for the best examples.)

A hundred years of the West Texas oil boom, told through the stories of a big-dreaming, hard-living, God-fearing family.

At this sort of tale-telling Mr. Mealer excels, turning the lives of ordinary working people—three generations of his family—into powerful stories of folks trying, one way or another, to pull themselves just one rung up the ladder in the face of seemingly endless economic obstacles. It takes a long time for anyone's well to come in, at least in the conventional sense—in the meantime Mr. Mealer's relatives eke out a living riding the Depression-era rails, selling yard dirt and cars, and trying to get right with the Lord after yet another round of failure.

At the heart of his story is the town of Big Spring, which contracts and expands and explodes just the way you might imagine a center of various oil booms and busts would. Mr. Mealer resurrects a number of community characters who deserve more than a place in local lore. One of the most compelling is a former FBI agent turned oilman named Raymond Lee Tollett, whose story Mr. Mealer elevates from community leader to Texas archetype. ("In fact, the word most people used to describe Tollett was 'dignified,' which probably meant more in Big Spring than in New York or Chicago," Mr. Mealer writes, by way of introduction.) As Tollett's fortune grows, he becomes the town's savior and then something darker and sadder as he falls victim to what many might call the resource curse—that moment in time when the spectacular wealth generated by oil or diamonds or anything else coming from the earth in abundance becomes a corrupting and destructive force. It's a familiar tale to many Texans, but Tollett's rise and particularly painful string of subsequent losses is viewed and told by Mr. Mealer with a rare tenderness and authority.

And for once, this isn't just a story of men, but of the women who held things together—or didn't. The women in "The Kings of Big Spring" suffer in all the familiar ways, becoming ever more acquainted with loss as farms and children and even the smallest fortunes disappear. "The blowing sand and dust chewed a garden to the nubs and made laundry next to impossible," Mr. Mealer writes of his grandmother's Depression days in West Texas. "Wheneve

OPINION

REVIEW & OUTLOOK

The Paul Ryan Difference

Paul Ryan's decision not to run for re-election for Congress is a blow to Republicans, and his departure at age 48 will leave a particular void in the GOP's growth and reform wing. But the lesson of his 20 years in Congress is that the Members who matter are those who change the public debate about policies of consequence.

Mr. Ryan deserves credit for taking the job of Speaker that no one else wanted after John Boehner resigned in 2015. He knew the legislative grinder was likely to end his chances of becoming President, but he did it anyway. His policy chops and listening skills helped rally the fractious GOP House into a governing majority rather than merely an opposition to Barack Obama. They developed the "Better Way" reform platform in 2016, and in this Congress they've passed most of it through the House and much into law.

* * *

The irony is that Mr. Ryan has become a target of the populist and Trumpian right though few in Congress have fought harder or longer for conservative reform. He rose from the backbenches by promoting his "roadmap" for tax and entitlement reform when the Tom DeLay Republicans preferred the status quo. First at the Budget Committee, then at Ways and Means, Mr. Ryan built a GOP reform consensus that became the party's agenda.

His principal triumph is tax reform, a generational achievement that broke a bottleneck to U.S. business competitiveness and faster economic growth. Donald Trump's presidential support was important, but tax reform would not have happened without Mr. Ryan's years of detailed policy work and evangelism. The reason the New York Times and Washington Post loathe him is precisely because he takes ideas seriously and can persuade his colleagues. That makes him far more of a threat to the left than is any talk-radio host.

Mr. Ryan failed on entitlement reform, though premium support for Medicare had a chance if Mitt Romney had won in 2012. Mr. Trump has wanted to duck the entitlement problem, but Mr. Ryan still persuaded him to support ObamaCare repeal and Medicaid reform. Both passed the House only to fail in the Senate. But entitlement reform is inevitable given the fiscal realities, and Mr. Ryan's ideas are still a roadmap for the future.

The talk-show right won't admit this because Mr. Ryan understands the occasional need to compromise and hasn't embraced extreme anti-immigration positions. They have railed against Mr. Ryan as a totem of "the establishment,"

The Speaker's career shows the power of ideas in politics.

which was always more epithet than argument. Mr. Ryan knows that the point of politics is to win power to pass your agenda, not remain in feckless opposition to the supposedly unreformable entitlement state.

On this score Mr. Ryan also deserves credit for managing the Trump volcano. He criticized the candidate and later President Trump when appropriate for his often ugly and polarizing politics. But he has never fallen for the trap of reflexive, self-serving dismissals that win media cheers but accomplish nothing.

Sixty-three million people voted for Mr. Trump, and Mr. Ryan believes that Republicans in Congress have an obligation to use the opportunity of their majorities to help the country. The victories on tax reform, deregulation, judicial nominations and military spending are a vindication of that strategy.

Some are portraying the Speaker's retirement as an attempt to get out ahead of GOP defeat in November. But if Mr. Ryan wasn't going to serve another two years win or lose, then better to tell the voters now. Mr. Ryan has already raised \$54 million in campaign cash for his fellow Members this Congress, and their fate is tied far more to Donald Trump's approval rating than to Mr. Ryan's candidacy.

* * *

Win or lose in November, Republicans will have to find a leader who can lead their conference. Majority Leader Kevin McCarthy and whip Steve Scalise are the main early contenders. Both are known more for their electoral skills than policy knowledge.

That could be helpful if the GOP loses its majority, but Mr. Trump isn't a normal Republican President who will naturally pursue a conservative agenda. He may cut deal after deal with a Speaker Nancy Pelosi, and the House GOP will need to draw on younger talent to develop an agenda of its own.

Now is also the moment for the Freedom Caucus to step up. North Carolina Rep. Mark Meadows is never short of suggestions for the leadership. How about trying to actually lead? Run for Majority Leader and show if you have the votes for a way forward that is more productive than being a critic on cable.

If House Republicans are banished to the minority, then perhaps Mr. Ryan's political successor isn't in Congress. Paul Ryan developed his views about an optimistic, governing conservatism in the Jack Kemp-Ronald Reagan era, and he worked in the vineyards to find his moment. His lesson about fighting for ideas that matter applies in any age.

Working on Food Stamps

A common refrain from businesses is that they can't find enough workers. The unemployment rate is a low 4.1%, but one reason for the shortage are government benefits that corrode a culture of work. So credit to House Republicans for trying to fix disincentives in food stamps amid what are sure to be nasty and dishonest attacks.

House Agriculture Chairman Mike Conaway on Thursday will introduce a farm bill, though food stamps absorb much of the cost. More than 40 million Americans are in the Supplemental Nutrition Assistance Program, the official name for food stamps, and the figure is up from about 17 million in 2000. The size of the benefits has also increased, and the program cost has exploded to about \$70 billion a year.

More Americans need assistance during recessions like 2008, but the question is why so many have stayed on food stamps even amid the long expansion. The American Enterprise Insti-

tuted it. Yet the results of real welfare work requirements in states have been encouraging, including former Governor Sam Brownback's reform in Kansas. A Foundation for Government Accountability paper last year noted that Kansas tracked 6,000 families who moved off welfare and went to work in 600 different industries. Incomes on average more than doubled over a year.

The House proposal includes other good ideas, notably eliminating "broad-based categorical eligibility." This is a notorious loophole that declares someone eligible for food stamps because he received a brochure on heating assistance or a number for a hot line. The bill retains cross-eligibility that allow the truly needy to qualify for multiple programs without redundant asset tests.

The politics of all this are tough. The House Freedom Caucus will pan such changes as "welfare reform lite." The Senate won't want to take hard votes in an election year. Yet this isn't a budget slasher and merely reorients money and incentives. That will make it harder for Senators to pretend this "guts" the program, as some falsely said about Medicaid last year.

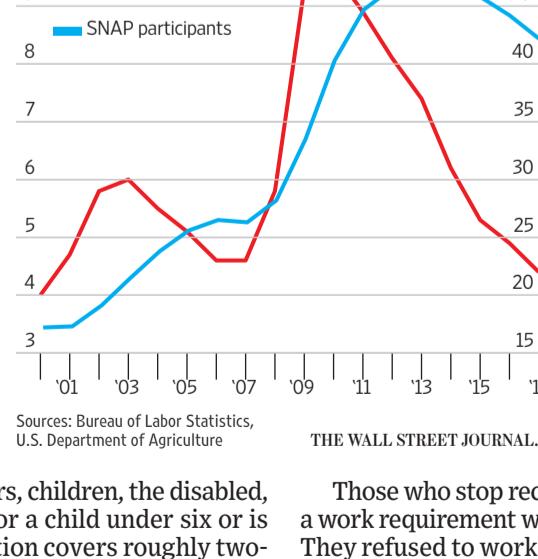
Democrats have attacked the plan with packaged lines that the GOP will kick millions off the rolls. The work rule doesn't bounce a single person. One irony is that the left says work requirements are misguided because most recipients already work. Then why fight a requirement?

Those who stop receiving benefits because of a work requirement will fall into two categories: They refused to work or train for work. Or they found a job and no longer need assistance, which is supposed to be a success story. The GOP's work requirements—explained accurately—poll well with the public because Americans think working is a fair trade for helping those who have fallen on tough times.

The program is supposed to be "supplemental," but progressives have transformed it into a permanent entitlement. The GOP's 1996 welfare reform was an historic success, and fixing food stamps is a chance to do it again.

Food Stamps Become an Entitlement

SNAP participants (right scale in millions), vs the unemployment rate (left scale), 2000-2017



OPINION

LETTERS TO THE EDITOR

California: Get Serious on Immigration Law

Regarding Michelle Park Steel's "California: A 'Sanctuary' for Criminals" (op-ed, April 4): California has the power to drive effective immigration reform. The state's congressional representatives comprise 12% of the House. The state's Democratic representatives reflect 21% of House Democrats. The state is represented by two powerful senators, Dianne Feinstein and Kamala Harris. If immigration reform was truly important to the Golden State, it would be done. Yet it isn't, not even close.

Instead of mobilizing the legislative and financial resources of the state to effect immigration reform, the state simply "opts out" of federal law and instructs its counties, cities and businesses to follow suit or face state criminal charges.

Is the state truly interested in immigration reform and providing solutions for the millions of undocumented immigrants, particularly the 1.8 million Dreamers included in President Trump's proposal? Or is California simply grandstanding by picking a fight with a president the state government despises?

GLEN ESNARD
Newport Beach, Calif.

Ms. Steel is mistaken about the so-called "sanctuary" law, SB 54. The bill goes to great lengths not to include immigrants who have committed crimes. Specifically, it doesn't "prioritize the safety of alien criminals," nor does it prevent local law enforcement from coordinating with ICE when it has apprehended an illegal immigrant who has committed a crime. In this country's current circumstances, Ms.

Steel's assertion that "condemning the sanctuary law has nothing to do with race or politics" is absurd.

JOHN PRIEST
Mill Valley, Calif.

Ms. Steel doesn't go far enough. Until fiercely progressive and liberal California passes minimum-wage laws and collective-bargaining rights, for starters, specifically for illegal immigrants, it will on the face of it look very much like California Democrats are fully and hypocritically accepting the very real seamier underside of sanctuary, which is in no small part about cheap labor with no benefits and no right to organize or complain whatsoever, and beyond that, a labor pool all the while in fear of and at risk of, yes, retaliatory reporting to the immigration authorities; an event which I might add, is increasingly on the rise in California. As it now stands, the message from progressive and liberal California seems to be:

We're going to protect the right of all you illegal immigrants to be here, but we are fine with your worker rights being where they were in America circa 1900.

NEIL GAFFNEY
Chicago

I'm an Orange County resident and I greatly appreciate Ms. Steel and her fellow Orange County supervisors for voting to oppose California's sanctuary city law in the courts. Many more California officials need to step up and join Orange County to return California back to its citizens.

OLIVER WATSON
Orange, Calif.

Perhaps 5G Pizza Boxes for the White House?

In his "Local Laws Imperil 5G Innovation" (op-ed, April 3), former FCC Commissioner Robert McDowell mentions my introduction of the hand-held phone in 1973 and makes a compelling case for accelerating deployment of 5G, the next generation of cellular-phone technology. He's right. 5G technology promises to revolutionize health care and education just as earlier generations of cell-phones have increased our productivity and safety.

Mr. McDowell correctly suggests that municipalities should encourage building of the 5G network by allowing cellular carriers to mount pizza box-sized cell sites atop streetlights and telephone poles. However, he shouldn't place sole responsibility on municipalities for allowing free deployment.

In my hometown of Del Mar, Calif., we take pride in the appearance of our streets and parks. Our streetlights are attractive and we're burying those telephone and cable poles that aren't already underground. If cellular carriers want to mount their cell sites on our poles and buildings, these devices should be designed to be either invisible or attractive. Properly done, this approach will benefit the public and cost less than existing methods.

MARTIN COOPER
Del Mar, Calif.

Mr. McDowell states that "small cell" antennas would be the "size of pizza boxes" and could "fit invisibly on rooftops and lampposts." Based on the proposed 5G deployment in North Potomac, Md., a pizza of this size could easily feed a small army. Furthermore the backhaul boxes, located at the base of the 30-foot-high poles

in neighborhood front yards, are the size of large, wood-fired pizza ovens. People oppose 5G deployment because the telecommunications industry and local government have failed to address how to aesthetically install 30-foot towers with bulky equipment in residential front-yard easements and the public-health concerns related to human proximity to these 60 GHz microwave devices.

DONALD J. DENUCCI
North Potomac, Md.

My mom has received notice that a carrier is to install such an antenna on a telephone pole outside her second-story window—but it will be a 2 feet by 4 feet tall "pizza box" sitting atop the pole accompanied by a 5-and-a-half-feet tall equipment cabinet on the sidewalk and an underground street vault of unspecified size. The city tells her that competing carriers plan their own separate installations.

What businesses and consumers would have their 5G service affected by local control over these very localized cell facilities? As with any local utility, the city's own businesses and citizens don't need the federal government to tell them what is good for them.

MICK MONAHAN
Los Angeles

It's Time to Strike Down the Disparate-Impact Doctrine

Regarding "Judges Can Check the Administrative State" by Peter J. Wallison (April 6): The best candidates for the kind of judicial action Mr. Wallison calls for are the disparate-impact regulations that federal agencies have adopted, supposedly pursuant to the enforcement of Title VI of the 1964 Civil Rights Act, which bars discrimination on the basis of race, color and national origin in federally funded programs and activities.

That's because the Supreme Court has ruled repeatedly that this statute bans only "disparate treatment" and doesn't ban practices that have only a "disparate impact." So these regulations are *ultra vires* and the courts should strike them down.

ROGER CLEGG
President and General Counsel
Center for Equal Opportunity
Falls Church, Va.

Answer for Chinese Targeted Tariffs: Fight Back in Kind

Regarding your editorial "Punishing America First" (April 7): The Chinese are aiming their tariffs at those states that voted for President Trump. We should do the same. Let's put tariffs on those products from the areas of China that voted for Xi Jinping. Perhaps in the next election the Chinese people will choose a different president.

JOSE P. NIELL
Stamford, Conn.

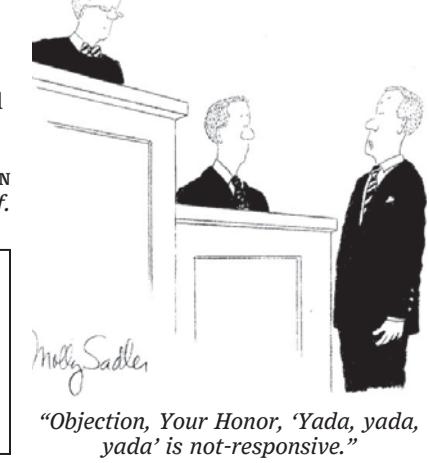
Regarding your editorial "A Broken FBI Promise" (April 7): Don't you folks get it yet? "The bureau says it will not provide the [unredacted] material because it is too sensitive." Translation: The unredacted material will embarrass someone in the FBI who is powerful enough to resist disclosure.

Now, who might that be?

FRED BEARDEN
Laguna Niguel, Calif.

Pepper ... And Salt

THE WALL STREET JOURNAL



Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to wsj.ltrs@wsj.com. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

"Objection, Your Honor, 'Yada, yada, yada' is not-responsive."

OPINION

Both Sides Would Lose a U.S.-China Trade War

By Jack Ma

As a businessman, I have been encouraged by the U.S. administration's pro-business policies, like lowering corporate taxes. Now, like many in the business community, I am struggling to understand why a trade war with China would be good for the U.S. economy.

The U.S. has a structural trade deficit with China because of the market forces of comparative advantage: Economies produce what they are best at making and import other things. Dollars earned from trade

The largest market in the world is open for business. Will America forfeit this opportunity?

surpluses in China have been recycled to finance American borrowing, keeping U.S. interest rates low with favorable economic conditions. American unemployment stood at 4.1% in March, a 17-year low. All these economic indicators suggest that the U.S. economy is doing well, regardless of the trade deficit.

American economic policy for the past 30 years encouraged U.S. companies to outsource labor-intensive manufacturing to China and other Asian countries while retaining the

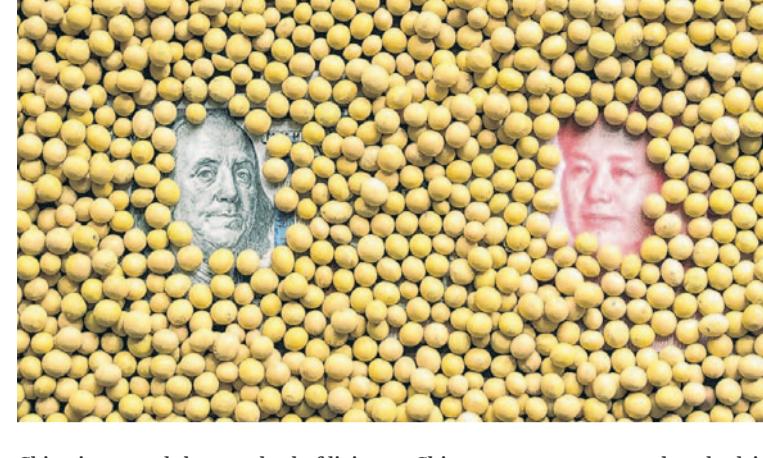
most valuable parts of American ingenuity: innovation, technology and brand.

China embraced this American-led globalization because it was also the best path for China's development as an emerging economy. To raise living standards for 1.3 billion people, the Chinese government promoted foreign investment and built the economy on the strength of its large and increasingly skilled labor force. As a result, China became the world's largest exporter, with a significant trade surplus. American consumers benefited from low prices and American corporations made giant profits.

There's no better example of a beneficiary of this symbiotic relationship than Apple. The company designs the iPhone and develops proprietary chips and software in California. It makes the units through contractors that hire millions of workers in China, assembling components manufactured in South Korea. Through smart marketing, Apple products capture consumers' hearts, making its brand more valuable.

While countries like South Korea and China collect revenue from selling components and assembling the final product, Americans make almost all of the profits. Apple's \$48 billion of profits in fiscal 2017 will not make it into the balance-of-trade calculation.

Under a symbiotic U.S.-China relationship, America became a pre-eminent technology leader, and its brands are today the envy of the world.



ZHANG PENG/LIGHTROCKET VIA GETTY IMAGES

China improved the standard of living of its citizens with a tenfold increase in per capita gross domestic product over the past 20 years.

But U.S.-China trade relations in the next 20 years will look very different from the past two decades. The benefits of globalization since joining the World Trade Organization in 2001 have opened China's mind to the idea of open markets.

China is shifting its economy from the world's largest exporter to the world's largest consumer. Chinese citizens now have the wealth and income to pursue discretionary spending. They want to buy high-quality imported food, cosmetics, fashions, and health and wellness products for themselves and their children.

With average urban income growing at almost double digits and an emerging middle class of 300 million,

Chinese consumers are already driving massive demand for imports from all over the world. Last year, President Xi Jinping said at the World Economic Forum that over the coming five years, China will import \$8 trillion of goods.

It is therefore ironic that the U.S. administration is waging a trade war at a time when the largest potential consumer market in the world is open for business. Is America going to forfeit this opportunity?

Instigating a trade war is the wrong solution because it will only provoke retaliation. The Chinese government responded to U.S. tariff threats with its own tariffs on American agricultural products such as soybeans. China is the largest export market for American soybeans, worth \$14 billion annually and accounting for 65% of all U.S. soybean exports.

The U.S. has been a consistent defender of free and open markets, but

this time it is resorting to protectionism that will not improve American competitiveness. Any country seeking to increase exports would do better to focus on developing good products and channels to access foreign markets rather than putting up trade barriers.

At the heart of Alibaba's mission—to make it easy to do business anywhere—is our support for small businesses. A vibrant small-business sector is good for any economy, because small businesses create jobs.

This trade war will hurt millions of American small businesses and farmers. I feel for these men and women, because I met many of them when I toured the U.S. last year to host our "Gateway" trade showcase in Detroit.

Small-business owners and farmers traveled from all over the country to learn how Alibaba could connect them to the massive Chinese consumer market. Those attending Gateway saw what the future could hold for their business. I saw the entrepreneurial gleam in their eyes.

Through our digital-commerce platforms, where more than 500 million Chinese consumers shop, Alibaba will continue to help American small businesses and farmers access the China market.

If we encounter trade barriers, we will have to work harder. While we may face setbacks in the current protectionist environment, I remain confident and look forward to the next 20 years.

Mr. Ma is executive chairman of Alibaba Group.

Notable & Quotable: Equality

Mark J. Perry, an economist at the American Enterprise Institute, writing on the institute's AEIdeas blog, April 9:

Last December, the Bureau of Labor Statistics (BLS) released data on workplace fatalities for 2016, and a new "Equal Occupational Fatality Day" can now be calculated. As in previous years, the [data] shows the significant gender disparity in workplace fatalities in 2016: 4,803 men died on the job (92.5% of the total) compared to only 387 women (7.5% of the total). The "gender occupational

fatality gap" in 2016 was again considerable—more than 12 men died on the job in 2016 for every woman who died while working.

Based on the BLS data for 2016 for workplace fatalities by gender (and assuming similar fatality data for 2017), the next "Equal Occupational Fatality Day" will occur more than 11 years from now—on May 30, 2029. That date symbolizes how far into the future women will be able to continue working before they experience the same loss of life that men experienced in 2016 from work-related deaths.

The Company That Loves Misery

By Abigail Shrier

For more than a decade Mark Zuckerberg has been running an experiment in openness. We are the test subjects. So what does he think about the fact that being "open and connected," Facebook-style, is making us miserable? Our congressional representatives didn't pose this question to Mr. Zuckerberg during his hearings this week, but I wish they had.

Several studies, most recently one out of San Diego State University analyzing the leisure activities of a million teens, have concluded that the more time spent on Facebook, the less happy we tend to be.

Facebook can be charming, but it comes at the cost of privacy, dignity and peace of mind.

We've known for a while that Facebook enables online communication with friends and family—but also a sharply targeted form of bullying. That it wastes our time. That, whatever relationships it nurtures, it kills off others entirely. That it is, on a good day, charming, assaultive and a loathsome bore. The misinformation that sprouts like toadstools on its pages isn't even the whole of the problem.

I quit Facebook a few months before the 2016 election, cold turkey like the junkie I knew I was. I had been working on a novel, and Facebook was ruining my productivity. I found myself itching to check it again and again, wondering what exciting developments had unfolded in the minutes I spent away.

Soon after I suspended my account, my husband began getting emails from our friends asking why I had suddenly unfriended them. One was upset that—after I had relied for years on Facebook's reminders—I had missed her birthday. This is precisely how Facebook holds our attention and makes us afraid to depart its endless reunion.

I returned to Facebook a year later, to find old friends had won new jobs and given birth to children during my absence. I caught others mid-divorce, before their crises had cooled and wounds had healed. I engaged in pointless arguments that left me anxious and blue. I read screeds born of

pain, and scarcely resisted the urge to unleash screeds of my own. I watched as people gave themselves away—the good, yes, but also so much unsettled fury and despair. Some of this from people whose intimacy I hadn't earned, but whose private lives I could nonetheless view because the houses on Facebook are made of glass.

In 2010 Mr. Zuckerberg announced that the old social norm of privacy had "evolved"—a fortuitous discovery for someone who had devoted his life to whittling others' privacy away. Indeed, Facebook's essential conceit is that privacy is outmoded—the corset we never wanted and are so much freer without. But privacy is also a shield, and it protects subject and observer alike. There are details we shouldn't know about those who are less than our closest friends. Other things, like fury and snark, shouldn't be indiscriminately broadcast, because far from bringing us "closer together"—Facebook's ostensible mission—they set us at odds, tear us apart.

The Cambridge Analytica scandal came on like a slap, the kind that breaks the spell and makes you wonder what on earth you've been doing. How had we given so much away? We squandered assets we may never regain—privacy, dignity—and for what? We registered as Facebook users imagining ourselves vacationing at a new resort, but it turned out to be a nudist colony. And while we were all growing accustomed to the squirmy unease of seeing way too much of each other way too often, Mr. Zuckerberg allowed someone onto the premises to catch us unguarded and take advantage.

Are we really surprised? Mr. Zuckerberg's promise to protect our data is laughable because exploiting our data is precisely his business. When we saw the evidence of a creeping monitor—that sofa we browsed on Amazon, flashing to life on our Facebook page—we knew this habit meant trouble.

Over the years, Facebook pushed us to share more of ourselves. "What are you doing right now?" became "What's on your mind, Abigail?" It jiggered the order of posts to keep our navels and our friends' well-gazed, all the while rendering us more vulnerable to abuse. It gathered our email addresses and phone numbers. For those who use Android phones, it stored our call history and text messages. When we discovered our pockets had been picked,

PATEK PHILIPPE
GENEVE

Begin your own tradition.

You never actually own
a Patek Philippe.

You merely take care of it for
the next generation.



Nautilus Ref. 7118/1A

Tel: (1) 212 218 1240
patek.com

WORLD NEWS

Alleged Torture Spurs Outcry in Lebanon

Case of actor held for months on suspicion of spying for Israel puts focus on human rights

BY SUNE ENGEL RASMUSSEN
AND NAZIH OSSEIRAN

BEIRUT—Undercover agents seized prominent Lebanese actor Ziad Itani after a rehearsal in November and bundled him into a car.

What followed, Mr. Itani says, was a bout of torture. He was threatened with rape, hung from the ceiling in shackles and kicked in the face. Interrogators threatened to kill his daughter if he didn't admit to spying for Israel, he said.

Then, last month, he was let go. A government investigation found he was detained after an official with a personal vendetta against Mr. Itani sought to frame him. Lebanese State Security says Mr. Itani wasn't tortured.

The case has caused an outcry in Lebanon—a tiny country seen as a bulwark against Islamist extremism and the fifth-largest beneficiary of U.S. military aid per capita—and focused attention on human rights and political freedoms ahead of national elections in May.

When Mr. Itani was released, he was taken to the house of Prime Minister Saad Hariri, who embraced him on live television. Mr. Hariri assured Mr. Itani that his government had worked hard to



Carried by friends and relatives, Ziad Itani held a picture of Premier Saad Hariri after the actor was released from custody in March.

establish his innocence.

The prime minister said the blame lay not with Lebanese State Security but with the faulty information it received. "What happened today was an achievement of justice," Mr. Hariri said.

Mr. Hariri hasn't remarked on the allegations of torture, and wasn't available to comment.

Former Lebanese officials acknowledge torture occurs in

police custody. "It is normal for anyone who has been accused of a big crime to fear torture," said Ashraf Rifi, a former head of the Lebanese Internal Security Forces.

State Security accused Mr. Itani of "collaborating with the Israeli enemy." The evidence against him was a string of emails between Mr. Itani and a supposed female agent of Mossad, the Israeli intelligence service, according to state-

ments from State Security at the time.

After the case was transferred to the Internal Security Forces, a branch separate from Lebanese State Security, as part of the next step of the investigation, the situation changed.

Prosecutors are now holding Maj. Suzan Hajj Hobeiche, the former head of the country's anti-cybercrime unit, on suspicion of framing Mr. Itani.

Mr. Itani had circulated a screenshot of Maj. Hajj "liking" a social-media post denigrating Saudi women driving, which led to her being dismissed.

Last month, Maj. Hajj appeared in court along with the hacker whose services she allegedly commissioned to create a fake internet and email trail, including an invented Mossad agent. They are accused of hacking into govern-

ment websites and fabricating evidence.

Maj. Hajj, while in custody, hasn't been charged. Her plea for bail and subsequent appeal were both denied. Her lawyer, Rashid Derbas, declined to comment and she was unavailable to comment.

Mr. Itani says the 109 days he spent in custody had broken his spirit. During an interview, his hands trembled and his voice shook. He was missing several teeth he said were kicked out by interrogators.

"I used to be a joker, like Jim Carrey," said Mr. Itani, a 43-year-old father and husband who now lives with his mother. "After prison, I just wanted to be a child again."

He doubted he would return to acting. "People are waiting for me," he said. "But I cannot."

Lebanon, which has received \$1.5 billion in U.S. military aid over the past decade, relies on support from international donors.

A couple of days after posing for photos with Mr. Itani, Mr. Hariri flew to Rome for a donor conference, and at a Friday conference in Paris, donors pledged \$11 billion in aid to help bolster the economy.

In September, under international pressure, Lebanon's parliament passed a law criminalizing torture, but "accountability for torture in detention remains elusive," according to Human Rights Watch, an advocacy group.

Algerian Military Plane Crashes, Killing More Than 250

BY JARED MALSIN
AND ROBERT WALL

At least 257 people were killed when an Algerian military plane crashed outside the capital, Algiers, the country's Defense Ministry said, the world's deadliest aviation disaster in almost four years and the nation's worst ever.

The plane went down in a field at 7:50 a.m. local time Wednesday, shortly after departing Boufarik military air base southwest of the capital, the ministry said. It was bound for Bechar, Algeria, near the Moroccan border, with a stop in Tindouf, the military said. The ministry said the dead included members of the military, their

families and 10 crew members.

The cause of the crash and the purpose of the flight weren't immediately clear. Algeria's state news agency reported that the plane was a Russian-made Ilyushin Il-76 transport plane. The ministry said it had convened a panel to investigate the cause.

The crash is the deadliest

since a Malaysia Airlines jetliner was shot down over eastern Ukraine in 2014. The crash of that Boeing Co. 777 killed all 298 people on board.

President Abdelaziz Bouteflika declared three days of mourning beginning on Wednesday, state news agency APS reported.

The crash drew attention to

Algeria's involvement in a dispute with Morocco over its control over the contested Western Sahara territory. Among the victims of the crash were 30 Western Sahara nationals, including civilian members of the Polisario Front, a nationalist group advocating independence from Morocco, a Polisario official said.



THE WALL STREET JOURNAL.

CANALI
1934

presents

Impeccabile 2.0

NATURAL, REVOLUTIONARY, IMPECCABLE

Watch the film on CANALI.COM

BUSINESS & FINANCE

© 2018 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Thursday, April 12, 2018 | B1

Mideast turmoil intensifies rally, as output cuts by OPEC chop away at glut

BY ALISON SIDER

Oil surged to the highest levels in more than three years as tensions simmered in the Middle East, signaling optimism that a glut that has crippled the market for years is ending.

U.S. crude futures jumped \$1.31, or 2%, to \$66.82 a barrel Wednesday on the New York Mercantile Exchange. Brent, the global benchmark, rose \$1.02, or 1.4%, to \$72.06 a barrel on ICE Futures Europe. Both benchmarks are at their highest levels since December 2014.

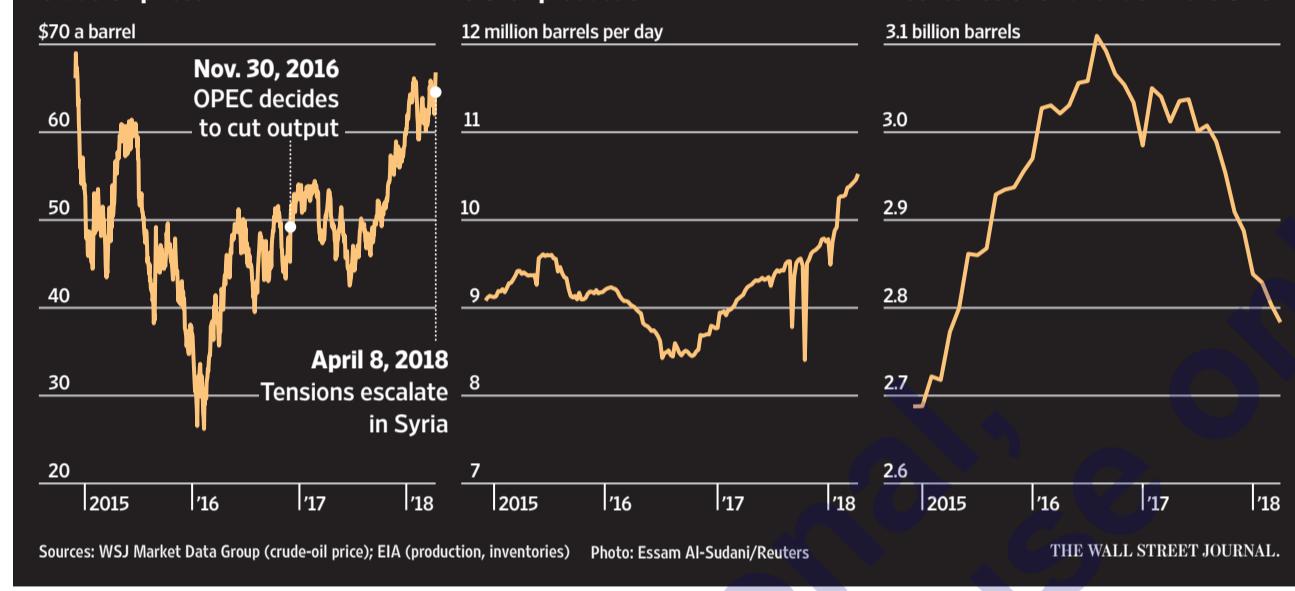
More than a year's worth of production cuts by the Organization of the Petroleum Exporting Countries has helped set the stage for this rally, gradually whittling away at a glut that kept prices low for more than three years. Venezuela's oil output is also in free fall as the country's economic turmoil deepens. With the prospect of renewed sanctions against Iran, some analysts and investors say prices are poised to climb even higher.

Gary Ross, global head of oil analytics and chief energy economist at S&P Global Platts, has been predicting that Brent prices would rise to \$75 to \$80. He said Wednesday that a "perfect storm" of falling supplies and geopolitical saber rattling could push prices even higher.

"What's unfolding is an extraordinarily vulnerable situation for the market—you're at



Oil fields in Basra, Iraq. Middle East news is pulling up oil prices.



Sources: WSJ Market Data Group (crude-oil price); EIA (production, inventories) Photo: Essam Al-Sudani/Reuters

great risk of a price spike if something unexpected happens," he said. "We have no cushion."

After languishing for years, oil prices surged in the final months of last year.

This year, crude has been a

bright spot compared with other stagnating markets. The S&P 500, the U.S. stocks benchmark, is down 1.18% after a 19% rally in 2017.

Still, gains in oil prices haven't been that impressive—in the first quarter, U.S. bench-

mark prices rose about 7.5%, and the global price rose about 5%. Prices have been firmly ensconced between \$60 and \$70.

But the momentum shifted this week. Both benchmarks have climbed more than 7%—

their best three-day period since December 2016.

Escalating conflicts in the Middle East took center stage as tensions rose toward a boiling point. After an alleged chemical-weapons attack on a

Please see OIL page B11

INSIDE



SHOEMAKER FOR THE STARS STUMBLERS

BUSINESS NEWS, B3



RISE IN VOLATILITY HITS BROKERS

MARKETS, B10

YouTube Urged to Open Up

BY DOUGLAS MACMILLAN

YouTube is a financial juggernaut predicted by analysts to generate more revenue this year than half the companies listed on the S&P 500 index.

The video site, tucked inside Google's business, is also a financial enigma.

Its parent company, **Alphabet** Inc., doesn't share YouTube's sales or profit, saying it isn't necessary because the product is part of a broader suite of ad-supported businesses.

Some investors and others have renewed calls for more transparency from YouTube in

light of accounting rules and recent questions raised by the Securities and Exchange Commission about its disclosures. They say YouTube has become a material part of Alphabet's business and an important driver of its growth, warranting quarterly disclosure of its revenue, costs and profitability.

Some investors also are arguing that the lack of disclosure around YouTube could potentially be undervaluing Alphabet.

"I find it amazing that they haven't shared this data for so long and it's so fundamental to their overall ad business," said Ross Gerber, chief executive of

Gerber Kawasaki Wealth & Investment Management, which owns about 4,200 Alphabet shares valued at roughly \$4.3 million, or about 0.5% of Gerber's assets.

A YouTube spokeswoman declined to comment.

Analysts have said breaking out YouTube's financials could give competitors insight into its operations.

The SEC late last year prodded the company to explain why it doesn't share YouTube data, according to regulatory filings in February. Accounting rules require companies to disclose revenue for operating

Please see VIDEO page B4

HEARD ON THE STREET | By Justin Lahart

Fed May Yet Surprise Investors



Don't look now, but the Federal Reserve is about to hit its inflation target.

The Labor Department on Wednesday reported that consumer prices fell 0.1% last month from February, which put them 2.4% above their year-earlier level. Core prices, which exclude food and energy to better capture inflation's trend, rose 0.2% on the month and were up 2.1% on the year.

While the Fed prefers a different set of data, it does have a 2% inflation target. Based on Wednesday's inflation report, Morgan Stanley economists estimate the Commerce Department measure, which the Fed uses, will register a March gain on the year of 2.1%, with the core up 2%. Core inflation was last above 2% in 2012.

The move to 2% may be coming sooner than Fed policy makers expect. Minutes from last month's policy meeting, released Wednesday, showed the central bank growing more confident inflation will reach its target, but likely not until next year.

For the central bank, this

want to get across the idea that its target is symmetrical, and that it is all right for inflation to be not just a bit below it, but a bit above it.

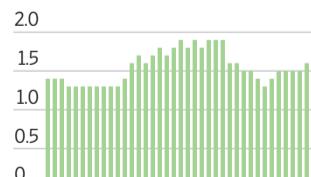
While reaching its inflation target won't set the Fed on a race to tighten policy, it will also make it more comfortable with continuing to raise rates. Investors who expect the same caution on rates the Fed has exhibited in the past, particularly at times of market tumult, could be in for a surprise.

But the bigger risk is that the tax-cut and spending stimulus coursing through an economy with little labor market slack will get the Fed worried inflation risks going well above its target. Indeed, Congress's nonpartisan scorekeeper is predicting as much. The Congressional Budget Office on Monday said it expects the unemployment rate to fall to 3.5% by the end of the year, and for the Fed to raise rates at least four times, with another four increases the following year.

The CBO has a longstanding tendency toward conservative forecasts. If the past holds true, investors should be prepared for the Fed to be more aggressive.

Back on Target?

Change in the Federal Reserve's preferred measure of inflation



Note: Excludes food and energy prices.

March 2018 is estimate.

Sources: Commerce Department (historical); Morgan Stanley (estimate)

THE WALL STREET JOURNAL

would count as a happy event, since it would prevent too-low inflation from getting embedded in consumer expectations and make it less likely the economy will suffer deflation during a downturn.

Because of that risk, the Fed may be willing to let inflation run a bit above 2% for a while. Wednesday's minutes showed that some policy makers thought that letting that happen would be helpful because it would push longer-term inflation expectations higher, limiting the risk of inflation running too cold. The Fed may also



Sausages at the headquarters of Chinese pork firm WH Group.

ously reported. Current Fidelity customers will pay the same or less because the firm will grant waivers to keep existing clients' fees from rising.

"I call this cleanup," said Denise Valentine, a senior analyst at Aite Group. "Everybody has been doing this kind of thing."

The pressure on wealth managers to modify their fee structures began with a change made by the Obama administration to protect retirement savers from expensive or inappropriate investments. Most brokers were generally free to push offerings that earned them the highest fees even if cheaper alternatives would be better for the investor.

A new rule unveiled by the Labor Department in 2015 held brokers to a "fiduciary" standard, meaning they must generally avoid conflicts. Previously, such investment professionals were required to offer only "suitable" guidance, a less-rigorous standard.

The future of the Labor Department rule is uncertain. Last month, a federal appeals court struck it down, saying the Labor Department overreached. However, an earlier appeals-court decision took an

Please see FEES page B2

HONG KONG—The company that makes Smithfield bacon and Nathan's Famous hot dogs has fallen on the wrong side of China's new tariffs—despite being Chinese-owned.

China's largest pork producer, **WH Group** Ltd., has had sizable operations in the U.S. since acquiring **Smithfield Foods** Inc. in 2013, and it exports some raw pork back to its home market for processing into packaged products.

China's tariffs on \$3 billion worth of U.S. imports, including pork, took effect last week in retaliation for an announcement by the U.S. of penalties

on Chinese steel and aluminum. Both governments have proposed more tariffs, each targeting \$50 billion of the other's products, including on the Chinese side against U.S. soybeans and sorghum.

In addition to pork, WH Group consumes U.S. soybeans and sorghum, so like many other Chinese companies, it would get clobbered as a buyer of U.S. animal feed if the additional tariffs take effect.

State-owned **China National Cereals, Oils and Foodstuffs Corp.**, or Cofco Group, faces a similar challenge. The conglomerate owns 48% of commodities trader **Cofco International**, which has U.S. Please see PORK page B2

Please see FEES page B2

INDEX TO BUSINESSES

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

A	G
Albertsons.....B6	Galaxy Entertainment Group.....B5
Alphabet.....B1	General Motors.....B6
American Airlines Group.....B3	Goldman Sachs Group.....B10,B12
A.O. Smith.....B5	Guardian Life Insurance of America.....B6
Apple.....B4	H
AVIC Trust.....B10	Hanesbrands.....B5
Avnet.....B6	Hilton Grand Vacations.....B2
B	Hilton Worldwide Holdings.....B2
Bank of America.....B2,B10	Hindustan Petroleum.....B11
Beijing Bytedance Technology.....B4	HNA Group.....B2
Bharat Petroleum.....B11	I
BHP Billiton.....B12	International Business Machines.....B5
C	J
Carnival.....B11	JPMorgan Chase.....B10
Charles Schwab.....B10	K
Cisco Systems.....A10	Kellogg.....B5
Cloud Peak Energy.....B12	Kering.....B3
Cofco International.....B1	L
CrowdStrike.....A10	Leisure and Resorts World.....B5
CtW Investment Group.....B10	Long Blockchain.....B11
D	Mattel.....B11
Delta Air Lines.....B3	Minami Tamaki.....B4
E	N
Equifax.....B10	Netflix.....B4,B11
F	O
Facebook....A1,A2,B4,B11	Overstock.com.....B11
Fidelity Investments.....B1	P
FirstEnergy.....A2	Park Hotels & Resorts.....B2
Fresh Del Monte Produce.....B5	Peabody Energy.....B12
G	R
Gang, Yi.....B10	Raymond James Financial.....B10
Gerber, Ross.....B1	S
H	Salvatore Ferragamo.....B3
Huang, Walter.....B4	SerNet.....A10
Kelman, Gail.....B6	Smithfield Foods.....B1
Lanciaux, Concetta.....B3	Spotify Technology.....B4
Loewengart, Mike.....B11	Stifel Financial.....B10
Loken, Johannes.....A10	Sulzer.....B3
M	Symantec.....A10
Miletti Ferragamo, Wanda.....B3	T
P	Tesla.....B4
Page, Larry.....B4	Tyson Foods.....B6
Paolini, Luca.....B11	U
Paul, Josh.....B4	UBS Group.....B10
Paulson, John.....A1	United Continental Holdings.....B3
Poletto, Eraldo.....B3	V
Porat, Ruth.....B4	Valentine, Denise.....B1
Poux-Guillaume, Greg.....B11	W
Q	Wahl, Deborah.....B6
R	Wolf, Alexander.....B2
Reeve, Rebecca.....A2	Wu, Zhaoyin.....B10
Riley, Will.....B11	Z
Ross, Gary.....B1	Zuckerberg, Mark.....A2,B4,B11

INDEX TO PEOPLE

A	H
Akbari, Zain.....B6	Giorcelli, Ugo.....B3
Amelio, William.....B6	Huang, Walter.....B4
Andrew, Paul.....B3	Kelman, Gail.....B6
B	Lanciaux, Concetta.....B3
Brainard, Lael.....B10	Loewengart, Mike.....B11
Brin, Sergey.....B4	Loken, Johannes.....A10
Burke, Paul.....B2	M
C	Miletti Ferragamo, Wanda.....B3
Carbone, Jeff.....B11	P
Chein, Luis.....B2	Page, Larry.....B4
Chubak, Steven.....B12	Paolini, Luca.....B11
D	Paul, Josh.....B4
Donald, Jim.....B6	Paulson, John.....A1
F	Poletto, Eraldo.....B3
Feidler, Mark.....B10	Porat, Ruth.....B4
Ferragamo, B3	Poux-Guillaume, Greg.....B11
G	Quarles, Randal.....B10
Gang, Yi.....B10	R
Gerber, Ross.....B1	Reeve, Rebecca.....A2
H	Riley, Will.....B11
Huang, Walter.....B4	Ross, Gary.....B1
K	Ruskin, Alan.....B11
Kelman, Gail.....B6	S
L	Schmidt, Eric.....B4
Lanciaux, Concetta.....B3	Schusser, Oliver.....B4
Loewengart, Mike.....B11	Spradley, Scott.....B6
Loken, Johannes.....A10	V
M	Valentine, Denise.....B1
Miletti Ferragamo, Wanda.....B3	Vekselberg, Viktor.....B3
P	Wahl, Deborah.....B6
Page, Larry.....B4	Wolf, Alexander.....B2
Paolini, Luca.....B11	Wu, Zhaoyin.....B10
Paul, Josh.....B4	Z
Paulson, John.....A1	Zuckerberg, Mark.....A2,B4,B11

FEES

Continued from the prior page opposite tack. President Donald Trump last year ordered the Labor Department to conduct a new economic analysis of the retirement-saving rule, with an eye toward repeal or revision.

Even if the rule doesn't survive, the changes in fee structures it spurred across the financial-advice industry are unlikely to be reversed, consultants say. Any changes, Fidelity has said in a letter to SEC Chairman Jay Clayton, should focus on disclosures that explain a broker's conflicts.

Fidelity spokesman said the price changes are being made because of customer demand. They will lead to a "unified offering and a single fee schedule," the spokesman said.

"Instead of making the customer choose which product they may be best suited for, we're now welcoming them to having this personalized discussion" about their wealth-management needs, he said.

Financial advice ranges from simple recommendations to buy funds based on a client's goals and risk tolerance to tax optimization, long-term wealth planning and regular check-ins. The average fee for this advice across the industry was 1.3% for customers with \$100,000 and 1.08% for clients with \$750,000 in assets, according to information provided by advisers to research and consulting firm Cerulli Associates.

Fidelity isn't the first to re-

vamp its wealth-management fees. In 2016, Bank of America Corp.'s Merrill Lynch unit made several changes to its investment advisory program that included revamping account statements to more clearly display what customers pay. That unit also cut fees for clients with smaller balances.

The changes being made by

Fidelity, founded in 1946 by the Johnson family, are significant because of its size and influence. It ended 2017 with \$6.8 trillion in assets under administration and \$324.8 billion in customer assets within its retail wealth-management business. Its business lines include asset management, brokerage, technology services, wealth management and workplace benefits.

In some cases, new Fidelity customers will pay less than they would today. For example, new customers with less than \$200,000 in assets who want portfolios composed entirely of Fidelity funds will pay a lower gross advisory fee—1.5%—after the change than the 1.7% they would pay today. So a customer with \$100,000 in assets investing that way will now pay a gross \$1,500 annually for advice, or \$200 less a year than he or she would have before the change. In other cases, new customers will pay more. New customers with \$1 million that invested in premade portfolios that included Fidelity and non-Fidelity funds would have paid a blended gross fee of 1.05%, but under the new system would pay 1.17%.

The new fees are part of a broader repricing within its wealth-management unit.

Fidelity isn't the first to re-

vamp its wealth-management fees. In 2016, Bank of America Corp.'s Merrill Lynch unit made several changes to its investment advisory program that included revamping account statements to more clearly display what customers pay. That unit also cut fees for clients with smaller balances.

The changes being made by

Fidelity, founded in 1946 by the Johnson family, are significant because of its size and influence. It ended 2017 with \$6.8 trillion in assets under administration and \$324.8 billion in customer assets within its retail wealth-management business. Its business lines include asset management, brokerage, technology services, wealth management and workplace benefits.

In some cases, new Fidelity customers will pay less than they would today. For example, new customers with less than \$200,000 in assets who want portfolios composed entirely of Fidelity funds will pay a lower gross advisory fee—1.5%—after the change than the 1.7% they would pay today. So a customer with \$100,000 in assets investing that way will now pay a gross \$1,500 annually for advice, or \$200 less a year than he or she would have before the change. In other cases, new customers will pay more. New customers with \$1 million that invested in premade portfolios that included Fidelity and non-Fidelity funds would have paid a blended gross fee of 1.05%, but under the new system would pay 1.17%.

The new fees are part of a broader repricing within its wealth-management unit.

Fidelity isn't the first to re-

vamp its wealth-management fees. In 2016, Bank of America Corp.'s Merrill Lynch unit made several changes to its investment advisory program that included revamping account statements to more clearly display what customers pay. That unit also cut fees for clients with smaller balances.

The changes being made by

Fidelity, founded in 1946 by the Johnson family, are significant because of its size and influence. It ended 2017 with \$6.8 trillion in assets under administration and \$324.8 billion in customer assets within its retail wealth-management business. Its business lines include asset management, brokerage, technology services, wealth management and workplace benefits.

In some cases, new Fidelity customers will pay less than they would today. For example, new customers with less than \$200,000 in assets who want portfolios composed entirely of Fidelity funds will pay a lower gross advisory fee—1.5%—after the change than the 1.7% they would pay today. So a customer with \$100,000 in assets investing that way will now pay a gross \$1,500 annually for advice, or \$200 less a year than he or she would have before the change. In other cases, new customers will pay more. New customers with \$1 million that invested in premade portfolios that included Fidelity and non-Fidelity funds would have paid a blended gross fee of 1.05%, but under the new system would pay 1.17%.

The new fees are part of a broader repricing within its wealth-management unit.

Fidelity isn't the first to re-

vamp its wealth-management fees. In 2016, Bank of America Corp.'s Merrill Lynch unit made several changes to its investment advisory program that included revamping account statements to more clearly display what customers pay. That unit also cut fees for clients with smaller balances.

The changes being made by

Fidelity, founded in 1946 by the Johnson family, are significant because of its size and influence. It ended 2017 with \$6.8 trillion in assets under administration and \$324.8 billion in customer assets within its retail wealth-management business. Its business lines include asset management, brokerage, technology services, wealth management and workplace benefits.

In some cases, new Fidelity customers will pay less than they would today. For example, new customers with less than \$200,000 in assets who want portfolios composed entirely of Fidelity funds will pay a lower gross advisory fee—1.5%—after the change than the 1.7% they would pay today. So a customer with \$100,000 in assets investing that way will now pay a gross \$1,500 annually for advice, or \$200 less a year than he or she would have before the change. In other cases, new customers will pay more. New customers with \$1 million that invested in premade portfolios that included Fidelity and non-Fidelity funds would have paid a blended gross fee of 1.05%, but under the new system would pay 1.17%.

The new fees are part of a broader repricing within its wealth-management unit.

Fidelity isn't the first to re-

vamp its wealth-management fees. In 2016, Bank of America Corp.'s Merrill Lynch unit made several changes to its investment advisory program that included revamping account statements to more clearly display what customers pay. That unit also cut fees for clients with smaller balances.

The changes being made by

Fidelity, founded in 1946 by the Johnson family, are significant because of its size and influence. It ended 2017 with \$6.8 trillion in assets under administration and \$324.8 billion in customer assets within its retail wealth-management business. Its business lines include asset management, brokerage, technology services, wealth management and workplace benefits.

In some cases, new Fidelity customers will pay less than they would today. For example, new customers with less than \$200,000 in assets who want portfolios composed entirely of Fidelity funds will pay a lower gross advisory fee—1.5%—after the change than the 1.7% they would pay today. So a customer with \$100,000 in assets investing that way will now pay a gross \$1,500 annually for advice, or \$200 less a year than he or she would have before the change. In other cases, new customers will pay more. New customers with \$1 million that invested in premade portfolios that included Fidelity and non-Fidelity funds would have paid a blended gross fee of 1.05%, but under the new system would pay 1.17%.

The new fees are part of a broader repricing within its wealth-management unit.

Fidelity isn't the first to re-

vamp its wealth-management fees. In 2016, Bank of America Corp.'s Merrill Lynch unit made several changes to its investment advisory program that included revamping account statements to more clearly display what customers pay. That unit also cut fees for clients with smaller balances.

The changes being made by

Fidelity, founded in 1946 by the Johnson family, are significant because of its size and influence. It ended 2017 with \$6.8 trillion in assets under administration and \$324.8 billion in customer assets within its retail wealth-management business. Its business lines include asset management, brokerage, technology services, wealth management and workplace benefits.

In some cases, new Fidelity customers will pay less than they would today. For example, new customers with less than \$200,000 in assets who want portfolios composed entirely of Fidelity funds will pay a lower gross advisory fee—1.5%—after the change than the 1.7% they would pay today. So a customer with \$100,000 in assets investing that way will now pay a gross \$1,500 annually for advice, or \$200 less a year than he or she would have before the change. In other cases, new customers will pay more. New customers with \$1 million that invested in premade portfolios that included Fidelity and non-Fidelity funds would have paid a blended gross fee of 1.05%, but under the new system would pay 1.17%.

The new fees are part of a broader repricing within its wealth-management unit.

Fidelity isn't the first to re-

vamp its wealth-management fees. In 2016, Bank of America Corp.'s Merrill Lynch unit made several changes to its investment advisory program that included revamping account statements to more clearly display what customers pay. That unit also cut fees for clients with smaller balances.

The changes being made by

Fidelity, founded in 1946 by the Johnson family, are significant because of its size and influence. It ended 2017 with \$6.8 trillion in assets under administration and \$324.8 billion in customer assets within its retail wealth-management business. Its business lines include asset management, brokerage, technology services, wealth management and workplace benefits.

In some cases, new Fidelity customers will pay less than they would today. For example, new customers with less than \$200,000 in assets who want portfolios composed entirely of Fidelity funds will pay a lower gross advisory fee—1.5%—after the change than the 1.7% they would pay today. So a customer with \$100,000 in assets investing that way will now pay a gross \$1,500 annually for advice, or \$200 less a year than he or she would have before the change. In other cases, new customers will pay more. New customers with \$1 million that invested in premade portfolios that included Fidelity and non-Fidelity funds would have paid a blended gross fee of 1.05%, but under the new system would pay 1.17%.

The new fees are part of a broader repricing within its wealth-management unit.

Fidelity isn't the first to re-

vamp its wealth-management fees. In 2016, Bank of America Corp.'s Merrill Lynch unit made several changes to its investment advisory program that included revamping account statements to more clearly display what customers pay. That unit also cut fees for clients with smaller balances.

The changes being made by

Fidelity, founded in 1946 by the Johnson family, are significant because of its size and influence. It ended 2017 with \$6.8 trillion in assets under administration and \$324.8 billion in customer assets within its retail wealth-management business. Its business lines include asset management, brokerage, technology services, wealth management and workplace benefits.

In some cases, new Fidelity customers will pay less than they would today. For example, new customers with less than \$200,000 in assets who want portfolios composed entirely of Fidelity funds will pay a lower gross advisory fee—1.5%—after the change than the 1.7% they would pay today. So a customer with \$100,000 in assets investing that way will now pay a gross \$1,500 annually for advice, or \$200 less a year than he or she would have before the change. In other cases, new customers will pay more. New customers with \$1 million that invested in premade portfolios that included Fidelity and non-Fidelity funds would have paid a blended gross fee of 1.05%, but under the new system would pay 1.17%.

The new fees are part of a broader repr

BUSINESS NEWS

Sanctions Ensnare Sulzer

By BRIAN BLACKSTONE

ZURICH—Late last Friday, hours after the U.S. placed sanctions on a handful of wealthy Russians and the companies they own, executives at Swiss engineering firm **Sulzer AG** started getting calls from the company's American bankers.

They said they couldn't allow the firm to conduct any more dollar-based transactions. Sulzer, which services turbines for power plants across the U.S. and sells pumping equipment, wasn't on the sanctions list. But **Renova Holdings**, a Russian conglomerate that held a majority stake in Sulzer, was—as was Viktor Vekselberg, Renova's owner.

The phone call plunged Sulzer into crisis mode—setting in motion a weekend of calls to Washington seeking sanctions relief, as well as an effort to put some distance between itself and its Russian owners. The company can't accept new U.S. orders until it clears things up with the banks. Its corporate credit cards have been blocked.

The scramble at Sulzer illustrates the unusual fallout the most recent round of sanctions targeting Moscow has triggered at Western companies with ties to Russia. Many observers have been surprised by Washington's latest list of targets—including businessmen, like Mr. Vekselberg, who weren't seen as particularly close to Russian President Vladimir Putin.

"We're collateral damage. We're the law of unintended consequences," said Sulzer Chief Executive Greg Poux-Guillaume, in an interview. The company first learned that Mr. Vekselberg and Renova were on the U.S. sanctions list from news reports on Friday.

Cobbler to Stars Is Now Stumbling

Ferragamo struggles to update a staid look amid management and design upheaval

By ERIC SYLVERS

Salvatore Ferragamo SpA, the 90-year-old Italian fashion house famed for outfitting Hollywood stars from Marilyn Monroe to Sophia Loren, is struggling to regain its footing.

Profits are down. The brand has had difficulty in attracting younger shoppers, thanks to a minimal online presence and a product lineup that has changed little in recent years. And the company's last chief executive unexpectedly resigned a month ago, after less than two years on the job.

Sales fell slightly last year, but net profit dropped 42%, dragging down a profit margin that had risen or held steady for five years. "The trend is not going in the right direction,"

Financial Officer Ugo Giordelli told analysts in March.

Ferragamo Chairman and interim CEO Ferruccio Ferragamo said he remains confident about the company's prospects. "It's a challenging time because the world outside is changing quickly. But the company has confronted many challenging circumstances through the years, and I don't consider this period to be particularly difficult," he said last week.

To stay competitive, many other family-owned Italian luxury brands, including Fendi, Loro Piana, Gucci and Bottega Veneta, have sold out to **LVMH Moët Hennessy Louis Vuitton** or **Kering** SA, leveraging the sales and marketing power of larger French conglomerates.

Ferragamo was publicly listed in 2011, but remains very much a family business. The Ferragamos own about 70% of the company. Mr. Ferragamo, the chairman, is the son of founder Salvatore Ferragamo, who died in 1960. Wanda Milette Ferragamo, the 96-year-old wife of Salvatore



The Italian fashion house's finely crafted leather shoes were popular with Marilyn Monroe and other actresses.

and mother of Ferruccio, is honorary chairwoman and still comes to the headquarters several times a week. Four of her children and one grandchild are on the board.

The company was founded in 1927 by the late Mr. Ferragamo, an Italian shoemaker who developed a following among Hollywood stars. The brand is now famous for finely crafted leather shoes and men's silk ties. Its Vara pumps, with their stacked heel and fabric bow, have been a fashion icon since the 1970s.

The company's revenue doubled between 2008 and 2015, driven by expansion in China, a weakening euro and a growing U.S. economy. But today, Ferragamo must change to survive.

Its operating profit of €186 million (\$228 million) last year

was the lowest since 2011. The company has failed to develop a robust e-commerce presence, limiting its reach with young shoppers. Less than 3% of sales now come from online, compared with triple that for luxury brands like Moncler and Saint Laurent, according to investment bank Jefferies.

In November, the company launched a new e-commerce site, which Ferruccio Ferragamo said is attracting more visitors than the previous website. "I think we will manage to adapt to this new world," said Mr. Ferragamo. "It's not a process that you can do in just a few months. We think we are putting adequate resources to arrive rapidly where we want to be, but I'm not making any promises."

In recent years, Ferragamo

hasn't significantly updated its product lineup—something fashion companies must do every six to 10 years to remain relevant, said Concetta Lanciaux, a former LVMH executive who consults for fashion houses. Even classic styles usually evolve over time, becoming more current while maintaining recognizable elements.

Mr. Ferragamo excluded the possibility of a large-scale shift of the brand to appeal more to younger shoppers. "It's not in Ferragamo's DNA to shift with the trends," he said. "We've never done that, and we aren't going to start now."

Different head designers for shoes, womenswear and menswear exacerbated Ferragamo's problems, with no one clear vision guiding the house's

style. The company has addressed that by appointing head shoe designer Paul Andrew, who has worked for Alexander McQueen, Calvin Klein and Donna Karan, to also take on the role of creative director for the women's clothing line.

Mr. Andrew has worked closely with his menswear counterpart, and at Milan fashion week in February, Ferragamo's women's and men's lines were presented in a single show for the first time.

Less than 7% of Ferragamo's revenue comes from clothing, but buzz around a new collection can inject excitement into a brand. "Ready-to-wear can be a very small part of the company, but it transmits the brand image," said Ms. Lanciaux. Mr. Andrew's first women's collection received mixed reviews in February.

The same month, Chief Executive Eraldo Poletto suddenly announced his resignation. Mr. Poletto didn't give a reason for stepping down. He couldn't be reached for comment. Mr. Ferragamo said the company had parted ways with Mr. Poletto due to "differing visions."

Despite recent upheaval, Mr. Ferragamo said the family has no intention of selling. That hasn't stopped speculation that the company—valued at nearly €4 billion—could be targeted by Kering. Kering declined to comment.

"We have our heart in the company," said Mr. Ferragamo.

—Matthew Dalton contributed to this article.



An \$8.5 billion renovation plan for O'Hare International Airport pitted American against United.

Carriers Battle Over Airports

By DOUG CAMERON AND PATRICK McGROARTY

Competition between airlines is heating up over airport expansion plans.

American Airlines Group Inc. signed on last month to a \$8.5 billion renovation at O'Hare International Airport after bristling for months at what it said was preferential treatment for the Chicago gateway's largest tenant, **United Continental Holdings** Inc.

American, United and other carriers at O'Hare agreed to new airport leases that will underpin funding plans for an expansion that is being mirrored at other big hubs across the country. From Los Angeles to New York to Atlanta and dozens of other airports, airlines and local officials are planning \$100 billion in renovations over the next few years, according to the Airports Council International-North America trade group.

They hope to address what passenger surveys suggest is one of the most frustrating parts of air travel: navigating crowded, aging U.S. airports.

In some cases, airlines are fighting over whether they or their rivals will benefit more from these upgrades—and over who will foot the bill.

In Chicago, the city planned to give United five of the eight gates in the initial phase of its expansion. American protested, and held off on agreeing to the expansion plan until Chicago offered to speed up building three more gates that will be

Building Boom

Many major U.S. airports are planning major renovations over the next decade.

Los Angeles	Renovations including concourse and airfield	\$9.6 billion
O'Hare	New terminal, dozens of new gates	8.5
Atlanta*	Terminal and shuttle train upgrades	6.2
San Francisco	Modernizing terminals	6.2
LaGuardia	New central terminal over six years	4.0
Orlando	New terminal, airfield and people mover	3.6
Seattle	Baggage, international arrival upgrades	3.3
Salt Lake City†	New terminal and parking garage	3.0
Reagan National	Regional airline concourse	1.8
New Orleans	New 35-gate terminal	994 million

*The start of a 20-year renovation plan †2014-2024

Source: Fitch Ratings

shared among carriers at the airport.

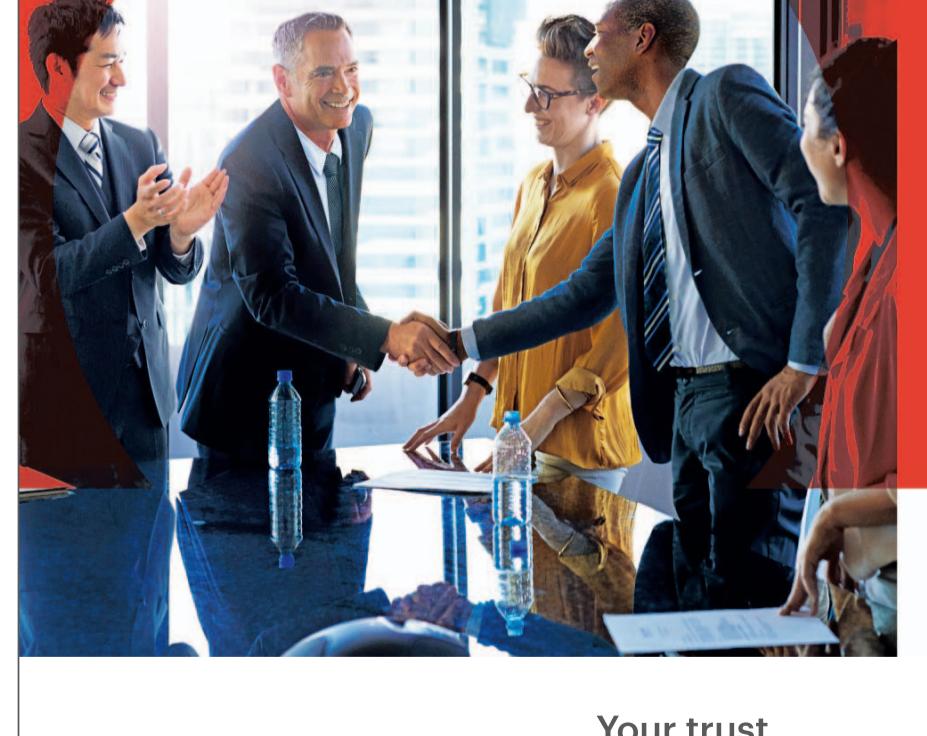
Airlines are central to the funding process, either paying for airport facilities themselves or making long-term service commitments—15 years in the case of O'Hare—that underpin bond issues by cities to pay for improvements. Carriers have also stepped in to pay for streamlined security measures.

American, for example, has paid for 3-D scanners for carrying bags at eight airports.

By helping to fund the renovations, airlines have gained more leverage in the final plans. Officials in Chicago originally proposed spending \$16

Introducing MUFG Bank. Building on our heritage as a global bank.

Welcome to a new beginning for Bank of Tokyo-Mitsubishi UFJ. From now on, we'll be known as MUFG Bank, building on our heritage as a trusted global bank, with the same unyielding focus on lasting relationships. Although our name has changed, our commitment has not. Across our group, we are uniting 150,000 employees in over 50 countries, working together to provide fresh ideas and innovative solutions to our clients. An exciting new era starts with a new name.



Your trust,
your future,
our commitment

MUFG Bank, Ltd.

A member of MUFG, a global financial group

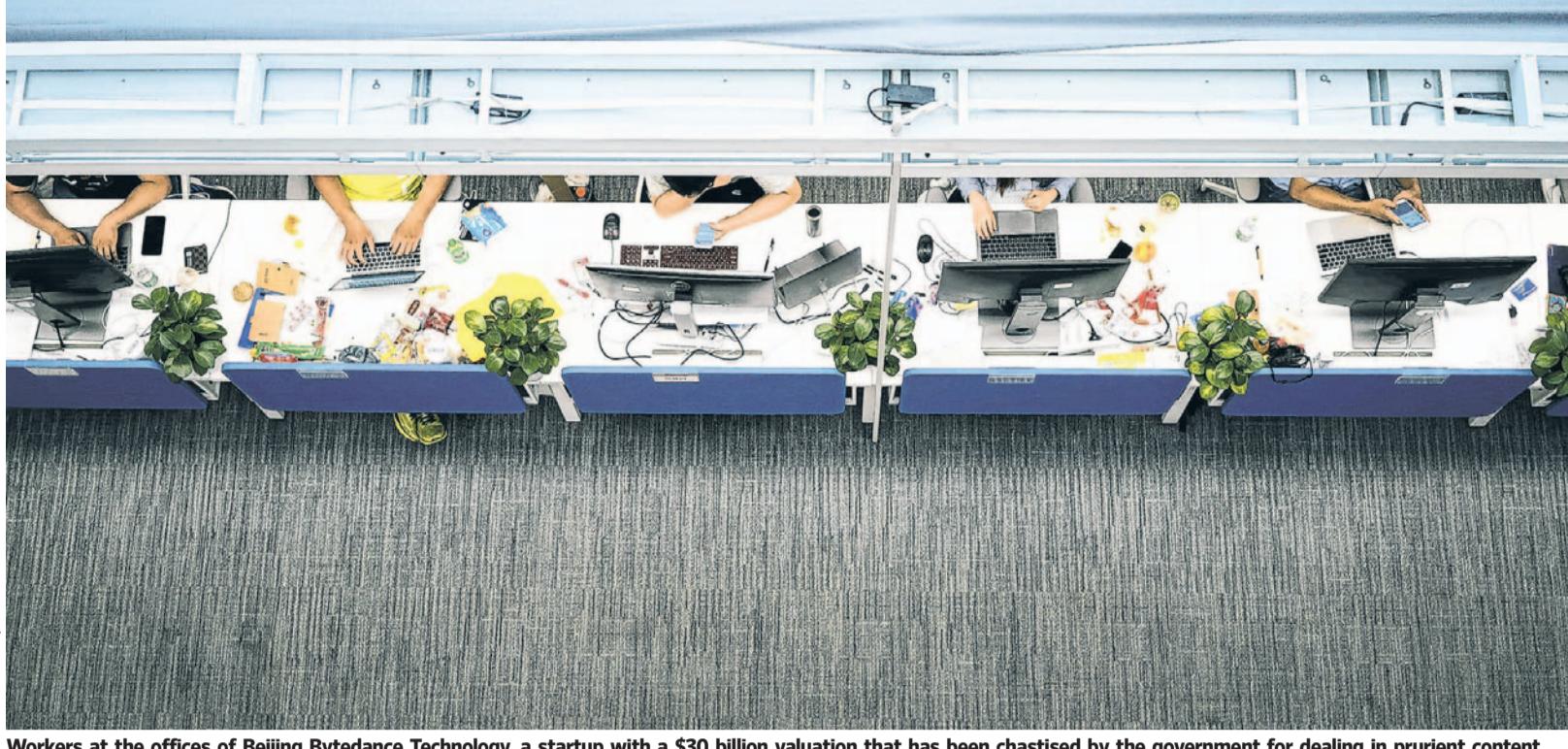
www.bk.mufg.jp/global

©2018 Mitsubishi UFJ Financial Group

 MUFG

TECHNOLOGY

WSJ.com/Tech



Workers at the offices of Beijing ByteDance Technology, a startup with a \$30 billion valuation that has been chastised by the government for dealing in prurient content.

Tesla Blames Driver in Fatal Crash

BY TIM HIGGINS
AND MIKE SPECTOR

Tesla Inc. defended its semiautonomous Autopilot system in the wake of a fatal crash last month, blaming the incident on the driver after his family hired a lawyer to explore legal options.

Walter Huang died on March 23 after the Model X sport-utility vehicle he was driving southbound on Highway 101 near Mountain View, Calif., collided with a barrier and was struck by two other vehicles. The auto maker a week later said that the SUV's Autopilot was activated in the moments leading up to the crash and that the driver's hands weren't detected on the wheel for six seconds before the crash.

On Wednesday, Tesla more explicitly assigned blame to the driver. "The crash happened on a clear day with several hundred feet of visibility ahead, which means that the only way for this accident to have occurred is if Mr. Huang wasn't paying attention to the road, despite the car providing multiple warnings to do so," a Tesla spokesman said in a statement.

Earlier on Wednesday, San Francisco-based **Minami Tamaki LLP** announced in a statement that the family had retained its services and plans to file a wrongful-death lawsuit. The family appeared on local television on Tuesday night defending Mr. Huang's driving.

"The firm believes Tesla's Autopilot feature is defective and likely caused Huang's death, despite Tesla's apparent attempt to blame the victim of this terrible tragedy," the law firm said in a statement.

Popular platforms are casualties as policing of internet reaches beyond political matter

BY JOSH CHIN

BELJING—A new battle over censorship is playing out in China, one that underscores the differences in how the world's two largest economies are dealing with advances in technology that are upending the news business and social media.

In the U.S., disclosures over **Facebook** Inc.'s privacy lapses led to Chief Executive Mark Zuckerberg testifying on Capitol Hill. In China, concerns over a smartphone app trafficking in off-color jokes led to authorities shutting it down—and an abject apology from the site's operator.

"This entire time we've been overemphasizing the value of

technology without realizing that technology must be guided by socialist core values," Zhang Yiming, founder of **Beijing ByteDance Technology Co.**, said in a statement.

ByteDance Technology produces wildly popular news and entertainment apps driven by artificial intelligence.

Authorities shut down its humor app, *Neihan Duanzi*, this week on grounds that its content wasn't in keeping with "a clean online audio-visual environment," triggering thousands of comments on social media mourning its demise.

Also this week, four news apps were ordered temporarily removed from online stores—including ByteDance's flagship product *Jinri Toutiao*, or "Today's Headlines," which claims 120 million daily active users.

The ByteDance apps are distinctive in China for relying almost entirely on algorithms to feed users content based on

their personal preferences. That AI-driven approach helped the startup achieve a soaring \$30 billion valuation, but has also sparked criticisms that it is flooding users with clickbait of questionable taste.

Moreover, ByteDance's highly effective model presents a challenge to the Communist Party, which under President Xi Jinping has pushed hard to carve out more space in the public discourse for political messages from official propaganda outlets.

The *Neihan Duanzi* shutdown is the latest in a series of government actions targeting online platforms. Whereas party censors have consistently cracked down on sensitive political content, they are increasingly also punishing platforms that traffic in material they consider prurient, including scantily clad women and celebrity gossip.

Chinese officials have por-

trayed the increased censorship as an effective way of dealing with a problem that confronts all governments in the social-media age: How to keep concocted news, abusive content and other corrosive phenomena of the internet from growing to the point where they threaten society.

In his testimony in Washington on Tuesday, Mr. Zuckerberg mirrored Mr. Zhang in apologizing for his platform's failures to protect user privacy and squelch misinformation, and promising to ensure his company's tools are "used for good." He also warned that too much government regulation could stifle innovation, saying that artificial intelligence might help solve some of Facebook's problems.

China's government is keen on promoting commercial innovation, especially in advanced fields such as artificial intelligence, but not at the ex-

pense of compromising social values, said Zhu Wei, an expert in internet law and regulation at China University of Politics and Law.

In his apology, Mr. Zhang acknowledged the limits of artificial intelligence in managing content, saying he planned to expand the company's in-house team of human censors to 10,000 from 6,000 currently.

The two government agencies leading the clampdown didn't respond to requests to comment.

The week before the crackdown on news apps, authorities banned two live-streaming video apps, including one owned by ByteDance, from registering new users. The action followed accusations by the state broadcaster that the apps promoted teen pregnancy by allowing underage mothers to stream videos of themselves.

The company didn't respond to a request to comment.

Apple Music Gets New Leader

BY TRIPP MICKLE

Apple Inc. tapped the head of its European music and content operations to lead Apple Music world-wide, a role of growing importance as the tech giant aims to boost its services revenue amid slower iPhone unit sales.

Oliver Schusser, who joined Apple in 2004 and introduced iTunes in Europe, will become vice president of Apple Music and international content, reporting to Eddy Cue, senior vice president, internet software and services. Mr. Cue made the announcement in an email to staff Wednesday, according to a person familiar with the email.

The promotion comes weeks after Jimmy Iovine, who has been the public face of Apple Music, confirmed he would transition into a consulting role in August. He joined Apple as part of its acquisition of Beats Electronics LLC in 2014 for \$3 billion, a deal that helped jump-start Apple's music-streaming service even as it suffered from early design issues and later faced critical reviews around a push into original content.

Mr. Schusser takes over as Apple Music is poised to surpass music-streaming rival **Spotify Technology SA** in the U.S. in paid subscribers. The music unit has become a key piece of Apple's strategy to boost its services revenue to more than \$40 billion by 2020, a critical part of the company's future as people hold on to iPhones longer and device sales slow, analysts say.

Services revenue for Apple's fiscal year ended in September was \$29.98 billion, or about 13% of the company's total.

Mr. Cue told staff that Apple Music has reached more than 40 million paid subscribers, an 11% increase in subscribers since February.

Mr. Schusser will relocate to the U.S. from London and split time between Apple Music's offices in Cupertino, Calif., and Culver City, Calif.

VIDEO

Continued from page B1
segments that account for 10% of a company's total revenue, profit or combined assets. YouTube's numbers are included in Alphabet's advertising figure.

Analyst estimates of YouTube's revenue for this year range from \$11 billion to \$20 billion, or 10% to 18% of Alphabet's estimated overall revenue of \$134 billion for 2018, according to S&P Global Market Intelligence. That means YouTube could have more revenue than competitor **Netflix** Inc., which generated \$11.7 billion last year.

In the letters, the SEC cited international accounting rules that require companies to break out revenue from business units in ways that show how cash flows could be affected by economic factors and how financial data is reviewed by a company's top decision maker.

The SEC frequently questions public companies about why they don't break out results for specific business divisions. But public accounting rules limit the agency's ability to compel more disclosure.

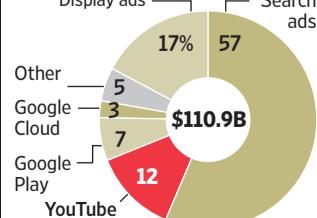
The rules give companies flexibility to disclose results for different segments based on how they are managed. If a company claims, for instance, that it doesn't assess the segment's results independently from others, it doesn't have to report its performance separately to investors.

Some analysts have said market demand for YouTube's ads could fluctuate separately from the rest of Google's business—as with some advertisers in the past year trying to

Video Star

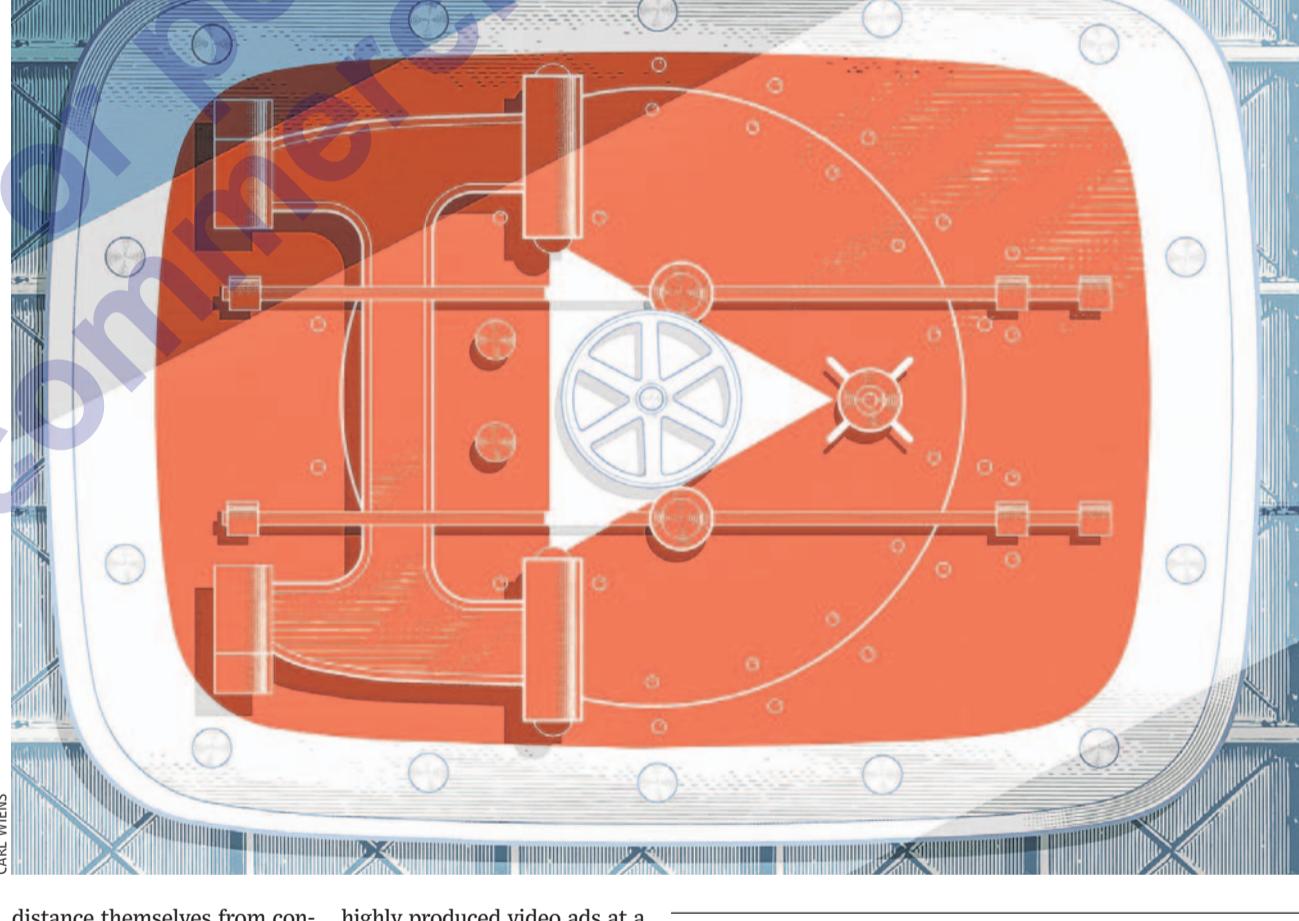
YouTube is the largest driver of revenue at Alphabet Inc. outside of its core business: Google's search and display ads.

2017 revenue



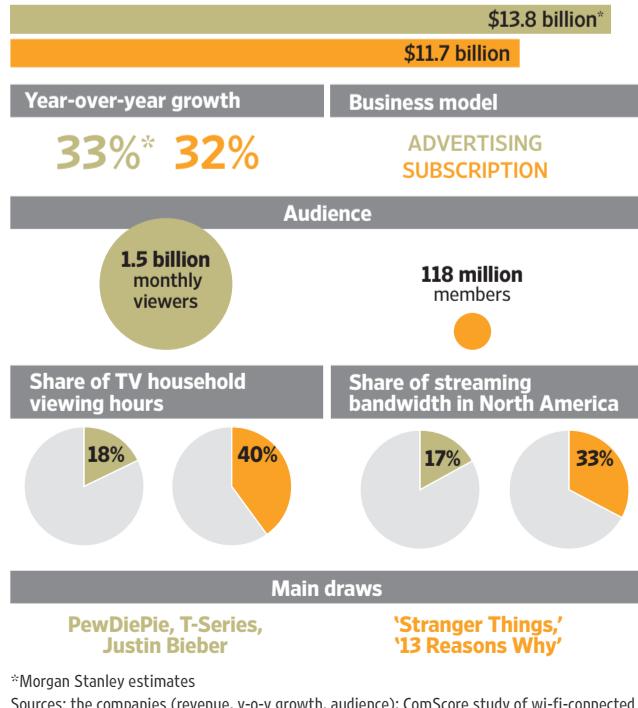
Note: Totals don't equal 100% due to rounding.

Source: Morgan Stanley estimates



YouTube vs. Netflix

The two giants of streaming video have different business models but are estimated to generate close to the same amount of revenue.



*Morgan Stanley estimates

Sources: the companies (revenue, y-o-y growth, audience); ComScore study of wi-fi-connected households in December 2016 (household viewing); Sandvine 2016 Global Internet Phenomena Report (streaming bandwidth)

THE WALL STREET JOURNAL.

BUSINESS NEWS

Companies Disclose Head Count Abroad

New U.S. requirement affords clearer picture of global workforces, along with median pay

BY VANESSA FUHRMANS

Companies frequently say employees are their most valuable asset, yet many don't divulge where those workers live and work.

Now, thanks to a new regulatory mandate affecting publicly traded companies, big multinationals are revealing fresh details about how many people they employ in the U.S. and to what extent some of the most recognizable American brands rely on workers in lower-cost countries.

Kellogg Co., the maker of Frosted Flakes and Pop-Tarts, employs nearly 20,000 people, or 59% of its workforce, overseas. At fruit and vegetable producer **Fresh Del Monte Produce** Inc., 80% of workers live and work in Costa Rica, Guatemala, Kenya and the Philippines.

In manufacturing, **Whirlpool** Corp., known for its home appliances, recently reported that its median worker in 2017 in terms of pay was a full-time employee in Brazil earning \$19,906. Boiler maker **A.O. Smith** said its median employee last year was an hourly factory worker in Nanjing, China, who made \$17,687.

The new data on median incomes stems from a quirk in the rules the Securities and Exchange Commission crafted for employee-pay disclosures required as of this year.

Publicly traded U.S. companies have to disclose the gap between what they pay their chief executive and what they pay their median worker, and the ratio between the two. The requirement was mandated by the Dodd-Frank Act of 2010 in the aftermath of the global financial crisis as a way to help investors better assess executive-pay practices.

Past securities regulations



A Kellogg factory in Russia. Nearly 60% of the U.S. company's workers are employed overseas.

vice president at Trillium Asset Management, part of a coalition of institutional investors that last year petitioned the SEC to require companies to disclose more employee metrics, such as turnover rates and workforce demographics. "It's more insight into how companies deal with their human capital, and that's material information for investors."

Of a sampling of over 180 S&P 500 companies disclosing CEO pay ratios so far, about one-third have opted to give the proportion of their workforce that is outside the U.S.

Some companies, such as Fresh Del Monte Produce, say they are providing details on U.S. versus overseas workers in part to explain why their median paychecks are lower than at competitors whose employees are mostly U.S.-based.

Apparel company **Hanesbrands** Inc., whose global workforce has increased by 21% since 2010, already discloses in its annual report how many of its workers are based in the U.S., where head count has shrunk. Its proportion of overseas workers rose last year to 88% of 67,200 employees overall, compared with 85% of 55,500 workers in 2010.

In March, Hanesbrands disclosed that CEO Gerald W. Evans Jr. made \$9.58 million, or 1,830 times the \$5,237 annual pay of its median employee.

The company said its typical worker was an equipment operator at a supply-chain facility in Honduras.

Spokesman Matt Hall said the company provided the extra detail because it is one of the few U.S. publicly traded apparel companies to own a majority of its international supply chain instead of outsourcing the garment work to third parties—which means many company employees live in lower-cost countries.

The size of overseas workforces is a hot-button issue for many U.S. companies because of political sensitivities around shifting American jobs to developing countries.

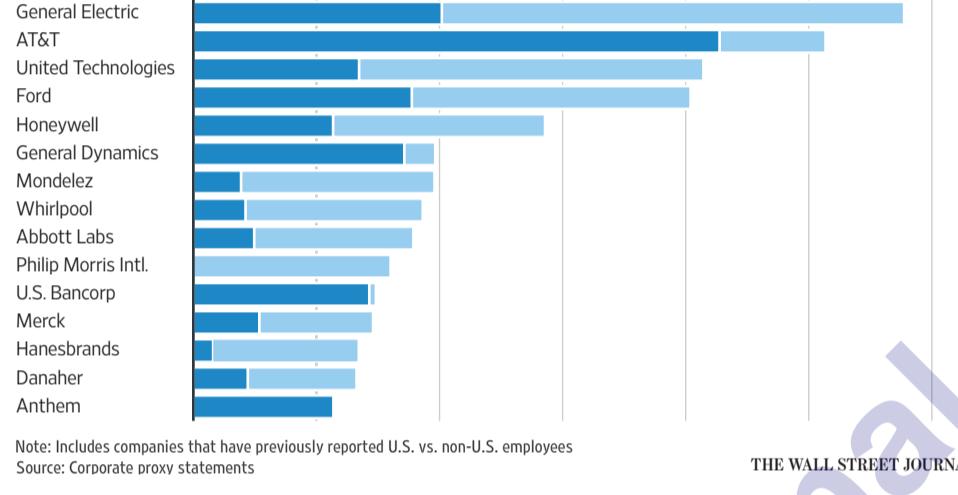
Between 2000 and 2015, the most recent year that Commerce Department data is available, American multinationals hired 4.3 million people in the U.S. but added even more jobs—6.2 million—overseas. In total, U.S. multinationals in 2015 employed 28.3 million people domestically and 14.1 million abroad.

A number of companies don't disclose their U.S. head counts. One is **International Business Machines** Corp., which stopped reporting the

The data reveal to what extent some brands hire workers in lower-cost nations.

Where They Work

Some of the biggest firms to disclose how CEO pay compares to employee compensation have large overseas workforces.



Note: Includes companies that have previously reported U.S. vs. non-U.S. employees

Source: Corporate proxy statements

have only required that publicly traded U.S. companies report their overall global head count. In recent years, roughly one-quarter went further and voluntarily disclosed how many employees they had in the U.S. versus abroad, according to researchers at Ohio

State University and the University of Toronto.

The current requirement is that companies disclose pay for the CEO and the median worker, but not necessarily the size of their domestic and overseas workforces. Companies, however, must report

these head counts if they opt to exclude some of their overseas workers—as much as 5%

of the total workforce—from their calculations of median workers' pay.

"It's another beneficial outcome of the pay-ratio disclosure," said Jonas Kron, senior

Macau Casino Operator Hits Roadblock in the Philippines

BY TOM WRIGHT

HONG KONG—President Rodrigo Duterte has decided to block Macau casino operator **Galaxy Entertainment Group** Ltd. from building a \$500 million resort on the Philippine island of Boracay amid an environmental crisis, a spokesman for the president said on Wednesday.

In March, the Philippine Amusement and Gaming Corp., or Pagcor, which regulates the casino industry, granted a provisional license to Galaxy to open a casino and resort in Boracay, a popular destination for Chinese tourists.

That decision drew criticism from environmental groups, as Boracay, a small island in the central Philippines once known for its crystal-clear waters and palm-lined beaches, is now facing problems with trash and waters polluted with sewage.

Based in the Chinese gambling enclave of Macau, Galaxy has been looking to expand overseas to broaden its revenue base. An anticorruption campaign in China has dimmed the prospects of casinos in Macau, the world's largest gambling center.

Galaxy founder Lui Che Woo met Mr. Duterte in Manila in December, leading observers to assume the casino project had the backing from the highest levels of government. With its local partner, **Leisure and Resorts World** Corp., Galaxy planned to start construction next year on what it termed an ecoresort complex.

But last week, Mr. Duterte's administration announced a six-month ban on tourism to Boracay amid concerns about environmental degradation. Last year, almost two million tourists visited the island, many of them on cruise ships from China and other parts of Asia.

In February, Mr. Duterte blamed the local government for allowing Boracay to become a "cesspool." He, in turn, faced criticism from local media for appearing to give sup-

port for the Galaxy-led project by meeting with Mr. Lui.

Galaxy didn't respond to requests for comment about its provisional license.

Macau-based casinos see big opportunities in the Philippines, where gross gaming revenue in 2017 stood at \$1.2 billion. (By comparison, Macau's gross revenue was \$33 billion and Las Vegas Strip gaming revenue was \$6 billion.)

A Philippine Senate committee in 2016 found that some of the \$81 million stolen by suspected North Korean hackers from the accounts of Bangladesh's central bank at the New York Federal Reserve was laundered through local casinos.



Can't Hear Voices On TV?

Our AccuVoice® Speaker uses hearing aid technology to make TV dialogue crystal clear.

Can't hear dialogue on TV? You're not alone. Today's TVs have tiny speakers with weak sound. Our new AccuVoice® Speaker uses advanced computer algorithms to lift voices out of background sounds. Dialogue is incredibly clear, even at low volumes. Only 17" wide, it fits anywhere. Hookup is simple – one connecting cord. Room-filling home theater sound, with the clearest voices we've heard on any speaker, at any price. Read our amazing consumer reviews on amazon.com.

"Great for folks who have trouble hearing the TV." CNET

ZVOX[®]

Great Sound. Made Simple.

800-291-4349

30-Day Home Trial | Free Shipping | zvox.com | amazon.com

© ZVOX & AccuVoice are registered trademarks of ZVOX Audio.

ORDER AT AMAZON.COM OR ZVOX.COM

values

+

vision

impact

For a more meaningful outcome, change the equation.

Partner with Glenmede, an independent, privately-owned trust company offering investment and advisory services for endowments, foundations and non-profits. Founded in 1956 by the Pew family to manage their charitable assets, our experienced professionals embrace your mission and understand how you'd like your investments to have impact. To learn more, contact Laura LaRosa at 215-419-6027 or laura.larosa@glenmede.com.

GLENMEDE

Founded on ideals. Built on ideas.

CLEVELAND • MORRISTOWN • NEW YORK • PHILADELPHIA

PRINCETON • WASHINGTON, DC • WILMINGTON

Glenmede's services are best suited to those with \$5 million or more to invest.

glenmede.com [@glenmede](http://Twitter) [in/company/glenmede](http://LinkedIn)

MANAGEMENT

Strategies to Make Your Star Shine Again

To land next leadership role, ousted executives need to control how others perceive the forced departure

BY JOANN S. LUBLIN

Getting bounced from a high-powered job can be painful—and permanent. But in today's tight labor market, some top managers are finding ways to rebound.

YOUR EXECUTIVE CAREER Executives who make successful comebacks often restore their professional credibility by taking charge of their story and changing how others view their forced departure, leadership specialists and executive recruiters say.

Two major executive comebacks occurred last month. Jim Donald, ousted from Starbucks Corp. a decade ago, became president and chief operating officer of **Albertsons Cos.**, a grocery chain in 35 states and Washington, D.C. When Starbucks asked him to step down from his chief-executive perch in 2008, the coffee company's share price was depressed amid worries that the chain had overexpanded.

Albertsons's announcement March 5 that Mr. Donald was taking its second-highest job said he led Starbucks through a time of "strong growth." Mr. Donald declined to comment.

In late March, Deborah Wahl joined **General Motors Co.** as chief marketing officer for its Cadillac brand. She left a similar role at McDonald's Corp. last year as part of a management shake-up aimed at reviving the burger chain's fortunes.

Ms. Wahl told Cadillac she helped transform McDonald's during her three-year stint and her exit was a mutual decision, a person familiar with her situation recalled.

An assessment of 155 executives by G.H. Smart & Co., a leadership advisory firm, found that nearly 25% of the



tronics distributor.

Mr. Amelio was an Avnet board member when fellow directors considered making him interim CEO in 2016. Mr. Amelio shared with them the lessons he learned after he was terminated without cause the previous year as chief of CHC Group Ltd., an oil-field services firm.

People who rebound tend to own their mistakes and learn from them.

Mr. Amelio joined CHC in 2010, about 18 months after being ousted as leader of Chinese computer maker Lenovo Group Ltd., which had been dealing with a sharp downturn. While at Lenovo, he cut costs by \$1 billion, fixed the company's supply chain and adopted a strategy that helped it operate for a long time, he said.

"I was too eager to get back into the CEO seat," Mr. Amelio recalled telling the rest of Avnet's board. In hindsight, he said, "I should have been more selective on my next job."

In taking CHC's chief-executive job, Mr. Amelio overlooked the insurmountable challenge of commanding a capital-intensive business burdened by high debt and falling demand during an energy-industry downturn.

Mr. Amelio ran CHC for five years until a new investor decided to bring in a fresh management team. CHC filed for bankruptcy protection in 2016, the year after Mr. Amelio left. Avnet directors gave him their vote of confidence as interim CEO that July and then made him its permanent leader two months later.

executives had been dismissed at least once and 5% had been fired more than once—some as many as three times. And of those, 70% found a fresh job within nine months—usually at the same level or higher. More than half of executive firings occur in the second decade of people's professional lives, according to the survey.

People who rebound tend to own their mistakes rather than blaming others, and they learn from them, says Elena Lytkina Botelho, a G.H. Smart partner and co-author of "The CEO Next Door."

"Executives who saw their

mistakes as failures were less successful in their next job," Ms. Botelho added.

Pervasive social media can keep messy exits in the spotlight and delay leaders from moving on.

"The permanence of our mistakes when recorded online can take us down instantly—or certainly make it a lot harder to overcome a loss of credibility," says Joelle K. Jay, an executive coach who holds a doctorate in adult learning and leadership. She is a co-author of "The New Advantage," a book for women leaders.

Gail Kelman, a senior man-

ager counseled by Dr. Jay, said she struggled to explain to potential employers why MetLife Inc. eliminated her position in late 2012. She had worked there 15 years and advanced to handling leadership development for its U.S. staffers.

Getting laid off for the first time felt "very much like a failure," Ms. Kelman says. "So much of my worth was tied up in my role."

Dr. Jay encouraged her to craft and practice a brief description linking her layoff to MetLife's revamped strategic direction and insurance-industry shifts. Repeated re-

hearsals allowed Ms. Kelman to move past anger and tears to pitch herself effectively.

In early 2013, she joined

Guardian Life Insurance Co. of America as a midlevel manager and two years later, won an executive role for the first time. Ms. Kelman now heads learning and career development for the insurer.

Other executives regain credibility by confidently discussing how their setback has made them better bosses. "It's how you recover from a job loss that really builds your character," said William Amelio, chief executive of **Avnet Inc.**, an elec-

Dive in Without Taking a Plunge

Own one of the best dive watches out there at a refreshingly-affordable price.

The market's swimming with overpriced dive watches. We're here to tell you those guys are all wet. At Stauer our philosophy is everyone deserves the best without having to dig deep into their pockets. We've been in the watch industry for decades and know more than a thing or two about getting the ultimate bang for our buck—which means we can pass the fruits of our know-how onto our clients.

Case in point: The *Excursion Dive Watch*. This tough-as-nails sophisticate would cost you in the thousands if you got it from a high-end retailer that's really in the business of selling a big name more than a quality watch. We keep the big names out of the equation so we can price this top-notch timepiece for just \$8750—a price that let's you dive in and have enough left over for an excursion or two...or three.

You're getting a lot for your money with this watch. The *Excursion* is the perfect companion in any locale—whether you're exploring coral reefs or investigating the rum options at a beachside bar. With a case, band and crown of stainless steel, this watch is built to last, and its

EXCLUSIVE FREE
Stauer Flyboy Optics® Sunglasses
-a \$99 value-
with purchase of
Excursion Watch

water resistance rating of 20 ATM means it can handle most of your aquatic adventures to a depth of 678 feet. The striking metallic blue face reflects the deep waters it was designed to explore and its sporty screw-down crown can take the pressure in stride.

Precision movement • 316L stainless steel case and bracelet • Rotating bezel
• Water resistant to 20 ATM • Screw-down crown design • Bracelet fits wrist up to 8 1/2"

Smart Luxuries—Surprising Prices™

Offer Code: EDW274-02

You must use this offer code to get our special price.

*Special price only for customers using the offer code versus the price on Stauer.com without your offer code.

Stauer® ACCREDITED BUSINESS Rating of A+ CONSUMER AFFAIRS ACCREDITED

14101 Southcross Drive W., Dept. EDW274-02
Burnsville, Minnesota 55337 www.stauer.com

Silicon Valley Transplant Tries To Pull Tyson Into Digital Age

BY STEVEN NORTON

SPRINGDALE, Ark.—One of the first things Scott Spradley noticed when he joined **Tyson Foods Inc.** as chief technology officer was the landline phones in the executive suite.

"He looked at the phones on our desks and said, 'What are these relics?'" Chief Executive Tom Hayes said.

The leadership team now uses Skype.

It was a small but significant first step for the 83-year-old meat producer, the largest in the U.S. by sales, as it tries to reinvent itself as a modern food company. Executives say technology such as data analytics and cloud computing will help it move faster, better predict demand and spur innovation from the C-suite down to the farms that raise its chickens.

To get there, the maker of Tyson chicken and Jimmy Dean breakfast sausage is working to consolidate disparate information-technology systems, embrace new technologies, and reshape a corporate culture built around yearslong, highly customized tech implementations. "We're moving from analog to digital," Mr. Hayes said. "We're really moving to try to get ahead of the pace of change."

Tyson plans to allocate some of its \$300 million in savings from the federal tax overhaul to capital expenditures related to technology, Mr. Hayes said. He declined to disclose the amount.

Meat processing is a low-margin business and operations are sensitive to changes in commodity prices, Morningstar analyst Zain Akbari said in a research note. While Tyson's scale and product diversification can help it weather market shocks, it is limited in its ability to deliver consistent excess returns, he said.

Tyson is working to tighten its supply chain and cut costs as it attempts to keep up with fast-changing consumer tastes and fend off competitors. It is placing increased focus on transparency and sustainability.



The meat producer is pushing automation and advanced analytics.

ity as consumers demand more information about their food.

Since joining Tyson in June 2017, Mr. Spradley moved technologists closer to business units and created a group focused on emerging technologies. He is encouraging teams to embrace cloud computing, and championing technology "sprints" that let teams test and refine new applications along the way.

Tyson now is implementing an enterprise resource-planning system from SAP SE that uses cloud-based infrastructure, after canceling an on-premise upgrade. Mr. Spradley says the shift will allow the company to move faster and take advantage of the latest technologies.

Mr. Spradley brings Silicon Valley credentials to northwest Arkansas. He spent nearly a decade at Hewlett-Packard Co., where he led IT during a four-month, \$1.8 billion restructuring effort that split the enterprise technology giant into two entities.

In November, Tyson moved 275 technology workers to a new building downtown that has an open floor plan and reclaimed wood from the original Tyson headquarters, which was built on the same site in the 1940s. It is a contrast from the oak-paneled walls of the executive suite a few miles south.

Tyson is exploring how high-tech cameras can help locate and track packages in production facilities. It is also experimenting with cameras that can identify people and objects or recognize movement patterns, which could spot unusual behavior inside its plants.

The company is completing a project using blockchain-distributed ledger technology to track food through the supply chain. And in March, the company's venture-capital subsidiary invested in FoodLogIQ LLC, which provides supply-chain software to track food safety.

Technology could improve the equipment inside Tyson's processing plants. Machines designed to cut a piece of meat the same way every time, for example, could analyze digital images and make real-time adjustments based on the shape or angle of each chicken coming down the line.

"The supply chain is one of the areas where we're excellent, but we can be even better at it with automation and advanced analytics," Mr. Spradley said.

The success of Tyson's digital shift depends largely on its ability to make data accessible across the company, hire the right people to analyze it, and ensure business units know what kinds of problems it can solve. Mr. Spradley has started talking to business units about how data such as weather patterns could help forecast product consumption.

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

24189.45 ▼218.55, or 0.90%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.55 21.00
P/E estimate * 16.34 17.70
Dividend yield 2.20 2.37
All-time high 26616.71, 01/26/18



Bars measure the point change from session's open

Jan. Feb. Mar. Apr.
22000

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2642.19 ▼14.68, or 0.55%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.04 24.63
P/E estimate * 16.88 18.32
Dividend yield 1.96 1.97
All-time high 2872.87, 01/26/18



Jan. Feb. Mar. Apr.
2450

Nasdaq Composite Index

7069.03 ▼25.27, or 0.36%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.33 26.11
P/E estimate * 19.68 20.35
Dividend yield 1.06 1.10
All-time high 7588.32, 03/12/18



Jan. Feb. Mar. Apr.
6500

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg	YTD	3-yr. ann.
--	------	-----	--------------	---------	-------	--------------	-------------	-------	-----	------------

Dow Jones	24366.57	24150.87	24189.45	-218.55	-0.90	26616.71	20404.49	17.5	-2.1	10.2
Industrial Average	10252.03	10149.37	10192.82	-35.60	-0.35	11373.38	8783.74	13.6	-4.0	5.1
Transportation Avg	689.32	684.20	686.68	-1.11	-0.16	774.47	647.90	-2.6	-5.1	5.1
Utility Average	27602.12	27384.69	27418.33	-124.95	-0.45	29630.47	24125.20	12.8	-0.9	7.5
Total Stock Market	716.30	709.57	713.07	-0.33	-0.05	757.37	610.89	15.7	0.3	7.2
Barron's 400										

Nasdaq Stock Market	7128.54	7055.00	7069.03	-25.27	-0.36	7588.32	5805.15	21.1	2.4	12.3
Nasdaq 100	6650.29	6574.88	6583.44	-32.43	-0.49	7131.12	5353.59	22.4	2.9	14.2

S&P	2661.43	2639.25	2642.19	-14.68	-0.55	2872.87	2328.95	12.7	-1.2	7.9
500 Index	1889.81	1874.16	1882.09	-2.48	-0.13	1995.23	1681.04	10.7	-1.0	7.0
MidCap 400	953.36	944.33	951.53	1.90	0.20	979.57	815.62	15.3	1.6	9.6

Other Indexes										
Russell 2000	1551.37	1535.76	1546.80	3.37	0.22	1610.71	1345.24	13.8	0.7	6.9
NYSE Composite	12580.98	12501.28	12514.59	-51.38	-0.41	13637.02	11324.53	9.6	-2.3	4.0
Value Line	553.18	548.29	550.99	-0.05	-0.01	589.69	503.24	7.3	-2.0	2.0
NYSE Arca Biotech	4634.99	4568.96	4586.67	-13.87	-0.30	4939.86	3478.31	31.9	8.6	4.0
NYSE Arca Pharma	535.13	531.19	531.98	-3.80	-0.71	593.12	498.46	4.8	-2.4	-3.3
KWB Bank	107.20	106.04	106.29	-1.23	-1.15	116.52	88.02	19.0	-0.4	13.5
PHLX® Gold/Silver	84.49	82.54	83.69	1.75	2.14	93.26	76.42	-6.4	-1.9	6.5
PHLX® Oil Service	148.96	143.49	148.32	4.64	3.23	168.55	117.79	-12.0	-0.8	-10.6
PHLX® Semiconductor	1326.23	1304.41	1315.06	0.52	0.04	1445.90	960.01	36.1	4.9	22.9
Cboe Volatility	21.66	19.64	20.24	-0.23	-1.12	37.32	9.14	28.3	83.3	17.2

\$ Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours	High	Low
SPDR S&P 500	SPY	8,461.9	263.87	0.11	0.04	264.61	263.54	
Van Eck Vectors Gold Miner	GDX	4,172.1	22.81	0.06	0.26	22.81	22.72	
Bed Bath & Beyond	BBBY	3,506.2	18.47	-3.03	-14.09	22.15	18.32	
Van Eck Vectors Jr Gold	GDXJ	3,431.7	33.38	0.01	0.03	33.46	33.35	
Bank of America	BAC	3,360.9	29.93	0.03	0.10	30.04	29.89	
eBay	EBAY	2,874.7	39.88	0.05	0.13	40.23	39.72	
Van Eck Vectors Russia ETF	RSX	2,856.4	20.50	-0.04	-0.19	20.64	20.30	
Cisco Systems	CSCO	2,645.3	42.45	0.02	0.05	42.79	42.35	

Percentage gainers...

Bellicum Pharmaceuticals	BLCM	196.0	8.15	1.30	18.98	8.18	6.85
QuinStreet	QNST	279.6	11.65	1.51	14.89	12.99	10.24
Allscripts Healthcare	MDRX	761.6	12.82	0.66	5.43	12.82	12.16
VEON ADR	VEON	91.5	2.35	0.05	2.17	2.35	2.30
Sangamo Therapeutics	SGMO	53.7	19.45	0.35	1.83	19.45	19.10

...And losers

Bed Bath & Beyond	BBBY	3,506.2	18.47	-3.03	-14.09	22.15	18.32
Universal Display	OLED	166.7	99.05	-1.10	-1.10	100.85	99.05
Chesapeake Energy</td							

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.							
April	3.1175	3.1175	3.1045	3.1120	-0.0190	1,101	
May	3.1380	3.1475	3.1015	3.1170	-0.0200	101,748	
Gold (CMX)-100 troy oz.; \$ per troy oz.							
April	1340.10	1365.40	1340.10	1356.50	14.50	1,390	
June	1343.10	1369.40	1342.50	1360.00	14.10	373,450	
Aug	1348.80	1375.10	1348.80	1366.20	14.20	51,844	
Oct	1355.20	1380.40	1355.20	1372.40	14.20	7,492	
Dec	1361.80	1388.10	1361.80	1379.10	14.30	51,677	
Feb'19	1369.80	1393.70	1369.80	1385.40	14.30	2,587	
Palladium (NYM)-50 troy oz.; \$ per troy oz.							
June	944.55	964.30	948.20	960.95	11.20	20,220	
Sept	942.00	959.95	941.15	956.15	11.65	2,394	
Dec	952.65	952.65	946.95	950.55	11.65	218	
March'19	952.65	952.65	946.50	951.10	11.0	7	
Platinum (NYM)-50 troy oz.; \$ per troy oz.							
April	929.50	929.50	928.90	928.80	1.20	14	
July	932.80	946.00	931.30	934.30	1.20	71,899	
Silver (CMX)-5,000 troy oz.; \$ per troy oz.							
April	16.410	16.655	16.410	16.738	0.172	221	
May	16.560	16.890	16.515	16.768	0.172	127,692	
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.							
May	65.57	67.45	65.15	66.82	1.31	271,965	
June	65.47	67.38	65.09	66.74	1.30	423,612	
July	65.18	67.04	64.82	66.44	1.27	191,869	
Sept	64.12	65.76	63.78	65.34	1.18	202,585	
Dec	62.43	64.02	62.18	63.72	1.14	253,761	
Dec'19	57.41	58.36	57.09	58.24	0.70	145,037	
NY Harbor USLD (NYM)-42,000 gal.; \$ per gal.							
May	2.0617	2.1227	2.0531	2.0927	.0279	105,731	
June	2.0508	2.1105	2.0425	2.0830	.0277	100,402	
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.							
May	2.0308	2.0788	2.0235	2.0676	.0267	109,113	
June	2.0327	2.0798	2.0260	2.0691	.0273	104,987	
Natural Gas (NYM)-10,000 MMBtu; \$ per MMBtu.							
May	2.662	2.690	2.621	2.675	.019	278,130	
June	2.701	2.723	2.660	2.709	.015	181,973	
July	2.753	2.771	2.714	2.757	.010	163,035	
Sept	2.768	2.784	2.731	2.773	.010	130,928	
Oct	2.782	2.796	2.745	2.787	.010	126,601	
April'19	2.662	2.668	2.641	2.666	.010	79,821	

Agriculture Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
May	389.25	390.50	385.75	387.00	-2.25	452,726	
July	398.00	399.00	394.25	395.75	-2.00	611,674	
Oats (CBT)-5,000 bu.; cents per bu.							
May	236.75	239.00	235.00	237.50	1.00	3,782	
July	243.00	245.50	240.75	244.00	1.25	2,342	
Soybeans (CBT)-5,000 bu.; cents per bu.							
May	1050.75	1058.75	1047.25	1047.75	-2.25	260,473	
July	1060.25	1069.00	1058.00	1058.75	-1.50	346,298	
Soybean Meal (CBT)-100 tons; \$ per ton.							
May	384.90	387.60	379.90	380.20	-3.70	118,399	
July	389.00	391.70	384.00	384.30	-3.70	197,959	
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
May	31.85	31.92	31.44	31.53	-.32	163,116	
July	32.08	32.19	31.72	31.81	-.32	183,569	
Rough Rice (CBT)-2,000 cwt.; \$ per cwt.							
May	127.00	128.00	126.50	128.50	3.00	4,350	
July	129.00	129.50	128.00	128.75	-1.00	2,684	
Wheat (CBT)-5,000 bu.; cents per bu.							
May	491.00	492.00	483.00	487.25	-4.75	139,035	
July	508.00	508.50	500.00	504.25	-4.25	168,427	
Wheat (KC)-5,000 bu.; cents per bu.							
May	521.50	522.75	509.25	516.75	-5.00	74,781	
July	541.50	541.50	528.25	535.75	-4.75	99,121	
Wheat (MPLS)-5,000 bu.; cents per bu.							
May	625.00	631.50	620.75	629.00	2.50	26,619	
July	635.25	641.25	631.00	638.75	2.50	22,442	
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
April	135.300	136.725	134.750	135.275	.450	4,992	
May	135.925	137.100	134.900	135.550	.275	19,756	
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
April	113.250	114.000	113.075	113.500	.700	17,518	
June	102.650	103.375	101.200	101.575	-.525	157,154	
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
April	53.800	53.900	53.275	53.300	-.200	12,862	
June	74.900	76.650	74.900	75.775	.725	99,453	
Lumber (CME)-110,000 bd. ft.; \$ per 1,000 bd. ft.							
May	532.70	533.80	523.10	523.10	-10.00	4,980	
July	518.60	520.00	510.70	510.70	-10.00	1,638	
Milk (CME)-200,000 lbs.; cents per lb.							
April	14.42	14.45	14.38	14.40	-.03	3,557	
May	14.78	14.85	14.62	14.67	-.18	3,764	
Cocoa (ICE-US)-10 metric tons; \$ per ton.							
May	2,498	2,560	2,466	2,547	.58	33,478	
July	2,541	2,593	2,514	2,580	.49	114,734	

Source: SIX Financial Information

Source: U.S. Energy Information Administration; Dow Jones Newswires

Natural-gas import and demand data are available monthly only.

Inventories, imports and demand for the week ended April 6. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import

Natural-gas import and demand data are available monthly only.

Inventories, imports and demand for the week ended April 6. Current figures are in thousands of barrels or

thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import

Natural-gas import and demand data are available monthly only.

Inventories, imports and demand for the week ended April 6. Current figures are in thousands of barrels or

thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import

Natural-gas import and demand data are available monthly only.

Inventories, imports and demand for the week ended April 6. Current figures are in thousands of barrels or

thousands of gallons per day, except

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:

- f-New 52-week high.
- f-New 52-week low.
- d-Indicates loss in the most recent four quarters.
- FD-FIRST day of trading.
- H-Does not meet continuing listing standards.
- If-Late filing.
- q-Temporary exemption from Nasdaq requirements.
- NSC-NSX bankruptcy.
- v-Trading halted on primary market.
- w-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or such securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Wednesday, April 11, 2018

Net

Stock Sym Close Chg

A B C

ABB 22.76 -0.21

ADT 9.02 -0.03

AES 11.42 -0.01

Aflac 44.19 -0.19

AGNC Inv. 18.80 -0.06

AMG HomeInv. ANGI 13.33 -0.16

Ansys 157.01 -0.91

ASML ASML 205.55

AT&T T 35.25 -0.06

AbbottLabs ABT 58.45 -0.69

AbbVie BIV 93.64 -0.02

Abiomed ABMD 296.40 -3.88

Accenture ACN 140.49 -0.23

ActionViewz BLTV 65.85 -0.67

Adient ADT 65.87 -0.81

AdobeSystems ADOBE 223.63 -0.90

AdvanceAuto AAP 110.93 -1.21

AdmireDevs AMD 9.82 -0.16

AdmSemEgg AGG 7.08 -0.09

Aegon AEG 7.08 -0.09

AerCap AER 51.66 -0.02

Aetna AET 171.27 -2.10

AffiliatedMtrs AMTG 56.18 -0.56

AgileTechs A 66.05 -0.06

Aigco/Eagle AGC 43.97 -0.65

AlproProducts APPD 161.61 -1.58

Alkamati Corp. AKM 71.59 -0.90

AlaskaAir ALK 59.06 -0.07

Albermarle ALB 93.31 -0.98

Alcoa AA 53.97 -0.11

AlexanderRest ART 120.09 -0.61

AlexionPharm ALXN 170.28 -5.46

AllyFinancial ALLY 27.21 -0.28

Alkermes ALKS 43.00 -0.25

AlmedSemEgg AMG 7.08 -0.09

Allegion ALB 84.54 -0.69

Allergan AGN 165.06 -0.35

AllianceData ADTS 205.87 -4.58

AlliantEnergy LNT 41.02 -0.27

Allstate ATL 96.20 -0.92

AllyFinancial ALLY 27.21 -0.28

AlmyPharm ALY 97.63 -0.45

Alphabett G COOG 10019.77-11.67

Alphabett G GOOG 1026.61 -11.44

Altaba ALTB 70.55 -0.23

AlticeUSA ATVS 19.03 -0.36

Altira MO 63.84 -0.38

AlumofChina AAC 15.30 -0.70

Amazon.com AMZN 142.05 -0.97

Ambev ABEV 7.08 -0.06

Amdocs DOX 66.26 -0.40

Amrico UAH 343.88 -0.87

Amgen AMGN 11.09 -0.03

Amphenol APPL 29.35 -0.80

Antec ARO 14.04 -0.02

Apco/Albany APC 39.64 -0.36

Apertmtlnv AIV 41.24 -0.08

Applico/Bldg ABW 29.81 -0.43

Applico/Bldg ABW 17.44 -0.81

Applico/Bldg ABW 108.45 -0.73

BANKING & FINANCE

Market Swings Sting Brokerages

Asset-management fees are hit as trade-war fears, rising rates take toll on portfolios

BY LISA BEILFUS AND MICHAEL WURSTHORN

Turbulence in financial markets can be great for Wall Street trading desks—not so much for the firms' brokerage arms.

Income from advisory fees at their asset-management businesses—typically 1% of the value of client assets—surged as balances ballooned during the stock market's nine-year rally. But rising interest rates and the specter of a trade war have punished markets over the past two months, pulling the S&P 500 down 7.5% from its latest closing high in late January.

Several brokers say the sell-off has knocked stock-portfolio valuations down, dragged asset-management fees lower and even led to some margin calls for investors. That is threatening to disrupt the steady rise in revenue and profits that the brokerages enjoyed in recent years as they distanced themselves from the volatility that accompanies a commission-based business model.

Although it may be a temporary stumble, analysts are predicting a fee slowdown among brokerages, from big traditional firms such as Merrill Lynch and **Morgan Stanley** to discount online brokerages like **Charles Schwab Corp.**

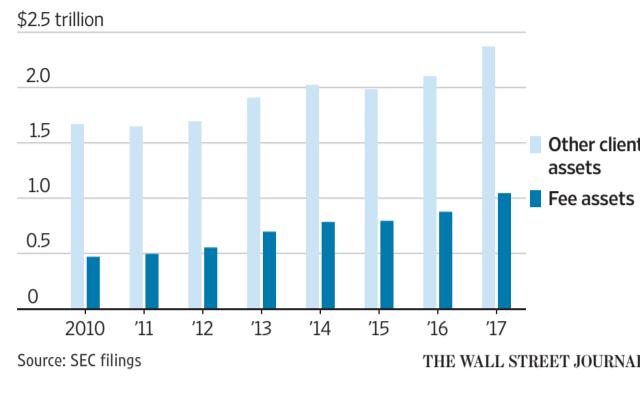
"It has been almost a perfect backdrop for these companies," said Devin Ryan, brokerage industry analyst at JMP Securities LLC, of a set of factors that have together helped Wall Street's wealth-management businesses boom in recent years. But "a little bit of volatility goes a long way," he said.

However, a hit from lower fees won't show up in banks' next batch of earnings that kick off in coming days with **Bank of America Corp.**, which houses Merrill Lynch, and Morgan Stanley reporting. Banks that post quarterly results for their wealth-management arms, as well as stand-alone brokerages, assess fees to clients on a quarter lag, measuring balances at the start of a quarter rather than the end. That means first-quarter fee revenue should approach record levels, as the S&P 500 rose 5.7% in the fourth quarter of last year.

Fees now make up more than half of total revenue at Wall Street's biggest brokerages as clients increasingly

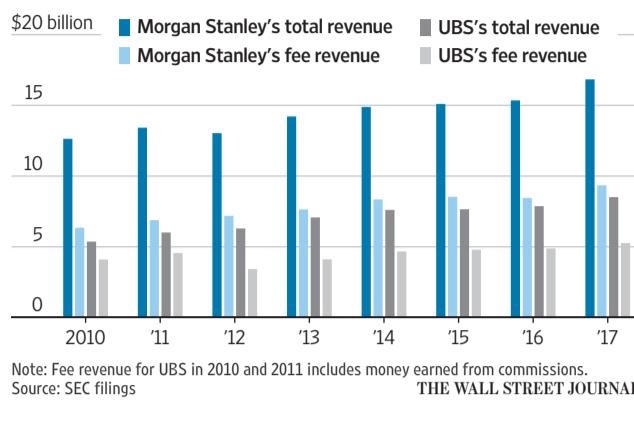
Diminishing Returns

Morgan Stanley's fee-generating assets have risen alongside broader gains in the market, but resurgent volatility threatens to slow the climb.



Fee Frenzy

Asset-management fees have grown to become a significant portion of overall revenue at firms like Morgan Stanley and UBS Group AG.



BRYAN R. SMITH/AGENCE FRANCE PRESSE/GETTY IMAGES



If stock volatility persists, brokers may need to shift emphasis to attracting new investors or encouraging clients to take on debt.

opt for advisory accounts that the firms have long preferred for their steady, and often higher, pay. Roughly 55% of Morgan Stanley's wealth-management revenue last year came from the asset-management fees investors paid to their brokers, as 44% of the brokerage's \$2 trillion in assets were in accounts that paid steady fees, up from 24% in 2009.

"Sustained volatility is generally bad," said Jonathan Pruzan, Morgan Stanley's chief financial officer, at an industry forum in February. "As markets [go] up...we make more money managing more assets."

Meanwhile, the U.S. wealth-management arm of **UBS Group AG**, which uses different metrics, earned 62% of its operating income from fees,

with accounts that levy a fee making up about 37% of its \$1.2 trillion asset base.

Industry analysts at Nomura Instinet say the recent pressure on fees could spell trouble for those businesses. A 10% decline in the S&P 500 this year would shave 3.6% off Morgan Stanley's per share earnings for 2018, the analysts warn, while reducing earnings at **Goldman Sachs Group Inc.** by 6.8% and at Bank of America by about 1.1%. Smaller brokers are also at risk. **Stifel Financial Corp.** and **Raymond James Financial** could log earnings declines of 2.8% and 2.9%, respectively, if markets fall at least 10% this year, Nomura said.

If the recent volatility persists and returns are more muted this year, brokerages won't be able to count on their

asset stockpiles growing on autopilot as they did for much of the past decade. Instead, they will be forced to put an even greater emphasis on attracting new investors or encouraging clients to take on debt—a growing and lucrative business for Wall Street's biggest wealth-management firms as interest rates climb.

Higher interest rates should help boost brokerages' net interest income and soften the impact from a broad decline in stock prices, analysts said. That has become a growing source of income as firms refashion their brokers as financial advisers who counsel clients on both sides of the balance sheet, offering more traditional banking products and charging interest on cash, from stock pickers who mainly sell investments.

Net interest revenue at Morgan Stanley, for example, jumped 16% in 2017 from a year earlier as the Federal Reserve raised rates three times last year, boosting how much money the bank earns on cash deposits and loans. The Fed is planning at least three, if not four, rate increases this year, which should push net interest income among firms up even higher.

A corresponding increase in cash balances as investors de-risk will help soften the blow to brokerages' earnings if markets fall 10% or more this year, said Steven Chubak, brokerage analyst at Nomura. Still, "it's going to be a net drag if you have a market correction," he said. "History shows when equity markets undergo a sustained correction, more often than not, volatility is bad."

China to Link Up With U.K. Stocks

BY SHEN HONG

SHANGHAI—China has pledged to launch a stock-trading link between Shanghai and London by the end of this year, taking a fresh step toward opening up its financial markets and providing the U.K. with a vote of confidence ahead of Brexit.

The plan, announced by China's central-bank governor Yi Gang at a forum on Wednesday, is part of a suite of new measures aimed at further widening foreign invest-

ment in China's financial sector. It follows President Xi Jinping's relatively soothing rhetoric on trade ties with the U.S. in a speech Tuesday.

The time difference between London and Shanghai, seven hours, means investors in either location would have to trade very early in the morning or late into the night, Mr. Wu said. Moreover, the lack of knowledge of London-listed stocks among Chinese investors, especially the country's nearly 90 million individual investors, also could hinder demand.

The planned Shanghai-London trading link will likely be a replica of the Shanghai-Hong Kong Stock Connect program, which Beijing unveiled in November 2014.

The trading link allows qualified mainland investors to buy and sell shares in the Hong Kong market, a factor that has helped boost trading volumes there.

Such bilateral arrangements by Beijing to connect foreign markets with its own reflect both its gradualist approach to overhauls and its persistent concerns about capital flight. The trading links between mainland China and Hong Kong are structured in a way that means money flowing in either direction can only be used to buy stocks.

The time difference between Shanghai and London may hamper trading.

tors' access to China's financial sector. It follows President Xi Jinping's relatively soothing rhetoric on trade ties with the U.S. in a speech Tuesday.

The Shanghai-London Stock Connect program will come after Beijing moved in recent years to allow global investors to trade on its two domestic stock markets, in Shenzhen and Shanghai, via similar trading links with Hong Kong. Those trading links have enabled billions of dollars to flow between Hong Kong and mainland bourses each day.



A stock-trading link between Shanghai and London is part of efforts to open up China's markets.

QIAO SHEN/BLOOMBERG

Plan Aims To Ease Bank Rule On Capital

BY RYAN TRACY AND LALITA CLOZEL

WASHINGTON—Bank regulators proposed retooling a major capital rule, their second move in as many days that could benefit some of the country's largest banks.

The Federal Reserve and the Office of the Comptroller of the Currency on Wednesday proposed loosening the "supplementary leverage ratio," a rule applying to eight large U.S. banks considered crucial to the functioning of the global financial system. The group includes **JPMorgan Chase & Co.**, **Wells Fargo & Co.** and **Goldman Sachs Group Inc.**

Officials characterized Wednesday's move as a way of simplifying the rule book for Wall Street without endangering the financial system.

Regulators were divided. The Fed's governing board approved the proposal by a 2-1 vote. Fed Chairman Jerome Powell and Fed Vice Chairman for Supervision Randal Quarles, both appointed to their current posts by President Donald Trump, voted for the move. Lael Brainard, an Obama appointee, opposed it.

The Federal Deposit Insurance Corp., led by an Obama appointee, didn't join the proposal, a departure from the practice of the three U.S. banking agencies adopting capital rules concurrently. FDIC Chairman Martin Gruenberg said in a statement the agency was concerned about "reductions in capital requirements" that address "the excessive leverage that helped deepen the financial crisis."

Ms. Brainard declined to comment. A Fed spokesman pointed to an April 3 speech in which Ms. Brainard said: "At a time when valuations seem stretched and cyclical pressures are building, I would be reluctant to see our large banking institutions releasing the capital and liquidity buffers that they have built."

Wednesday's proposal could result in a lower leverage-ratio requirement for the eight biggest U.S. banks. Instead of 5%, banks' minimum ratio would be 3%, plus an added "surcharge" that varies depending how banks score on another measure of their riskiness.

Adviser Urges Shift On Board Of Equifax

BY ANNAMARIA ANDRIOTIS

An adviser to union pension funds that are invested in **Equifax Inc.** is calling on the credit-reporting company's shareholders to vote against re-election of three board members, including the chairman, saying the company wasn't prepared to fend off a massive cyberattack last year.

CTW Investment Group, in a letter sent to shareholders, said nonexecutive Chairman Mark Feidler and longtime board members John McKinley and Mark Templeton failed to act on repeated warnings of cybersecurity issues before the breach, which compromised personal information of nearly 148 million U.S. consumers.

The letter said the three board members failed to develop a comprehensive crisis-management plan after the breach, which further damaged the company's reputation.

Equifax said its board has a longstanding track record of "acting in the best interest of its shareholders. The company is making necessary, strategic investments to strengthen its cybersecurity infrastructure and to rebuild trust with consumers and customers." The three board members couldn't be reached for comment.

CTW said that as the more tenured members of the technology and audit committees at the time of the breach, the three board members should have been most aware of the risks facing the company.

MARKETS

Inflation, Syria Weigh on Stocks

Pickup in one measure of consumer-price data exerts additional pressure

BY AMRITH RAMKUMAR AND RIVA GOLD

U.S. stocks edged lower, reversing a recent rebound, as investors parsed escalating geopolitical tensions and the latest gauge of U.S. inflation.

The Dow **WEDNESDAY'S MARKETS** industrials fell 218.55 points, or 0.9%, to 24189.45. The S&P 500 declined 14.68 points, or 0.6%, to 2642.19, and the Nasdaq Composite fell 25.27 points, or 0.4%, to 7069.03. Major indexes posted their largest one-day rise in more than two weeks Tuesday but remain more than 6.8% off all-time highs hit earlier this year.

Combined trading volumes on the New York Stock Exchange and Nasdaq were the lowest of the year, according to WSJ Market Data Group, a sign to some analysts that investors remain cautious.

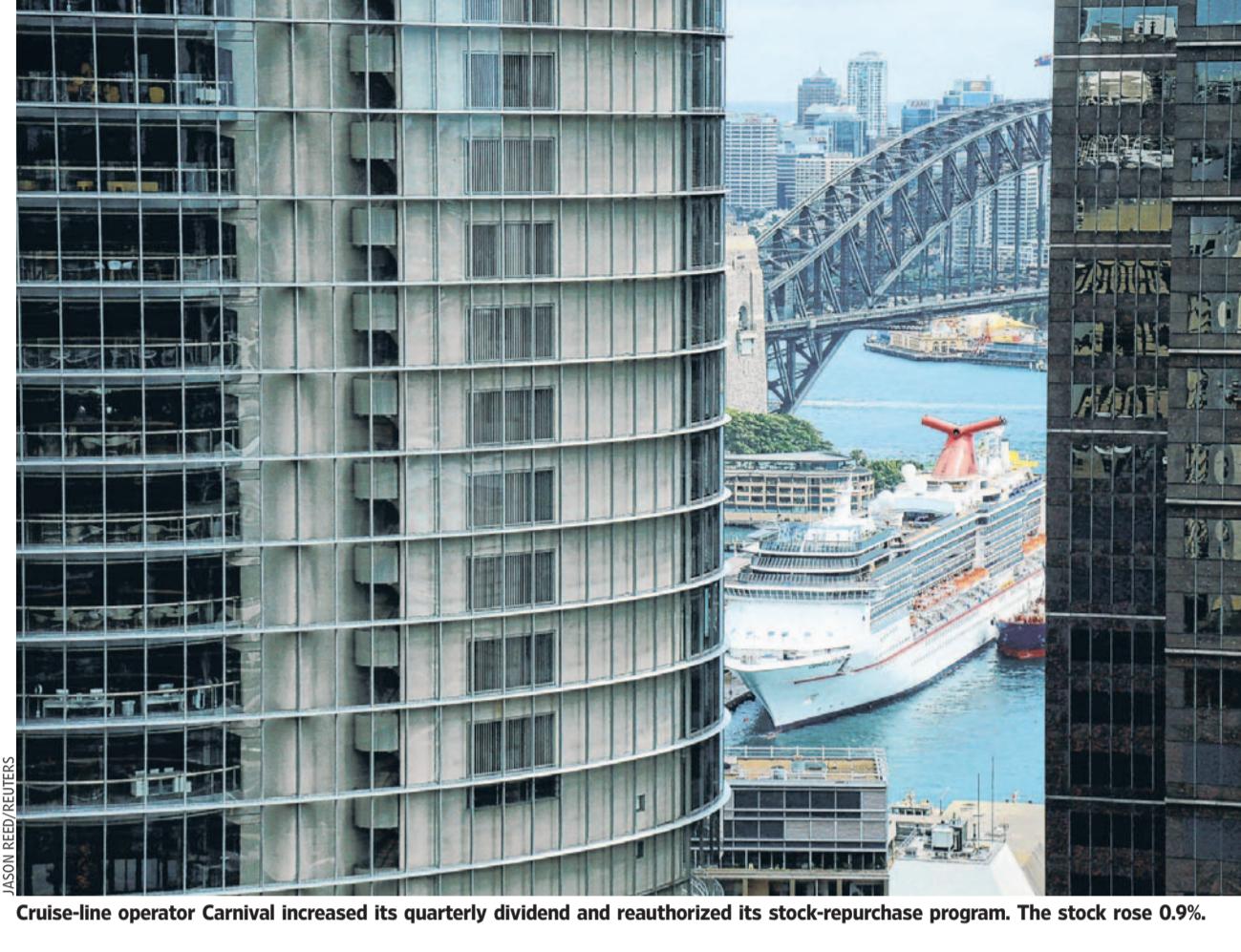
Stocks around the world have seen a dip in recent sessions, with analysts pointing to comments on trade from the U.S. and China and mounting tensions with Russia and Syria as sources of market stress.

Some investors worry that trade disruptions or other international conflicts could lead to higher costs for corporations and slower economic growth. That unease comes when some analysts were already anxious about the impact of higher interest rates.

"This is happening at a time when the fundamentals for the equity markets are not as good as they were just a few months ago," said Luca Paolini, chief strategist at Pictet Asset Management, citing solid but declining global growth and more normal inflation. "All this risk tends to be correlated."

Mr. Paolini said he expects strong earnings growth to lead many investors to buy when stocks fall, spurring further volatility. First-quarter earnings season begins in earnest Friday with results from some of the largest banks.

President Donald Trump said early Wednesday that U.S. missiles "will be coming" to Syria, and warned he was will-



Cruise-line operator Carnival increased its quarterly dividend and reauthorized its stock-repurchase program. The stock rose 0.9%.

ing to challenge Russia directly in launching a military strike against Syrian President Bashar al-Assad's forces over an alleged chemical-weapons attack.

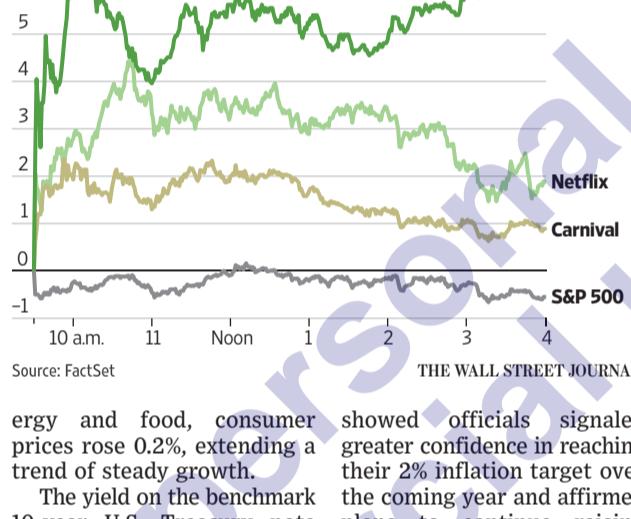
Recently announced U.S. sanctions against more than three dozen Russian individuals and entities also have rippled through markets, boosting commodity prices by creating supply uncertainty for metals including aluminum and palladium. Russia is a major producer of both materials.

Investors have been tracking a rise in oil prices, as some think conflicts in the Middle East could hinder output and further support prices. U.S. crude oil climbed 2% to \$66.82 a barrel—its highest level since December 2014—and boosted shares of energy firms for the third straight session.

Investors also were digesting the latest updates on the economy and monetary policy. U.S. consumer prices fell in March due to a drop in gasoline prices, but underlying inflation showed signs of picking up, data showed Wednesday. The consumer-price index fell 0.1% from a month earlier, the first decline since May 2017. Excluding en-

Bright Spots

Consumer firms Mattel, Netflix and Carnival were among the S&P 500's biggest gainers Wednesday.



Source: FactSet

ergy and food, consumer prices rose 0.2%, extending a trend of steady growth.

The yield on the benchmark 10-year U.S. Treasury note edged down to 2.790% from 2.799% Tuesday. Yields fall as prices rise. Gold, another haven asset investors favor when they think markets might turn rocky, added 1.1% and was near its highest level of the year.

Minutes from the Federal Reserve's March meeting showed officials signaled greater confidence in reaching their 2% inflation target over the coming year and affirmed plans to continue raising short-term interest rates gradually.

Following recent volatility, investors likely will focus even more on coming economic data releases and earnings figures for fresh information about the market's health, said Jeff Carbone, managing part-

ner at Cornerstone Wealth. "I think concentration will really shift to earnings at this point," Mr. Carbone said.

Among individual stocks, **Facebook** shares added \$1.28, or 0.8%, to \$166.32 in a third straight session of gains. Chief Executive Mark Zuckerberg faced questions from Congress regarding the firm's handling of user data for the second straight day.

Netflix shares climbed 5.60, or 1.9%, to \$303.67 after JPMorgan Chase analysts raised their price target on the streaming giant to \$328 from \$285.

Cruise-line operator **Carnival** and toy maker **Mattel** were also among the S&P 500's best performers, supporting the consumer discretionary sector. Carnival increased its quarterly dividend and reauthorized its stock-repurchase program, and Jefferies analysts upgraded Mattel to "hold" from "underperform."

Elsewhere, the Stoxx Europe 600 shed 0.6%, following a mixed performance across Asian markets. Early Thursday, Hong Kong's Hang Seng Index was up 0.2% and Australia's S&P ASX 200 was down 0.3%.

Treasury Prices Rise As Tension Ramps Up

BY AKANE OTANI

U.S. government-bond prices edged higher Wednesday, buoyed by rising geopolitical tensions and a weaker-than-expected reading on consumer prices.

The yield on **CREDIT MARKETS** the benchmark 10-year U.S. Treasury note settled at 2.790%, compared with 2.799% Tuesday.

Yields, which fall as bond prices rise, dropped alongside U.S. stock futures early Wednesday after President Donald Trump said to Russia on Twitter that U.S. missiles "will be coming" to Syria, "nice and new and 'smart!'"

The tweet marked the latest escalation of tensions between the White House and Russia, which on Tuesday vetoed a U.S.-drafted resolution sent to the United Nations Security Council that called for the creation of a new group to investigate chemical attacks in Syria. Fears that the Middle East conflict could intensify sent investors into assets that tend to do well in times of market uncertainty, with gold, the Japanese yen and Treasury prices rising.

Government-bond yields then dropped again—before paring declines—after data showed U.S. consumer prices fell in March, a relief to traders who had been watching for a possible surprise uptick in inflation following a strong reading at the start of the year.

The consumer-price index, which measures what Americans pay for everything from used cars to breakfast cereal, fell 0.1% in March from the month earlier, the first decline since last May, according to the Labor Department. Economists surveyed by The Wall Street Journal had expected no change in overall prices from the prior month.

"There are much bigger issues at stake—namely escalating tensions with Russia and China," Mike Loewengart, vice president of investment strategy at E*Trade, wrote in an email. "But in less volatile times, this report might be a bit more uplifting, given it didn't reveal any surprises."

Still, analysts cautioned that the drop was due entirely to a rare pullback in gasoline prices, which are expected to hit multiyear highs this summer. Excluding energy and food, consumer prices rose 0.2% from the prior month.

AUCTION RESULTS

Here are the results of Wednesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

NINE-YEAR, 10-MONTH NOTES

Applications	\$51,650,867,300
Accepted bids	\$21,036,051,300
"noncompetitively"	\$8,264,900
"foreign noncompetitively"	\$0
Auction price (rate)	99.611154 (2.79%)
Interest rate	2.750%
Bids at clearing yield accepted	70.96%
Cusip number	9128283W8

The notes, dated April 16, 2018, mature on Feb. 15, 2028.

Rough Ride

Long Blockchain's market value peaked shortly after its name change but has tumbled below Nasdaq's minimum requirement since.

\$70 million



Source: FactSet

Saudis, Indians in Refinery Deal

BY ANANT VIJAY KALA

NEW DELHI—India and Saudi Arabia on Wednesday signed an agreement to set up a crude-oil refinery with a capacity to process 1.2 million barrels a day in the western Indian state of Maharashtra.

The state-run **Saudi Arabian Oil Co.**, known as Saudi Aramco, will hold a 50% stake in the refinery, while ownership of the remaining half will be shared by three Indian state-run refiners and retailers—**Indian Oil Corp.**, **Hindustan Petroleum Corp.** and **Bharat Petroleum Corp.**.

Saudi Oil Minister Khalid al-Falih, who announced the deal along with Indian Oil Minister Dharmendra Pradhan, didn't disclose the investment Saudi Aramco will be making in the project, which will cost \$44 billion to build.

OIL

Continued from page B1

rebel-held Syrian town over the weekend, President Donald Trump warned Wednesday that U.S. missiles "will be coming" to Syria. And Saudi Arabia's air-defense forces said in state media that they intercepted a missile over the capital city of Riyadh, which helped ratchet prices even higher.

Conflicts that could interfere with oil production have taken on renewed importance in the oil market in recent months as a glut that acted as a buffer against supply shocks has dissipated.

The International Energy Agency said last month that petroleum stockpiles in the industrialized world—a proxy for global inventories—stood just 53 million barrels above the five-year average at the end of January, compared with a 302 million barrel overhang a year earlier.

While Syria isn't a major oil producer, the U.S. taking a more active role in the Middle East raises the prospect of

Name Change Isn't Its Cup of Tea

BY AMRITH RAMKUMAR

Long Blockchain Corp., whose bitcoin-inspired transformation from a struggling beverage maker exemplified the euphoria over cryptocurrencies, said the Nasdaq Stock Market would delist it, upholding a February decision.

Long Blockchain, which changed its name from Long Island Iced Tea Corp. in December, hasn't been able to keep its market value above the exchange's \$35 million minimum requirement, and trading of its shares on the

supply disruptions in the region, analysts said. But others say oil prices are likely to deflate as some of these factors wane.

"The market's priced in a worst-case scenario in these countries—what if they just muddle along?" said Michael Cohen, head of energy markets research at Barclays PLC. Despite a "legitimate tightening," Mr. Cohen said he believes the risks to oil prices in the second half of the year are to the downside.

Will Riley, a portfolio manager at Guinness Atkinson Management, said his fund is factoring in oil prices at a conservative level of \$60 when it evaluates producers, describing that level as "fundamentally reasonable."

U.S. producers haven't held back, taking advantage of higher prices to rocket the country's output to more than 10 million barrels a day. Output this year is expected to surpass a record from 1970 and is outpacing production rates from a few years ago when oil was \$100.

So far, demand has been able to keep up with oil's slow and steady rise and has

Nasdaq will be halted Thursday.

Wednesday's announcement is the latest hit to a company swept up in the cryptocurrency frenzy. Blockchain is the technology that underpins bitcoin.

Long Blockchain's shares dropped 37%, to \$1.10, on Wednesday, putting the firm's market capitalization at \$12.6 million. The firm was valued at nearly \$70 million in December after it said it was pivoting to focus on blockchain while a subsidiary continued to sell tea.

Long Blockchain said it would continue to trade publicly and transition to the over-the-counter market.

Bitcoin had its second-worst quarter ever in the first three months of 2018 and has dropped 50% this year, according to CoinDesk.

Another firm that emphasized its ties to cryptocurrencies and blockchain technology, **Overstock.com Inc.**, has lost nearly one-third of its market value in 2018 and pulled its secondary stock offering. **Riot Blockchain Inc.**'s market cap is down 68%.

Long Blockchain said it would continue to trade publicly and transition to the over-the-counter market.



An Iraqi oil field. After languishing for years, oil prices surged in the final months of last year.

helped fuel the higher prices. With economies around the world firing on all cylinders, global growth has underpinned oil's rise and soaked up the extra output coming from the U.S.

"Oil is rising, but it's not rising at a pace which creates significant shocks for the real economy," said Alan Ruskin, head of G-10 foreign exchange

strategy and a macro strategist at Deutsche Bank. "The global economy is strong. The demand side is certainly solid. That's crucial."

But there are risks on the horizon threatening the pace of global growth, and investors have started to question whether the economic comeback could start to hit roadblocks. Rising oil prices may

not help. Higher prices could eventually hit consumers' wallets in a way that they haven't in years.

This summer, when drivers tend to hit the roads for vacation and fuel consumption peaks, gasoline prices are expected to rise to their highest since 2014.

—Sarah McFarlane contributed to this article.

MARKETS

Bank Stocks Limp Into Earnings Season

Large lenders are expected in coming days to report the strongest first quarter for several of their core businesses in years. But it may take more than that to light another fire under their shares.

Between the 2016 presidential election and the end of 2017, bank stocks rose 42% as the operating environment for lenders quickly brightened. An era of big fines and strained profit margins suddenly gave way to a lighter regulatory touch and a much lower tax rate. Driven by these developments and gradual increases in interest rates, the sector far outperformed the broader market.

By the first quarter of 2018, bank stocks traded at higher valuations than they had in years—and investors didn't seem convinced they should grow much beyond that. The KBW Nasdaq Bank Index, a key measure of bank stocks, is roughly flat since the start of the year. That is only marginally better than the S&P 500, which has fallen 1.2%. Big banks such as Citigroup Inc. and Wells Fargo & Co. have underperformed.

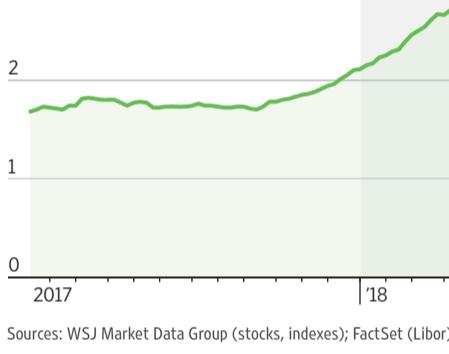
Despite middling performance, there were bright spots. Market turmoil should lift trading revenue. Interest rates continued to rise. That is typically good for banks, which profit from the difference between rates on deposits and loans. Many bank loans to companies are pegged to Libor, which rose sharply.

Commercial-loan growth also may help profits. This finally picked up toward the end of the quarter after an unexplained and steep slowdown following the 2016 presidential election. It remains below its fast pace from a few years ago, however.

Banks have benefited from higher rates because they largely haven't felt pressure to pay more interest to depositors. Eventually that will change as banks come under pressure to keep deposits from moving elsewhere. For now, though, there isn't much pressure to increase those rates, which could crimp margins.

A flattening yield curve, a bond-market gauge of economic conditions, doesn't bode well for future bank profitability. Even worse, it potentially signals economic growth isn't going to ramp up much from here, which is what bank stocks really need to propel them higher.

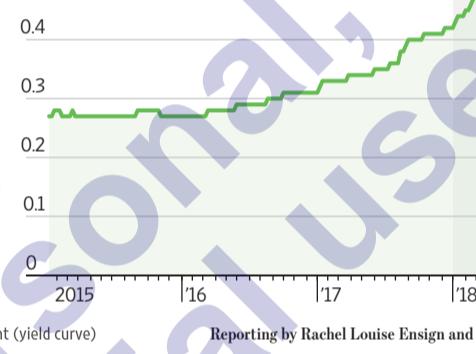
One-year U.S. dollar London interbank offered rate



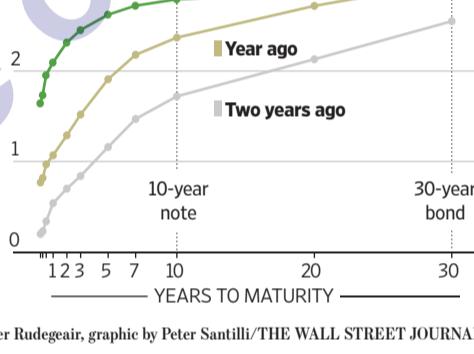
Growth rate in bank loans to businesses



Yield on one-year certificates of deposit



Treasury yields, by maturity



Sources: WSJ Market Data Group (stocks, indexes); FactSet (Libor); Federal Reserve (growth rate); Bankrate.com (CD yield); Treasury Department (yield curve)

Reporting by Rachel Louise Ensign and Peter Rudgeair, graphic by Peter Santilli/THE WALL STREET JOURNAL.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

Email: heard@wsj.com

Coal Producers Struggle in China

In Too Deep

Operating profits as multiple of interest costs



Note: All figures presented as year-to-date.

Source: CEIC

sent an urgent letter to the country's main economic planning agency, warning that many plants nationwide were running out of cash to buy coal and that banks were curbing lending.

Margins have bounced back a bit in early 2018 as coal prices have fallen, but all that power debt still needs to be serviced. If coal prices rise again, it is likely Beijing will step in with price controls or other measures to alleviate pressure on the power sector.

Chinese coal output hit a 24-month high in December, hinting that Beijing's strict controls may be easing. Across the world, shares of U.S. coal miners like Peabody Energy Corp. and Cloud Peak Energy Inc. have been under pressure this year as coal prices have retreated. The heavy hand of the Chinese state on global coal markets could make those losses hard to recoup.

—Nathaniel Taplin

electricity producers, which can't easily pass on coal price increases because of power-price controls, are now running into trouble. Operating earnings in China's power sector as a whole were barely two times interest payments in 2017—down from nearly 3½ times in early 2016.

Coal margins, meanwhile,

have recovered sharply, with operating earnings now a healthy five times interest payments—up from barely one time two years ago. But since China's power producers are twice as indebted as its coal miners, it is hard to call this an improvement.

State media in January reported that China's four biggest power producers had

Fed's New Rules Are Letdown on Wall Street

Big Wall Street banks like Goldman Sachs Group and Morgan Stanley won't get the relaxation of capital requirements that they hoped for under the Trump administration.

That is the key takeaway from proposed changes to the annual stress-test process announced by the Federal Reserve on Tuesday. These tests are crucial to bank investors because they determine how much capital banks must hold, and how much they can pay out to shareholders in dividends and buybacks.

There are proposed changes U.S. banks will like. The stress tests will no longer assume that banks maintain their planned dividends and buybacks throughout a crisis, an unrealistic assumption that bank executives have long grumbled about. The "soft cap" on dividend-payout ratios also will be scrapped, which should allow bank dividend yields to go higher over time.

However, these changes will be roughly offset by the implementation of a new "stress capital buffer" that could raise capital requirements for certain banks. Cur-

rently banks must hold a fixed buffer equivalent to 2.5% of risk-weighted assets, above and beyond minimum levels.

That would be replaced with a new, adjustable buffer that has a floor of 2.5% but could go higher, based on how much capital a bank loses in the hypothetical stress scenario.

The Fed said the changes should maintain capital requirements at around their current levels, in some cases increasing them for the biggest global institutions but modestly reducing them for others.

Nomura Instinet analyst Steven Chubak estimates that Goldman and Morgan Stanley could have to retain some additional capital due to the changes. For investors, that means marginally less payouts. These investment banks tend to see swifter losses during the stress tests due to their market sensitivity.

Banks are still benefiting from other regulatory changes. But the stress tests, which fall heaviest on shareholders, aren't going to get much lighter.

—Aaron Back

Why Investors Have Soured on Russia

Parting Ways

Year-to-date change



Source: FactSet

That would limit growth, but with just \$13 billion of corporate foreign-currency debt maturing in 2018, according to TD Securities, it wouldn't cause a crisis. In the longer term, Russia's total central-bank reserves cover 85% of the country's external debt, both public and private, emerging-market fund manager Ashmore notes.

Still, there is the risk of market disruptions related to the flow of Russian payments through international banks. A potential clash over Syria is just adding to the list of worries investors face.

The Russian economy is healthier than in the past, when sanctions coincided with low oil prices. Since then, Russia has built credi-

bility by running tight monetary policy, bringing inflation down, and adopting conservative macroeconomic policies. Government debt is low at 13.7% of gross domestic product, according to Moody's.

Russia's attractive yields and solid monetary policy made the country a hot destination for foreign investors, who held more than one-third of domestic Russian government bonds in March.

The trade was rewarding in a yield-challenged world. But now, cheaper valua-

tions for Russian stocks, bonds and the ruble face a big offset in geopolitical risks. It may take time for investors to feel confident that returning to Russia is the right bet.

—Richard Barley

OVERHEARD

Brexit hasn't quite happened yet, but the U.K.'s exit from the European Union is getting closer.

The latest acknowledgment is from Europe's statistics agency Eurostat.

On Tuesday, the statistics agency published a new set of EU figures that exclude the U.K. and instead aggregate the results of the remaining 27 member states.

Eurostat said it was responding to "strong demand"

for such data from users.

Among the updates are EU gross domestic product, which in 2017 was €13 trillion (\$16.04 trillion) for the remaining 27, versus €15.3 trillion for the 28.

EU inflation is, of course, lower without the U.K., averaging 1.4% over the year through February versus 1.7% including the U.K.

This may be a largely symbolic move, but it is a small step on the road to post-Brexit reality.