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DJIA 21058.33 ▲ 0.24% NIKKEI 19860.03 ▲ 1.07% STOXX 600 391.66 ▲ 0.43% BRENT 51.29 ▲ 1.04% GOLD 1264.00 ▼ 0.63% EURO 1.1216 ▼ 0.26% DLR \$111.28 ▲ 0.45%

What's News

Business & Finance

PG dropped its \$2.76 billion takeover pursuit of Akzo Nobel, ending a bitter standoff between two of the world's oldest industrial companies. **B1**

Intelsat bondholders failed to back a tie-up that SoftBank was trying to orchestrate between OneWeb and the satellite firm. **B4**

China's central bank guided the yuan to its biggest one-day jump in roughly five months. **A1**

GM is limping into the summer selling season, getting passed by Ford as the top seller in May and laying groundwork for more job cuts. **B1**

Barclays completed the planned sell-down of its African business, reducing its stake in the unit to 15%. **B5**

The EU agreed to terms for the multibillion-dollar bailout of MPS, one of Italy's biggest banks. **B7**

Emerging markets are the calmest they have been in nearly three years, helping to draw a surge of funds and boosting returns. **B8**

American Express has won the rights to become the exclusive issuer of Hilton Worldwide credit cards. **B5**

Uber said its head of finance is leaving, as the company reported continued big losses despite increasing revenue. **B3**

Deere said it would acquire Wirtgen, a German construction-equipment maker, for \$4.9 billion. **B3**

World-Wide

The House intelligence panel issued seven subpoenas, in a sign that its Russia investigation is intensifying. **A5**

Ex-FBI head Comey is expected to testify as early as next week that Trump asked him to back off the Flynn investigation. **A5**

China's premier said his country would stick with the Paris climate accord, as world leaders pledged international cooperation on climate policy. **A1**

Trump renewed a waiver that keeps the U.S. Embassy in Israel in Tel Aviv instead of moving it to Jerusalem. **A1**

Afghan President Ghani ordered the execution of nearly a dozen jailed members of a group that authorities say carried out the attack in Kabul. **A4**

Philippine troops accidentally killed 11 of their comrades as they battled Islamist militants. **A3**

A French prosecutor opened a preliminary probe into the past business dealings of one of Macron's ministers and closest allies. **A4**

The BOE faces possible strike action by some staff in a protest at what their union called a "derisory pay settlement." **A4**

Hiring at private U.S. employers increased last month at the fastest pace since 2014. **A5**

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China: RMB28.00; Hong Kong: HK\$23.00;
Indonesia: Rp25,000 (incl PPN);
Japan: Yen620 (incl JCT); Korea: Won4,000;
Malaysia: RM750; Singapore: \$55.00 (incl GST)

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WORLD NEWS

China's Propaganda Machine Elevates Xi

State-backed publicity appears to proclaim leader a philosopher on par with Mao and Deng

BY CHUN HAN WONG

BEIJING—Since Chairman Mao's days, China's most-powerful leaders have been exalted as its greatest thinkers.

Today, President Xi Jinping appears primed to join those elite ranks, a sign of his rising clout ahead of a pivotal Communist Party leadership shuffle this fall.

A crescendo of state-backed publicity and research on Mr. Xi's policies this year bears the hallmarks of a campaign to proclaim him a great socialist thinker, whose ideas are driving China's renaissance as a global power.

The aim, China watchers say, is to enshrine a set of Mr. Xi's theories in the Communist Party charter, cementing his unrivaled authority and casting him as worthy successor to Mao Zedong the revolutionary and Deng Xiaoping the reformer.

"Mao saved China from bulies, Deng saved China from hunger," said Deng Yuwen, a former deputy editor of the Study Times, a newspaper published by the elite Central Party School. "Now Xi wants to restore China's greatness and self-confidence, and make it a leader of the world."

In recent months, senior officials have touted Mr. Xi's "new concepts, new thoughts and new strategies on governance" as a landmark contribution to Chinese socialism. Party academics have praised the president's philosophies in fighting corruption, instilling party discipline, overhauling the economy and military, and asserting China's power abroad.

Articles discussing "Xi Jinping Thought on Governance" have proliferated in party publications and academic journals. Government planners are funding more research into Mr. Xi's theories. And state



Observers say President Xi Jinping, seen in Beijing in May, seems eager to outdo his predecessors.

media have churned out portrayals of Mr. Xi as a visionary statesman who has "roused the Chinese lion."

Mr. Xi's governance ideas are "centered on the goal of realizing the China Dream" of national rejuvenation, Central Party School Prof. Yan Shuhuan wrote in the party-run People's Tribune magazine in March.

The campaign comes ahead of a Communist Party congress that will name China's new leadership team for the next five years. Mr. Xi faces no clear challenger, having used disciplinary

campaigns to neuter rivals and demand fealty, while eroding the collective-leadership model honed by recent predecessors. Along the way, he collected titles signifying his dominance, becoming commander-in-chief of China's military and the party's "core" leader.

But Mr. Xi's bid to accrue accolades also suggests insecurity.

Resentment simmers over his attacks on vested interests in government, state-owned industry and the military. Anxiety is deepening over China's economic vitality,

amid rising debt levels and slowness in policy changes to retool the economy.

In this regard, Mr. Xi's claims to philosophical prowess represent a concerted propaganda effort to boost his legitimacy, clubbing together disparate policy ideas into a superficially coherent program, some observers say.

"For all his efforts in accumulating power, Xi still confronts a lot of policy inertia and bureaucratic inaction," said a respected politics professor in Beijing. "Mao and

embezzlement and bribery.

None of those sentenced could be reached to comment. None have publicly commented since being taken into custody.

A social-media account connected to the Communist Party commission that oversees law enforcement called Wednesday the single biggest day of judgment for high-level officials since President Xi Jinping came to power nearly five years ago.

By punishing so many top officials in one day, some analysts said, Beijing is making a point that there would be no letup in the crackdown. —Eva Dou

Beijing Intensifies Corruption Fight

Number of senior officials sentenced continues to rise

BEIJING—Chinese courts sentenced an unusually large number of senior officials on corruption charges this week—a visible stepping up of the government's yearslong antifraud campaign ahead of a leadership transition.

Officials sentenced on Wednesday included former provincial vice governors, senior

bureaucrats and ex-chiefs of major state enterprises, state media reported. Deposed Wuhan Iron & Steel Chairman

Deng Qilin got 15 years in prison for accepting money for business favors and promotions. China Telecom's Chang Xiaobing received a six-year sentence for taking bribes.

Wang Baona, a former head of the statistics agency, was given a life sentence, also for bribery.

On Thursday, Song Lin, the ousted chairman of major state-owned enterprise China Resources Holdings Co. received a 14-year sentence for

embezzlement and bribery. None of those sentenced could be reached to comment. None have publicly commented since being taken into custody.

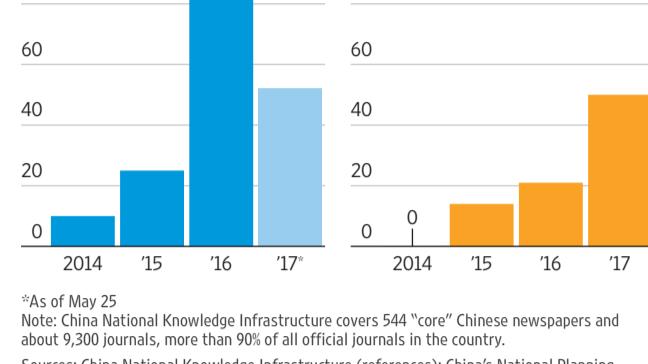
A social-media account connected to the Communist Party commission that oversees law enforcement called Wednesday the single biggest day of judgment for high-level officials since President Xi Jinping came to power nearly five years ago.

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In Theory

Chinese President Xi Jinping's theories on governance have attracted growing media and academic attention ahead of a pivotal leadership shuffle later this year.

References to 'Xi Jinping Thought on Governance' in media and academic headlines

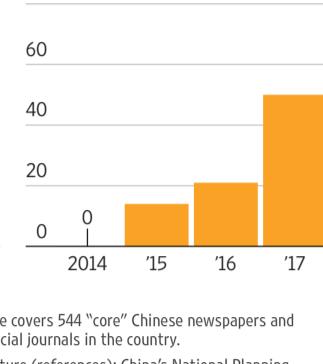


*As of May 25

Note: China National Knowledge Infrastructure covers 544 "core" Chinese newspapers and about 9,300 journals, more than 90% of all official journals in the country.

Sources: China National Knowledge Infrastructure (references); China's National Planning Office of Philosophy and Social Science (research topics)

Research topics linked to Xi's theories eligible for grants from the National Social Science Fund



Indonesian Volcano Remains a Hot Spot



ERUPTION: A bystander watches as Mount Sinabung spews ash in North Sumatra. The volcano has remained highly active since 2013.

YUAN

Continued from Page One
for now to strengthening the currency. The new method could also help smooth swings against the dollar. As a result, many analysts have revised their forecasts for the yuan, and now project a smaller decline or even a slight gain for this year.

"What the PBOC is telling investors is that the [yuan] can appreciate against the U.S. dollar," said Larry Hu, China economist at Macquarie.

The central bank has been intervening in the onshore market in recent days, traders say, directing state-owned banks to buy yuan and sell dollars to prop up the currency. Without that intervention, the yuan wouldn't have become so strong, said a Shanghai-based senior trader with a domestic bank.

"The key question for everyone now is when the PBOC

will let this round of appreciation end," the trader said. "These are quite uncertain times for yuan traders."

Soaring borrowing costs for the yuan in Hong Kong have also propelled the Chinese currency higher outside of China, where it trades more freely. That overnight yuan borrowing rate hit 42.82% on Thursday, up from 21.08% on Wednesday. The offshore yuan rose as much as 0.3% from its level late Wednesday before giving up its gain; in late Asia trading, it was down 0.2% at 6.7591 to the dollar.

There are several theories as to why Beijing is allowing the yuan to strengthen so much right now.

Some analysts and traders say the central bank could be pre-emptively warning investors off betting against the yuan in an effort to keep the currency stable. While the Moody's downgrade on May 24 didn't reveal any new fragilities in China's economy, it

On a Tear

Yuan per dollar*



*Scale is inverted to show yuan's strength.
As of late trading in Asia
Source: Wind Information

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highlighted the risks associated with the rapid debt buildup that is fueling recent economic growth.

Another theory is that China's central bank is taking the opportunity afforded by the dollar's weakness against several currencies to strengthen the yuan. That should provide more leeway to

allow weakening against the dollar later this year if the economy cools or the U.S. central bank raises interest rates further.

Allowing the yuan to rise more against the dollar could also be a way to stem its fall against trading partners' currencies. The yuan had already been rising against the dollar before its recent dramatic moves, but the Korean won and Mexican peso were rising faster. An index of the yuan's value against a basket of currencies fell Friday to its lowest level since it was first published by the central bank in 2015.

The upswing could also be meant to help make China's domestic bonds more attractive to foreign investors. The People's Bank has approved a so-called bond-connect program between the mainland and Hong Kong, giving offshore investors increased access to Chinese debt. China has been trying to attract foreign money; net capital outflows rose to more than \$20

billion in April, according to the Institute of International Finance.

"Nobody wants to invest in a country when you expect the currency to fall," said Mirza Baig, head of foreign-exchange and interest-rate strategy for Asia at BNP Paribas in Singapore.

—Shen Hong and Lingling Wei contributed to this article.

Mr. Trump isn't the first

presidential candidate to promise an embassy move—former Presidents Bill Clinton and George W. Bush made similar comments as candidates that went unfulfilled.

But some officials and diplomats took Mr. Trump's pledge more seriously, as he continued to keep the possibility open.

As a candidate, Mr. Trump had promised to move the embassy in Israel to Jerusalem.

ity open once he took office. He still could make the move eventually.

U.S. Ambassador to Israel David Friedman, who recently began his post, is working from Tel Aviv, officials said. He has supported moving the embassy to Jerusalem.

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WORLD NEWS

Philippines Stumbles in War on Militants

Military accidentally kills 11 soldiers in bombing of Islamist bastion of Marawi

By JAKE MAXWELL WATTS

Philippine troops accidentally killed 11 of their comrades as they battled Islamist militants, the latest in a series of incidents illustrating how the military is struggling to contain the threat of rebel groups.

Soldiers are fighting street by street in the southern city of Marawi with the Muslim-extremist Maute group, which raised the black Islamic State flag there more than a week ago after authorities attempted and failed to arrest the leader of an allied faction.

The friendly fire incident announced Thursday, in which an airstrike Wednesday used unguided ordnance after the military ran short of guided missiles, came as the government said eight of the militants killed in fighting there were citizens of Saudi Arabia, Yemen and other foreign countries. That announcement bolstered fears that the complexion of the Philippines' militant uprising was becoming increasingly international, as Islamic State, also known as ISIS, loses territory in Iraq and Syria.

The threat is all the more severe given the longstanding failure of the Philippine military to eradicate the many extremist groups that recruit from the poor, marginalized Muslim communities in the jungles of the southern island of Mindanao. The region, which includes Marawi, has spawned and supported myriad insurgencies dating back to at least the 1970s. Successive governments have promised to bring peace to Mindanao, but none have.

Security experts fear that disparate extremists are coalescing in Mindanao under the Islamic State banner, es-



RONED RANO/REUTERS

Philippine troops are fighting street by street in the city of Marawi, parts of which were seized by militants more than a week ago.

tablishing themselves in a country with a weak rule of law, thriving illegal arms trade and ready supply of brutal criminal factions.

"It's not just Mindanao per se that is threatened," said Kumar Ramakrishna, a security expert at the S. Rajaratnam School of International Studies in Singapore. The rest of Southeast Asia "could well be targeted for both recruitment and attacks against Western and allied interests."

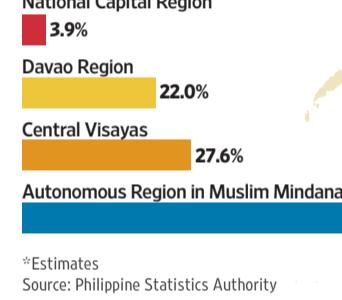
The Philippine military has received training and advice from foreign powers such as the U.S. and Australia, but is ill-equipped to deal with such a complex threat, analysts say.

Wednesday's deadly mishap increases by about half the government's casualties in the battle for Marawi, now at least 31. The incident also undermines the military's reassurances to civilians, told for more than a week that they are safe from its "precision"

Regional Inequality

Mindanao's Muslim-majority areas, where a militant uprising is underway, is far poorer than the main tourist and metropolitan areas of the predominantly Catholic Philippines.

Percentage of the population living below the poverty line in 2015*



*Estimates

Source: Philippine Statistics Authority

airstrikes and mortar fire.

The aircraft in the case, officials said, was a propeller-driven Marchetti S-260, a



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training and light-attack plane also made for civilian use.

"While we mourn the loss of our valued men, we will at-

tend to their bereaved families and provide comfort and solace to them during this trying time," the armed forces said in a statement.

Many of the extremist fighters involved in clashes with the military, meanwhile, live to fight on. Of the estimated 500 fighters officials say occupied Marawi more than a week ago, many are thought to have slipped away, past military checkpoints. It isn't clear whether Isnilon Hapilon, the militant leader whose attempted arrest triggered the battle, has also escaped. Officials believe he may still be in Marawi.

The Philippines armed forces didn't reply to a request to comment on its capacity to defeat the militants. In a statement Thursday, the military said it "will take down every Maute-ISIS member that continue to desecrate the Islamic City and thwart the security forces from re-

storing peace and order in this part of Mindanao."

While the threat from extremist groups like the Maute is growing, no evidence exists that they and other groups pledging their allegiance to Islamic State have received direct instructions from Islamic State leaders in the Middle East. Experts say the link is instead aimed at attracting new followers.

Southeast Asia, home to about 40% of the world's Muslims, is at particular risk of further radicalization. That is especially true in places like Mindanao's Muslim areas, where entrenched poverty and poor education alienate citizens from the Philippines' Roman Catholic majority. The Philippines lacks any structured extremist rehabilitation program, shown to be effective in countries such as Indonesia and Singapore.

Fears are gathering that the militants in Mindanao will declare a caliphate if the government doesn't defeat them, a symbolic move that could attract attention and followers even though they lack the numbers to permanently hold a meaningful area.

Philippines President Rodrigo Duterte, who was for two decades the mayor of Mindanao's largest city, Davao, raised hopes that he would build bridges to the region's older and more peace-inclined militant groups when he came to power last year. But he has made little progress. This week, he dismissed any negotiations with the extremists on Marawi, adding that he was determined to keep Islamic State out of the country.

The president "may have been overconfident in believing that his experience in dealing with communist rebels in Davao City over the years would translate into success at the national level," said Marc Singer, director of business intelligence at risk-assessment firm PSA Group in Manila.

South Korea Presses U.S. on Missiles

By JONATHAN CHENG

SEOUL—South Korean President Moon Jae-in raised concerns with a visiting U.S. delegation about whether President Donald Trump would press Seoul to pay more for the American military presence here, and questioned how a controversial U.S. missile-defense system was deployed.

Mr. Moon's concerns, expressed in a meeting Wednesday with Sen. Dick Durbin of Illinois, the second-ranking Senate Democrat, hint at potential friction between the two allies as the South Korean leader prepares to meet Mr. Trump in Washington this month.

Expected to be high on the meeting's agenda, Mr. Durbin said, is the Terminal High-Altitude Area Defense, or Thaad, missile-defense system the U.S. has deployed in South Korea under Mr. Moon's predecessor. The two countries' defense ministers were also expected to discuss the matter this week in Washington.

"There is real uncertainty now about the future of the Thaad missile deployment," Mr. Durbin said in an interview after he and his aides met Wednesday with Mr. Moon. "It appears the new president wants to take this through a political process."

Mr. Moon has said he wanted to review the decision process. But he told Mr.

Durbin that he didn't intend to reverse Thaad's deployment, according to the presidential Blue House on Wednesday. Mr. Moon, according to the account, only wanted to ensure that the decision complied with procedure.

The missile-shield system has roiled South Korea's political scene for months. Former President Park Geun-hye was a strong Thaad supporter before she was impeached and removed from office this year.

During the election campaign, Mr. Moon criticized the deployment process, which he said wasn't transparent, and pledged to would review it as president.

Then on Wednesday, the president's office accused the

South Korean defense minister of deliberately withholding from a report to Mr. Moon the fact that additional Thaad components had arrived in the country. Mr. Moon said he was shocked by the discovery, his spokesman said. The ministry hasn't addressed the accusation.

Mr. Durbin, who also met in Seoul with the South Korean defense minister and national security chief, said that Mr. Moon appeared to object mainly to "the fact that [Thaad] was done by the previous government."

The U.S. lawmaker said the Thaad decision-making process was conducted with full transparency. "There may have been some miscommunication



JUNG YEON-JE/AGENCE FRANCE PRESSE/GTY IMAGES

U.S. and South Korea leaders will discuss military issues in June.

within the government of South Korea, but I don't think there's been any effort by the U.S. in any way to mislead the Koreans about what we're proposing," Mr. Durbin said.

Mr. Durbin acknowledged

that the deployment process "could have been done differently," but added: "If South Korea does not want the Thaad missile system, it's \$923 million that we can spend some other place."

CLIMATE

Continued from Page One
European officials say will rise if the U.S. withdraws from the Paris agreement.

German and Chinese executives and officials paraded in front of the cameras in Ms. Merkel's Chancellery on Thursday to sign 11 business and science deals as she and Mr. Li stood behind them.

The agreements included one between Volkswagen AG and China's state-run Anhui

Jianghuai Automobile Group Holding Co. to develop electric cars and one between Germany's DZ Bank AG and the China Development Bank to intensify cooperation in trade financing and other areas.

"We live in times of global uncertainty, and we feel a responsibility to expand our partnership in various areas and to push for a rules-based world," Ms. Merkel said. "We are committing to open markets and rules-based global trade."

Neither leader mentioned

deepen their ties and to work through international institutions.

"Both of us are on the side of multilateralism," Mr. Li said.

European officials have said the U.S. would cede some of its global influence to China if it withdraws from the Paris accord. They have also suggested that if the U.S. exits, they will work more closely with China to try to meet the accord's aims.

"If the U.S. decides to retreat, the vacuum it leaves needs to be filled," European

Commission President Jean-Claude Juncker said at another event in Berlin, according to his spokeswoman. He was scheduled to meet the Chinese prime minister later in the day.

The European Union and China were expected to sign a statement on Friday calling for "stepping up action" in the shift from fossil fuels to renewable energy, according to a draft of the document viewed by The Wall Street Journal.

"The EU and China underline their highest political commitment to the effective implementation of the Paris Agreement," the draft states. "They call on all parties to uphold the Paris Agreement."

Ms. Merkel, one of the most prominent supporters of the Paris agreement, said in the news conference with Mr. Li that she was happy that China would stick to the deal.

She and other world leaders had tried to persuade Mr. Trump not to withdraw from it at the recent Group of Seven summit in Sicily. She later described the climate talks at the summit as "very unsatisfactory."

Ms. Merkel declared last Sunday that Europe could no longer "rely on others completely," a reference to the uncertainty among many Euro-

Brussels Hosts EU, China Summit

Little progress on cross-investments is expected as protectionism swells

European Union and Chinese leaders were scheduled to gather in Brussels on Thursday to strengthen ties amid increasingly tense relations with the U.S., but a brewing fight over investments bedevils their efforts to tighten economic links.

Prime Minister Li Keqiang of China will seek joint responses to global issues and firmer bilateral relations.

The EU and China are set to claim a quick diplomatic win on climate change—doubling down on the Paris agreement as U.S. President Donald Trump leans toward with-

drawing from the deal. They are also expected to address foreign-policy issues, such as tensions over North Korea's push to acquire nuclear arms.

Ahead of the summit, EU officials warned that progress would likely prove elusive on improving European access to the Chinese market—almost four years after Brussels and Beijing started negotiating an investment agreement.

Beijing's trade restrictions have crippled European investments in China during that period, while Chinese companies invested a record \$48 billion in EU companies last year. That is fueling a protectionist backlash from EU governments and lawmakers, who are calling on the European Commission, the bloc's executive, to set up a mechanism to review foreign investments in Europe.

—Emre Peker and Natalia Drozdik

Chinese Premier Li Keqiang and German Chancellor Angela Merkel at a news conference Thursday.



TOBIAS SCHWARZ/AGENCE FRANCE PRESSE/GTY IMAGES

peans about Mr. Trump's commitment to the trans-Atlantic alliance. She has spent much of this week working to deepen ties to Asia.

Before she hosted Mr. Li for talks Wednesday and Thursday, she and her cabinet ministers met with their Indian counterparts on Monday and Tuesday.

Ms. Merkel promised to support India in its implementation of the Paris agreement and praised the country for understanding "what a challenge the issue of climate change represents for all of us." Afterward, Ms. Merkel's spokesman referred to Indian Prime Minister Narendra Modi as a "reliable partner."

WORLD NEWS

U.K. Polls Tighten As Election Nears

By JASON DOUGLAS

LONDON—For British Prime Minister Theresa May, what looked like a sure thing is starting to look more like a gamble.

When she called an election on April 18, some opinion polls showed her Conservative Party leading the main opposition Labour Party by more than 20 percentage points. That would have expanded her working majority in the House of Commons from 17 seats to as many as 150.

Just a week before the vote, many of those polls show that lead has shrunk to single digits—though none point to an outright Labour win. On Thursday, polling firm YouGov PLC said her advantage had dwindled to 3 percentage points and suggested her party could lose seats. That would deprive her of the solid majority she says is essential in looming Brexit talks with the European Union.

Failing to win big would be a blow for the prime minister, who led her party into this election hoping to exploit the apparent unpopularity of Labour and its leader, Jeremy Corbyn, a veteran left-winger beloved by young activists but

less popular than Mrs. May among most voters.

"If it looks like it was in the bag and it was mishandled, then that's not going to give her the same authority within the party," said Anthony Wells, director of political and social research at YouGov.

Mrs. May's failure to maintain her lead in the polls is the result of Conservative missteps and a better-than-expected public reception for Labour, analysts say.

The prime minister began her campaign with a focus on leadership, contrasting her experience in government with Mr. Corbyn's lack of it. But her party's manifesto, published in the week before a suicide bomber killed 22 in Manchester, was poorly received. The slip was blamed on a complex plan to finance elderly care, a proposal that graying voters rejected.

Labour's manifesto was packed with clear policies with broad appeal, especially to those who had voted Labour in the past but hadn't made up their minds. The party said it would nationalize railways and pay for college tuition and child care.

At campaign stops and on television debates, Mr. Cor-

byn's avuncular style contrasted with Mrs. May's stilted performances and her repetition of her mantra of "strong and stable government."

Her opponents have seized opportunities to turn Mrs. May's emphasis on leadership against her. "The first rule of leadership is to show up," said Caroline Lucas, co-leader of Britain's Green Party, at a television debate Wednesday night attended by all party leaders except Mrs. May.

YouGov's poll was accompanied by an analysis projecting the makeup of the next Parliament based on a separate and continuing survey of as many as 50,000 voters. Its modeling suggested the Conservatives are on course to win 317 seats at the June 8 vote. That is 13 fewer than the party currently holds and short of the 326 needed to secure a majority in the 650-seat House of Commons.

YouGov cautioned that the projection is a median estimate and the same modeling yielded a range of gains and losses for the Conservatives, from a low of 285 seats to a high of 353.

The election will also be seen as a fresh test for pollsters in Britain, who have been



Prime Minister Theresa May's call for a June 8 vote looks like more of a gamble than it did in April.

revamping their methods after Mrs. May's predecessor, David Cameron, defied expectations to win a comfortable victory in 2015. Polls also underestimated the strength of voters' support for Brexit ahead of last year's referendum.

A multitude of other surveys published by rival polling firms show a wide variation, with a Panelbase survey Thursday giving the Conservatives an 8-point lead. Analysts say the variation reflects differences in how results are weighed to reflect factors including voter turnout among different groups.

With her poll lead slipping,

Mrs. May has tried to wrest the election debate back to Brexit, perceived as her strongest card, and to play down the surveys. At a recent campaign event, she fielded questions from factory workers, a format that contrasted with her more stage-managed appearances before party loyalists and media.

"There's only one poll that matters and that's the poll that's going to take place next Thursday," Mrs. May said at a speech deep in Labour territory in northeast England.

Some Conservative candidates say the narrowing in the polls is helping to encourage

supporters and wavering voters to cast ballots rather than stay home.

Jacob Rees-Mogg, a Conservative lawmaker, said that with the prospect of a Labour government negotiating Brexit, there has been a shift back to the party and Mrs. May.

"Corbyn and Brexit remain absolutely at the heart of the campaign," Mr. Rees-Mogg said. "That is why I think the Conservatives will win—Corbyn is ultimately very unpopular and people want a good Brexit negotiation."

—Jenny Gross contributed to this article.

Afghan Leader Orders Execution of Jailed Militants After Bombing



KABUL—President Ashraf Ghani ordered the execution of jailed members of a militant group that authorities say carried out the massive truck bomb attack in Kabul that killed more than 90 people, one of the worst attacks in the capital since 2001.

It wasn't immediately known on Thursday if the death sentences for 11 members of the group, the Haqqani network, had been carried out. But the Tali-

ban, Afghanistan's largest insurgency, said it would retaliate with attacks on Kabul if they were. It added that the Afghan government's foreign supporters also would be held responsible.

Mr. Ghani took the step against jailed members of the network as funerals were held across the capital for many of the more than 90 people killed in Wednesday's attack and as public anger swelled over the

failure of the government to protect Kabul's residents.

Near the location of the blast, mourning gave way to protest as a small group of demonstrators called on senior officials of the U.S.-backed government to resign in the wake of the attack.

The truck bomber struck just outside the area where most foreign embassies and military bases in Kabul are located, and marked the first time Afghan

militants had succeeded in hitting close to the so-called Green Zone, though authorities were uncertain what, exactly, the bomber was targeting.

Most of the dead and more than 400 people wounded, including those shown above in a hospital, were Afghans on their way to work. The Haqqani network is a branch of the Taliban.

—Jessica Donati and Habib Khan Totakil

Putin Refers to 'Patriot' Hackers

By NATHAN HODGE AND JAMES MARSON

ST. PETERSBURG, Russia—Russian President Vladimir Putin suggested what he described as patriotic Russian hackers could have been behind cyberattacks that have damaged relations with the U.S. and other countries, but repeated denials that the Russian state was involved.

"If they [hackers] are feeling patriotic they will start contributing, as they believe, to the justified fight against those speaking ill of Russia. Is that possible? In theory, yes.

At the government level, we never engage in this," he told international media at an investment conference here.

Addressing a question about whether hackers from Russia could meddle in German elections this year, Mr. Putin also suggested that technology could have been used to make it look like Russia was the source of attacks.

U.S. security officials say Russia interfered in the presidential election with cyberattacks, claims Moscow has denied. Investigations into the alleged interference have damaged chances for a quick im-

provement in relations between Russia and the U.S. under President Donald Trump.

Answering a question about growing "Russophobia" around the world, Mr. Putin said anti-Russian sentiment was counterproductive.

"In my opinion, this is due to the fact that a multipolar world is being established, and this is not to the liking of monopolists," Mr. Putin said. "This is not the least due to Russia's struggle for its interests—I want to emphasize, for its legitimate interests."

Russia has been under U.S. and Western sanctions over Moscow's annexation of the Black Sea peninsula of Crimea in 2014 and its backing of separatists in eastern Ukraine. The Obama administration late last year expelled what it said were 35 intelligence operatives allegedly serving under diplomatic cover in retaliation for alleged use of cyberattacks to interfere in the election.

The Kremlin hasn't retaliated over the December expulsions, but the Russian Embassy in Washington posted a quote on Wednesday from Kremlin aide Yury Ushakov: "Nobody has canceled the principle of reciprocity in diplomacy."

WORLD WATCH

AUSTRALIA

Man in Airline Threat Is Called Mentally Ill

A man who threatened to blow up a Malaysia Airlines flight before being subdued by fellow passengers had a history of mental illness, Australian police said.

Flight MH128 from Melbourne to Kuala Lumpur was forced to turn back shortly after takeoff late Wednesday after a 25-year-old Sri Lankan citizen tried to enter the cockpit while claiming to have a backpack bomb, airline officials and police said.

"I can't go into specifics at the moment, but it wasn't an explosive device. What was in the backpack I would describe as a device," Victoria Police Superintendent Tony Langdon said. "The contents of the backpack were such that they were able to get through [regular security checks] and the contents of it posed no threat."

The man, later identified by police as Sri Lankan student Manodh Monaragala Marks, was overpowered by crew members and passengers who used belts from their pants to tie his hands as the airliner returned to Melbourne.

Australian counterterrorism police boarded the plane upon landing and Mr. Marks, a Melbourne resident, was taken into custody.

—Rob Taylor

FRANCE

Prosecutor Opens Probe of Macron Aide

A French prosecutor opened a preliminary probe into the past business dealings of one of Emmanuel Macron's ministers and closest allies, muddying the president's effort to win legislative elections on a promise to clean up politics.

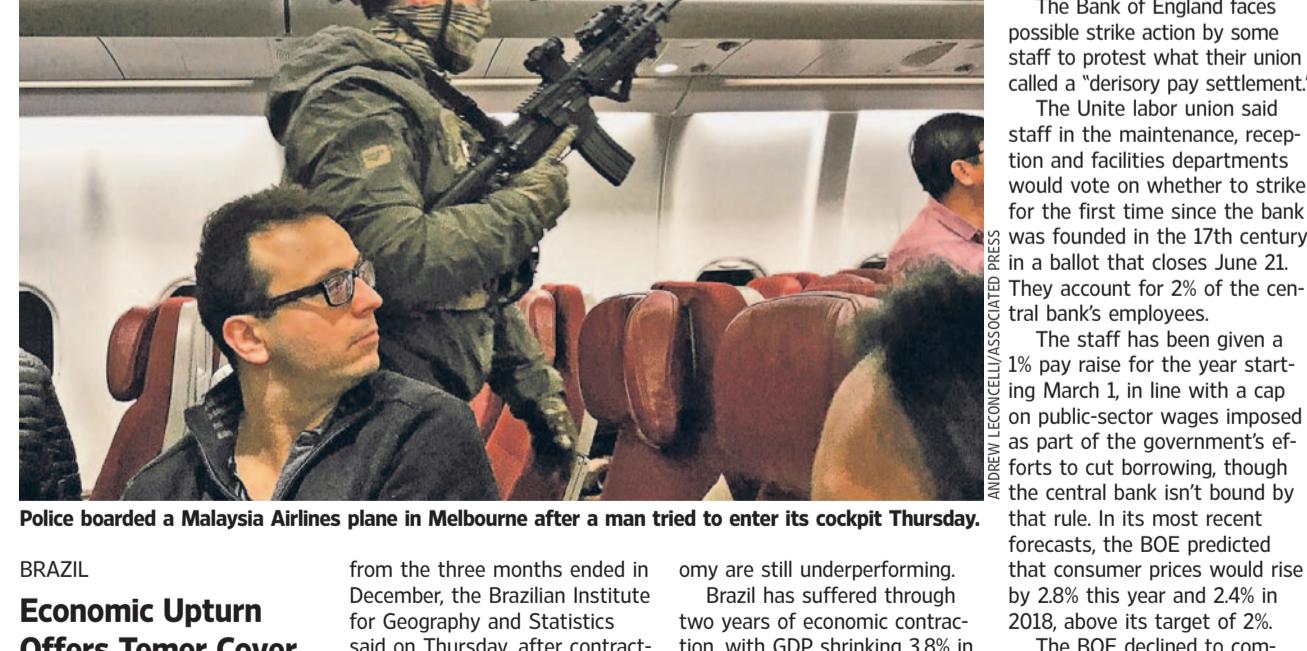
The probe will examine whether Housing Minister Richard Ferrand—who ran Mr. Macron's presidential campaign—damaged property or violated rules of probity during his term as an executive at health insurer Mutualites de Bretagne, said Eric Mathias, a prosecutor in Brest, the town where the company is based.

The preliminary probe comes after satirical weekly *Le Canard Enchainé* reported that Mr. Ferrand's companion won a contract to rent a building to Mutualites de Bretagne in 2011 when Mr. Ferrand led the insurer.

Other French media reported Mr. Ferrand continued to work as a consultant for Mutualites de Bretagne while serving as a lawmaker and participating in parliamentary debates about health-insurance overhauls.

A spokeswoman for Mr. Ferrand didn't respond to requests for comment. He denies any wrongdoing or illegal activity.

—William Horobin



Police boarded a Malaysia Airlines plane in Melbourne after a man tried to enter its cockpit Thursday.

BRAZIL

Economic Upturn Offers Temer Cover

The economy has emerged from its worst recession on record, offering President Michel Temer some breathing room as he resists calls for his resignation over corruption allegations.

Gross domestic product in Latin America's biggest economy expanded by a seasonally adjusted 1% in the first quarter

from the three months ended in December, the Brazilian Institute for Geography and Statistics said on Thursday, after contracting for eight consecutive quarters.

The economy shrank 0.4% in the first quarter from a year earlier.

Many economists warned that Brazil isn't out of the woods because the abundant harvests won't be repeated in the second quarter and because most other parts of the econ-

omy are still underperforming.

Brazil has suffered through two years of economic contraction, with GDP shrinking 3.8% in 2015 and 3.6% last year.

The long-awaited economic turnaround, even if it fizzles in the second quarter, couldn't come at a better time for Mr. Temer, who recently was accused by a business executive of demanding bribes.

Mr. Temer has denied any wrongdoing.

—Jeffrey T. Lewis

UNITED KINGDOM

Central-Bank Staff Threaten to Strike

The Bank of England faces possible strike action by some staff to protest what their union called a "derisory pay settlement."

The Unite labor union said staff in the maintenance, reception and facilities departments would vote on whether to strike for the first time since the bank was founded in the 17th century, in a ballot that closes June 21.

They account for 2% of the central bank's employees.

The staff has been given a 1% pay raise for the year starting March 1, in line with a cap on public-sector wages imposed as part of the government's efforts to cut borrowing, though the central bank isn't bound by that rule. In its most recent forecasts, the BOE predicted that consumer prices would rise by 2.8% this year and 2.4% in 2018, above its target of 2%.

The BOE declined to comment on the ballot.

Unite said workers in the departments being balloted can earn as little as £20,000 (\$25,783) a year.

The dispute comes as a pickup in inflation, driven in part by the pound's depreciation in the wake of the June 2016 Brexit vote, has squeezed Britons' spending power.

—Paul Hannon

U.S. NEWS

Subpoenas Advance Russia Investigation

House panel seeks information on alleged election meddling, unmasking of officials

By BYRON TAU
AND SHANE HARRIS

WASHINGTON—The House Intelligence Committee has issued seven subpoenas, according to people familiar with the matter, in a sign that its investigation into alleged Russian meddling in the 2016 election is intensifying.

The Republican-led committee issued four subpoenas related to the Russia investigation, targeting President Donald Trump's former national security adviser, Mike Flynn, Mr. Trump's personal attorney, Michael Cohen, and their businesses. The committee is also investigating possible ties between Mr. Trump's associates and Russia.

The other three subpoenas were issued to the National Security Agency, the Federal Bureau of Investigation and the Central Intelligence Agency for information about a procedure known as "unmasking."

The subpoenas are related to questions about how and why the names of the GOP president's associates were unredacted and distributed within classified reports by officials in the administration of former President Barack Obama, a Democrat, during the transition between presidents.

Wednesday's requests were the first subpoenas issued by the House committee in the Russia investigation so far and showcase the continuing divide within the committee over the probe's direction. Democrats are seeking an aggressive investigation into Mr. Trump and his associates, and Republicans are pushing for a probe into the unmasking.

Mr. Trump tweeted early Thursday: "The big story is the 'unmasking and surveillance' of people that took place during the Obama Administration."

The Senate Intelligence Committee also is examining suspected Russian involvement in last year's presidential campaign. Russia has denied interfering with the election, and Mr. Trump has denied that his associates colluded with the Russian government.

The FBI probe is now headed by former agency Director Robert Mueller, who was tapped by the Justice Department to serve as a special counsel.

The House investigation suffered a setback when its Republican chairman, Devin Nunes of California, was forced to step aside in April after an ethics complaint was filed over his handling of classified materials. Mr. Nunes remains the chairman of the committee but recused himself



DREW ANGERER/GETTY IMAGES

Ex-national security adviser Mike Flynn, left, with the president's personal attorney, Michael Cohen, center, and Energy Secretary Rick Perry.

from the Russia inquiry.

Mr. Nunes signed all seven subpoenas despite his recusal, according to people familiar with the matter. A GOP congressional aide said that the unmasking investigation was now considered separate from the Russia probe, allowing Mr. Nunes to act on his own authority even while recused.

Democrats on the committee criticized the move, saying they didn't consent to the unmasking subpoenas. "This action would have been taken without the minority's agreement. Any prior requests for information would have been undertaken without the minority's knowledge," said a senior Democratic committee aide.

Republicans on the committee are pushing for an investigation of how the names of Mr. Trump's campaign officials became exposed in classified intelligence reports based off intelligence-community intercepts, as well as questions about how classified information about Mr. Trump's associates was given to the media.

Mr. Nunes first raised the issue of unmasking in March based on information he received from the White House.

Typically, information about Americans intercepted in foreign surveillance is redacted, even in classified reports distributed within the government, unless a compelling need exists to reveal, or unmask, them. Unmasking requests aren't uncommon by top intelligence-community officials, but Republicans want to know whether any of the unmaskings of Mr. Trump's campaign officials during the transition were politically motivated.

The most recent subpoenas to the intelligence agencies seek information on any requests made by former national security adviser Susan

Rice, former CIA Director John Brennan and former United Nations Ambassador Samantha Power for names to be unmasked in classified material. The three didn't personally receive subpoenas, the people familiar with the matter said.

Mr. Brennan, Ms. Rice and Ms. Power didn't respond to requests for comment. Ms. Rice in April told CNN she never did anything "untoward" with intelligence collected on U.S. citizens, includ-

ing Mr. Trump's aides working on the transition.

Ms. Power hasn't previously been reported as a potential witness in the probe, so her inclusion in the subpoenas may mean Republicans are broadening their areas of investigation.

Unmasking is typically restricted to high-level officials to safeguard the privacy of Americans caught up in U.S. government spy operations directed at foreign targets. Typi-

cally, only top officials within the intelligence agencies and the administration have the ability to ask for unmasking, which is approved by the agency that controls the information.

Officials have acknowledged the names of some of Mr. Trump's aides were revealed in the classified documents, and Republicans have questioned whether it might have been improper.

The four subpoenas related

to the Russia investigation are aimed at Mr. Flynn and his business Flynn Intel Group LLC, as well as Mr. Cohen, a former Trump Organization attorney, and his law firm. "If subpoenaed, I will work with my lawyers to cooperate with the various investigations," Mr. Cohen said. An attorney for Mr. Flynn didn't respond to a request for comment.

Both have declined to cooperate voluntarily with the probe, but Mr. Flynn is complying with a Senate subpoena for his business records.

The House panel also recently sent a letter to former White House press aide Boris Epshteyn asking him to submit information to the committee.

Mr. Epshteyn briefly served as special assistant to the president in Mr. Trump's administration before departing his post earlier this year. A lawyer for Mr. Epshteyn made the request public on Wednesday.

"Like many others, Mr. Epshteyn has received a broad, preliminary request for information from the House Intelligence Committee," an attorney for Mr. Epshteyn said.

He added: "This is a voluntary request. Mr. Epshteyn has not been subpoenaed, nor do we anticipate that he will be. We have reached out to the committee with several follow-up questions, and we are awaiting their response in order to better understand what information they are seeking and whether Mr. Epshteyn is able to reasonably provide it."

—Shelby Holliday, Carol E. Lee and Del Quentin Wilber contributed to this article.

Comey to Testify Before Lawmakers

BY DEL QUENTIN WILBER

Former Federal Bureau of Investigation Director James Comey will testify before a Senate committee on Thursday in an appearance that is expected to shed light on his interactions with President Donald Trump over the past few months.

Mr. Comey will testify in open session in the morning, followed by a closed session with the panel in the afternoon, a committee statement said.

The testimony before the Senate Intelligence Committee will be Mr. Comey's first time speaking in public following his unexpected firing on May 9 by Mr. Trump.

Mr. Comey wrote in a memo after a February meeting with Mr. Trump in the Oval Office that the president said to him, "I hope you can let this go," referring to the FBI's investigation of former national security adviser Mr. Flynn, according to people who have seen the memo.

Mr. Trump has denied asking Mr. Comey to drop the investigation of Mr. Flynn.

The Oval Office conversation took place shortly after



BLOOMBERG/GETTY IMAGES

Then-FBI Director James Comey on Capitol Hill in early May

Mr. Flynn resigned under pressure for having misled Vice President Mike Pence about the nature of his phone conversations with a Russian diplomat. Mr. Flynn is also being investigated by federal authorities for potential violations of a law regarding the disclosure of work for a foreign power.

In early March, Mr. Flynn filed a retroactive disclosure form with the Justice Department detailing how his firm received \$530,000 in 2016 from a Turkish businessman

through a Dutch company called Inovo BV.

The Senate Intelligence Committee, along with several other congressional panels, is investigating possible collusion by members of the Trump campaign with Russia regarding the 2016 elections.

Mr. Comey was spearheading the FBI's probe into Moscow's interference when he was fired by Mr. Trump.

Mr. Trump has said there was no collusion with Russia and called the investigation a

witch hunt. Russia has denied the allegations.

Following the firing, Deputy Attorney General Rod Rosenstein appointed a special counsel, former FBI Director Robert Mueller, to lead the federal inquiry.

Mr. Comey has spoken to members of Mr. Mueller's team to ensure his testimony won't hurt the special counsel's investigation, according to a person familiar with the matter.

It isn't clear if the White House will seek to intervene and block Mr. Comey's testimony.

Rebecca Watkins, a spokeswoman for Sen. Richard Burr (R., N.C.), the chairman of the intelligence committee, previously said in a statement that the committee "welcomes the testimony of former Director Comey."

Rachel Cohen, a spokeswoman for Sen. Mark Warner, the committee's top Democrat, declined to comment after an earlier Wall Street Journal article said Mr. Comey's testimony was expected.

—Byron Tau contributed to this article.

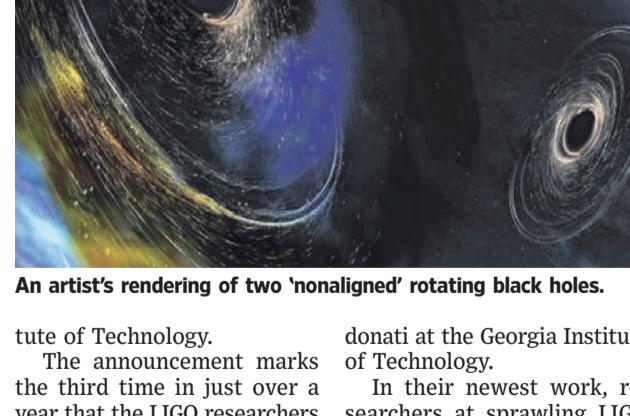
Scientists Detect Merged Black Holes

By ROBERT LEE HOTZ

Researchers have detected the violent merger of two black holes rippling the fabric of space and time like a bedsheet in the breeze, demonstrating how astrophysicists are using newly discovered gravitational waves to reveal forces shaping the cosmos.

Announcing their find on Thursday, the scientists said they recorded these primordial shock waves, which originated three billion light-years away from Earth, by using the twin detectors of the \$1.1 billion Laser Interferometer Gravitational Wave Observatory. Last year, the LIGO team detected evidence of gravitational waves for the first time and helped confirm Einstein's theory of general relativity.

The discovery, reported in the journal *Physical Review Letters*, offers new clues to how black holes can grow to many times the mass of the sun, like those that lurk at the heart of virtually every galaxy, and hints at the role they may play in the evolution of the universe. More than a thousand scientists were involved in the effort, led by the California Institute of Technology and the Massachusetts Insti-



LIGO/CALTECH/MIT/SONOMA STATE

An artist's rendering of two 'nonaligned' rotating black holes.

tute of Technology.

The announcement marks the third time in just over a year that the LIGO researchers have successfully detected an object by measuring the physical warping of space caused by gravitational waves. All three discoveries involved black holes—massive objects that cannot be seen directly by ordinary means because their gravity is so intense that no matter, light or other radiation appears to escape.

"Before our discoveries, we didn't even know for sure that black holes truly existed," said LIGO astrophysicist Laura Ca-

donati at the Georgia Institute of Technology.

In their newest work, researchers at sprawling LIGO installations located in Livingston, La., and Hanford, Wash., registered the gravitational tremors from the crush of two ancient black holes, each one spinning on its axis like a tornado as they spiraled together and then joined in a violent embrace. In an explosive third of a second, they released the combined energy of two stars—more energy in that instant than from all the light from all the galaxies in the universe, the scientists said.

To pick up the perturbations, the detectors monitored how long it takes a controlled laser beam to travel between suspended mirrors. Ripples in space-time can alter the distance measured by the light beam, causing the amount of light falling on the LIGO photodetectors to vary minutely. Only the most violent events in the cosmos produce waves strong enough to register.

"Normally, we don't think of the nothing of space as having properties," said Caltech physicist Michael Landry, head of the Hanford LIGO facility. "We register the passage of those gravitational waves as they change the length of our two detectors."

The scientists calculated that one black hole was 19 times the mass of the sun and its companion was 31 times the mass of the sun. They merged into a single black hole about 49 times the mass of the sun, said LIGO physicist Bangalore Sathyaprakash at Pennsylvania State University and the U.K.'s Cardiff University. "We are really moving to a new astronomy of gravitational waves," said MIT physicist David Shoemaker, the LIGO project's elected spokesman.

U.S. WATCH

ECONOMY

Private-Sector Jobs Increase by 253,000

Hiring at private U.S. employers increased last month at the fastest pace since 2014, another sign that the labor market remains strong.

Companies across the country added 253,000 workers to their ranks in May, according to payroll processor Automatic Data Processing Inc. and forecasting firm Moody's Analytics. Economists surveyed by The Wall Street Journal expected an increase of 180,000. The April total was revised to 174,000 from 177,000. The ADP report is based on private payroll data, in addition to government data.

"The current pace of job growth is nearly three times the rate necessary to absorb growth in the labor force," said Mark Zandi, chief economist of Moody's Analytics. "Increasingly, businesses' number-one challenge will be a shortage of labor."

ADP's report came ahead of Friday's government employment report. Economists expected the Bureau of Labor Statistics to report an overall increase of 184,000 in May payrolls, down from 211,000 in April. Unemployment is expected to hold at 4.4%.

—Imani Moise

WISCONSIN

Explosion at Corn Mill Kills at Least One

Authorities were searching Thursday for two missing workers and clues to the cause of an explosion Wednesday night at a central Wisconsin corn mill that left one dead and several seriously injured.

Sheriff Dennis Richards of Columbia County, Wis., said 16 workers were on the site of Didion Milling in Cambria, Wis., when the explosion occurred. Two escaped unharmed, one died, two are missing and the rest were sent to local hospitals.

Classes were canceled at local schools, and the Red Cross was assisting at a center set up at a local church, officials said.

Didion Milling was the subject of a front-page article in The Wall Street Journal in 2007 when it opened an adjacent ethanol plant at a time of rising concerns about the renewable fuel that was then rapidly expanding.

Local opposition in Cambria led the company to relocate the site of the plant by a few hundred feet to land outside the city limits.

The company couldn't be reached to comment.

—Joe Barrett

IN DEPTH

ANBANG

Continued from Page One
glomerate with ventures in video streaming, smartphones and driverless cars, said regulatory headwinds forced it to drop a \$2 billion acquisition of U.S.-based TV maker Vizio Inc.

China is still backing acquisitions abroad that are seen as strategically important. Last month, Beijing endorsed the country's largest-ever international deal, a \$43 billion takeover of agro-giant Syngenta AG by China National Chemical Corp., which should fortify China's role as a food power. Some companies, such as aviation-to-hotels conglomerate HNA Group, have continued to fuel foreign investments by raising funds overseas.

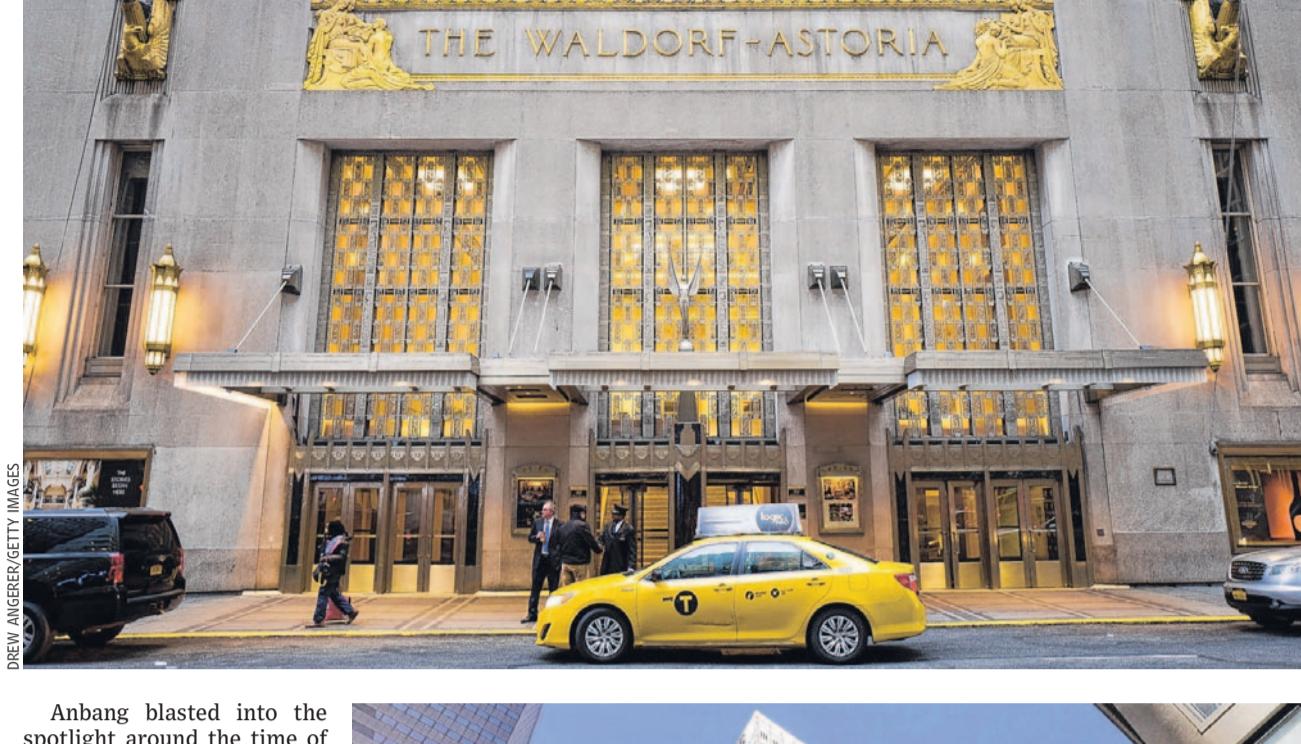
But in other areas, especially insurance, Beijing is seeking to quell behavior it worries could lead to a shock to the country's financial system, especially using sales of high-yield products to fund big purchases of stocks, illiquid assets and overseas investments. Preventing "systemic risk" in finance is a national security priority, according to officials quoted in state media.

China's insurance regulator said in a statement on its website that the industry as a whole was sound and risks were under control, but that authorities "should not underestimate risks stemming from particular areas and some prominent risk elements." It didn't elaborate.

In May, the insurance regulator barred Anbang Life from seeking approval for new products for three months, and from selling two investment products.

The group has slowed the pace of foreign acquisitions, stock purchases, plans for a global bond issue and a stock-market listing of Anbang Life Insurance Co., the group's biggest unit, according to public filings and people familiar with Anbang's dealings. Anbang Life has reported a sharp shift in sales from products regulators view as risky in favor of those classified as traditional insurance policies.

An Anbang spokesman said the firm is smoothly moving to more traditional products in response to regulators' guidance to the insurance industry. Anbang isn't attracting more scrutiny than any other insurer, he said.



DREW ANGERER/GETTY IMAGES



Clockwise from left, New York's Waldorf Astoria hotel, an Anbang asset; Anbang Chief Executive Wu Xiaohui; and 666 Fifth Ave. in Manhattan, where Anbang backed away from an investment with Kushner Cos.

THOMAS PETER/REUTERS



RICHARD DREW/ASSOCIATED PRESS

Anbang blasted into the spotlight around the time of its \$14 billion bid for Starwood Hotels & Resorts Worldwide Inc., in March 2016, an offer it subsequently walked away from. Overseas, the bid drew attention to the group's opaque ownership structure, which includes 39 Chinese companies, some of which have shared contact addresses or legal representatives, according to online corporate registry filings viewed by The Wall Street Journal.

At home, Anbang faced questions from analysts and the press over whether the group, which had gone on an acquisition spree including \$2 billion for New York's Waldorf Astoria and \$5.5 billion for Strategic Hotels & Resorts Inc., was investing too much abroad.

The value of Anbang's stockholdings had risen to 170 billion yuan (\$24.7 billion) by the end of 2015 from 27 billion yuan two years before, according to data provider Wind Information Co., and it had become a top-10 shareholder in all four of China's big state banks.

By the end of last year, that total had risen to 203 billion yuan even as the market fell 12% and China's securities regulator said at a meeting of Chinese asset managers that "barbarian" insurers were using money from premiums to attempt leveraged buyouts. Anbang wasn't named.

Authorities were concerned how Anbang and other insurance firms had funded their big asset purchases, government statements and policy prescriptions show.

Many of the products Anbang had been selling in China were effectively investments that mature in as little as two or three years, offering returns well in excess of what customers could get on bank deposits.

One three-year product sold in 2014 by Anbang Property & Casualty Insurance Co., for instance, required a three-year deposit of 10,000 yuan (\$1,459) and allowed a customer to choose an insurance death benefit based on one of three low-probability accidents: fire, earthquake or plane crash, according to its term sheet.

Xu Huihui, a Taiwanese woman who lives in Shanghai, put almost \$300,000 into a deal that bundles 20 such policies, and chose plane-crash coverage that in the event of her death would pay a total of one million yuan, or \$145,000, according to her contract. She said she was earning around 5% annual interest and viewed the products more like certificates of deposit than insurance.

Other products were sold as long-term insurance but structured more like shorter-

term investments. One, called Anbang Longevity Stable Winning Insurance Plan, was marketed as life insurance and had a small payout if the holder died, but also promised annual returns of up to 5.8% in the first five years, according to its term sheet and a salesperson at a bank that used to sell the policies. The sheet didn't say anything about returns after that.

Another, Anbang Longevity Happiness No. 5 Annuity Insurance, one of the two products blocked by regulators last month, ostensibly had a 15-year term, according to an Anbang salesman. Chinese insurance regulators claimed it was effectively a two-year investment product.

Anbang declined to comment on its products.

For the past few years, analysts say, Anbang had been raising cash from sales of such high-yield products and plowing the money into its multibillion-dollar acquisitions and share purchases.

At Anbang Life, new sales of such high-yield products rose to as high as 39.7 billion yuan (\$5.8 billion) in March 2016, 48 times what they were

a year before, according to data from the regulator. Those products accounted for around two-thirds of the insurer's revenue from new insurance sales last year.

Meanwhile, Anbang's overseas buying helped push the life insurer's assets to 1.45 trillion yuan by the end of 2016, nearly double the previous year's level, with holdings abroad exceeding assets at home, according to a local-media report.

Beijing is seeking to quell behavior it worries could lead to a financial shock.

One risk, analysts say: Many of the assets Anbang has acquired—such as New York's Waldorf Astoria—may be hard to sell quickly. That means Anbang could face a problem over any such assets it financed with shorter-term funding from things like the sale of high-yield products. If Anbang can't roll

over that funding, it may face a cash squeeze that could force it to sell assets, make it unable to repay investors and lead to a broader credit crunch in the markets. Analysts say Anbang Life still has plenty of capital and liquid assets on hand.

"Anbang is already slowing on long-term investments that might not be liquid," says Julian Lin, analyst with Shanghai-based consulting firm Z-Ben Advisors. "How its business plays out will still need to be monitored."

The Anbang spokesman said all aspects of the firm's business are healthy, from its operations to the types of products it sells to client satisfaction with its products. He said Anbang doesn't think there should be an issue in matching its assets to the payouts it has promised customers.

The group's deal making hasn't completely stopped. Anbang recently bought a Dutch hotel from Blackstone Group, is looking into the purchase of German shipping financier HSH Nordbank, and in March closed a roughly \$2.3 billion deal to buy some Japanese properties from Blackstone, according to people familiar with the situation.

But the group has kept a low profile on deals so far this year, and has dropped at least two: a \$1.6 billion purchase of U.S. life insurer Fidelity & Guaranty Life and an investment in a Manhattan skyscraper owned by the family of Jared Kushner, the son-in-law of President Donald Trump. In 2015 and 2016, Anbang spent more than \$12 billion on acquisitions, according to Dealogic.

Anbang's plan to list its life-insurance business has stalled, say people close to the deal.

Anbang hasn't made progress on an international bond offering and credit-rating opinions it was seeking late last year, people with knowledge of that deal say.

Anbang's large purchases of stakes in Chinese companies may have slowed as well. Anbang group companies were top shareholders in 26 mainland-listed companies at the end of December, according to Wind. By the end of March, that number had fallen to 24.

—Yifan Xie
and Phred Dvorak
contributed to this article.

laborated on several hiring programs, and Ms. Gilbert hired her operations vice president on Mr. Henka's recommendation.

Paul Warburg, the president of Xenon Arc, a technology services company, sometimes takes job applicants on mountain bike rides outside Seattle, he said, but asks only if they express an interest in cycling.

He recalled a New York job interview with Martin Franklin, then-chairman and chief executive of Jarden Corp., a consumer-products company. Mr. Franklin had been working out that morning and asked Mr. Warburg if he would mind continuing the job interview in the sauna.

"I was enjoying the conversation," Mr. Franklin recalled. "I didn't want to cut it short."

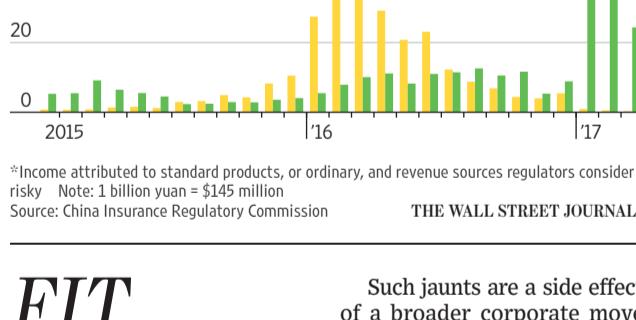
Mr. Warburg agreed, potentially seeing him without clothes, against the potential reward, if all went well, of a lasting business partnership. "Talk about total transparency," he said.

Mr. Franklin, who hired Mr. Warburg, said the human-resources chief later advised him to keep future meetings and company business out of the sauna.

BIG SWITCH

Standard products account for the lion's share of new revenue at Anbang's life-insurance unit. Before a regulatory crackdown, riskier products made up a bigger share.

80 billion yuan



*Income attributed to standard products, or ordinary, and revenue sources regulators consider risky. Note: 1 billion yuan = \$145 million

Source: China Insurance Regulatory Commission

FIT

Continued from Page One
minds as it strengthens their bodies. When hiring and networking, more are substituting spin class and protein shakes for golf and steak dinners.

To some workers, the boss's fitness craze is just crazy, especially in the high-stakes environment of job interviews. Few want to share a pungent sweat with their future boss or be judged on how much they can bench press.

Laura Yecies enjoys hiking, just not in high heels, part of the business outfit she wore for a job interview at a software company in California's Bay Area. The chief executive asked her on an hourlong "walking interview" through town, she said.

"There was no warning or heads up," said Ms. Yecies. "If I said no, he would think I was a wimp." She went but later decided she didn't want the job—in part because she didn't think she would enjoy working for the CEO.

Ms. Yecies, now the chief operating officer of a technology company, said she keeps her work and exercise separate.

Such jaunts are a side effect of a broader corporate move to encourage employees to take better care of themselves. More than a quarter of U.S. companies have on-site fitness centers, according to the Society for Human Resource Management. Nearly a third organize fitness competitions.

The first meeting Ben Carus had with his future boss, New York private-equity executive Strauss Zelnick, was a weightlifting and cardiovascular workout that left Mr. Carus sore for days. Later, when Mr. Zelnick took him to a boxing gym for the first time, Mr. Carus said he nearly threw up. Mr. Zelnick, who is more than 30 years his senior, also beat him in a sit-up competition.

"Sometimes you dread it," said Mr. Carus, age 24, "but I've never actually canceled a workout or said no."

Among the lessons he said he has learned: Don't eat a heavy meal before joining the boss at the gym. Don't try to lift more than you can handle.

Mr. Zelnick, who often works out twice a day, said he always offers people the choice to instead get coffee or a meal.

Some employers confessed

to weeding out applicants in the gym. John Osbon said when he was a Wall Street managing director he played basketball with job candidates. He would step on their feet or yank their shirt in games, he said, to see how they reacted. If they kept their cool, they passed the test.

"They were all fair fouls, and I didn't hurt anyone," Mr. Osbon said. "You have to take someone down to size."

Mr. Osbon, now a money manager in Boston, said sizing

up people in the gym doesn't always work. Once, he lost a promising job candidate after telling him they could lift weights together regularly. "He never came back," he said.

Julie Gilbert, who runs a software-technology company in Minneapolis, recalled the time she was invited by a potential business partner, John Henka, to join him at a gym popular with bodybuilders and powerlifters. They

spent an hour jumping onto boxes and pushing weighted

sleds across the floor.

"I thought I was going to pass out three or four times," she said, but nonetheless "cleaned their clocks" in a timed competition: "I had no apologies."

Mr. Henka, a Marine who was impressed by Ms. Gilbert's showing during the grueling workout, said, "Even a blind squirrel finds a nut, occasionally."

Ms. Gilbert and Mr. Henka, who runs a staffing agency for veterans, have since col-



Ben Carus, right, works out regularly with his boss Strauss Zelnick, a New York private-equity executive.

ROB ALCARAZ/THE WALL STREET JOURNAL

BOOKS

'O'er the dark sepulchral plain / Recallest thy Palmyra's ancient pride . . .' —Robert Southey

The Crossroads of a Lost World

Palmyra

By Paul Veyne
Chicago, 88 pages, \$22.50

BY PETER THONEMANN

ON MAY 5, 2016, the Russian conductor Valery Gergiev led the Mariinsky Theater Orchestra in an open-air performance of Prokofiev's impish neoclassical Symphony No. 1. The venue was the beautiful Roman theater at Palmyra, deep in the Syrian desert, recaptured from Islamic State only a month previously by Syrian and Russian forces. Unlike the other Roman monuments of Palmyra, many of which had been dynamited or defaced by Islamic State during its 10-month occupation of the city, the theater had survived almost intact, no doubt because it served as a useful location for mass public executions.

Immediately after the Mariinsky concert, Islamic State Radio in Mosul, Iraq, pledged to stage its own "concert" in the theater shortly. The promise was fulfilled in December 2016, when Islamic State recaptured Palmyra from Syrian government forces. Their first target was the elegant theater building, the backdrop to the Mariinsky performance seven months earlier, which was now smashed to bits with sledgehammers. Nothing could show more clearly the real point of Islamic State's orgy of destruction at Palmyra and other pre-Islamic sites in Syria and Iraq (Assyrian Nimrud, Roman Hatra, the Mosul museum). All this violence, as Paul Veyne argues in "Palmyra: An Irreplaceable Treasure," is simply meant to demonstrate that the things that the West values—archaeological monuments, cultural pluralism, Prokofiev—are of no value to "true" Muslims. We are different from you; whatever you love and admire, that is what we shall break.

"Palmyra" (a best seller in France in 2015) is the merest wisp of a book: You could comfortably read it in an hour. It offers no radical new theories about the history or culture of ancient



GETTY IMAGES

IRREPLACEABLE TREASURE The Temple of Bel, destroyed by Islamic State on Aug. 30, 2015.

Palmyra. Mr. Veyne is one of the finest living historians of the ancient world, and here, without jargon or pedantry, he describes the city's art, its religion, its architecture and its people. What cannot be expressed in words is shown in photographs: honey-colored columns soaring into a brilliant blue sky; tomb-sculptures of grave and thoughtful women, laden with jewelry, meeting your gaze with hard eyes. Scarcely more than a page is explicitly dedicated to Islamic State, but don't be fooled. The Islamists' destruction of Palmyra is the true subject of every word of the book.

Palmyra lies in a tiny desert oasis, midway between the Mediterranean coast and the Euphrates River. The Roman writer Pliny the Elder described it as "a city famous for its location, for its rich soil and for its ample springs; its fields are surrounded on every side by a vast circuit of sand, so that nature has isolated this place from the rest of the world." Remote, yes; isolated, no. Human habitation at Palmyra dates back to the seventh millennium B.C., and by the time the city became part

of the Roman Empire in the early first century A.D., this little desert oasis was already one of the great crossroads of the Eurasian Old World. Palmyra was the central node on the overland trade routes from Central Asia to the Mediterranean, a caravan town connecting the rich Roman provinces of the Levant with the cities of Mesopotamia and Iran.

The world of Roman Palmyra spanned the whole breadth of ancient Eurasia, a world 5,000 miles wide. Patterned silk imported on camelback from China has been found in the city's tombs, and soldiers from Palmyra served on Hadrian's Wall, at the far end of the Roman Empire. For a fleeting moment in the early 270s A.D., the city even served as an imperial capital, under the formidable Palmyrene queen Zenobia, whose short-lived realm stretched from central Turkey to southern Egypt.

Mr. Veyne's book is propelled by an argument of luminous simplicity. Palmyra was a city with three hearts: Aramaean, Greek and Roman. Its men and women spoke Aramaic and wor-

shipped the old Semitic gods Bel, Baalshamin and Allat. At the same time, it was an authentic Greek polis or city-state, with the same Greek civic magistrates and monumental ar-

Everything came together in Palmyra—Aram, Syria, Greece, Rome—and yet it remained its proud self.

chitecture that one would find anywhere between Athens and Alexandria. As loyal Romans, the Palmyrenes used public baths, honored the emperor and (in a few instances) took Roman citizenship. The Roman toga, the Greek mantle and the Arab robe were all to be seen in the city's streets; you would have heard Aramaic, Greek, Latin and Arabic. None of this was the result of Greek or Roman cultural imperialism. The Palmyrenes had their local civilization, and they were proud of it; they also belonged to two great global civilizations, the

Greek and the Roman, and they were rightly proud of that too. There is no reason to think they would have had any problem with Prokofiev.

The final chapter of the book is a mere two pages long. Mr. Veyne describes a relief sculpture from the Temple of Bel (destroyed in August 2015) showing a religious procession. Three women are depicted, cloaked in heavy mantles from head to toe. Folds of cloth sweep upward from their waists; then, at their shoulders, something visually extraordinary happens. The folds of cloth metamorphose into abstract spiral patterns, which occupy the space where their heads ought to be. It is unlike anything else in ancient art: a moment of pure expressionism, 19 centuries before its time. "The sculptor," suggests Mr. Veyne, "faced with so many possible stylizations inspired by the Orient and the West, decided to have fun by inventing another." The final sentence of the book ought to be carved over the entrance to every school in the world: "Yes, without a doubt, knowing, wanting to know, only one culture—one's own—is to be condemned to a life of suffocating sameness." Mr. Veyne does not mention Islamic State; he doesn't need to.

I am afraid that Teresa Lavender Fagan, Mr. Veyne's translator, has not served him well. Leaving aside numerous outright errors and absurdities ("la Turquie d'Asie" is not "eastern Turkey" but the whole Asia Minor peninsula; "Auguste" is Augustus, not "August"), she has transformed Mr. Veyne's elegant, lucid French into an awkward mix of the chatty ("let's go to the Louvre") and the outright incomprehensible (in Palmyrene architecture, "the structure is the same as the visible shape, all elements creating a single piece"). I do hope that readers will not be put off. This is a book of passion and moral integrity that ought to be read by anyone with the slightest interest in the ancient world.

Mr. Thonemann is the author of "The Hellenistic Age."

Not Only Fit but Fabulous

The Evolution of Beauty

By Richard O. Prum

Doubleday, 428 pages, \$30

BY SAM KEAN

RICHARD PRUM'S "The Evolution of Beauty" is a book to wrestle with. It includes plenty of well-wrought scenes—tales from the author's boyhood birdwatching days, or the story of his lab getting pilloried on Fox News for a \$385,000 study on duck genitalia. But above all it focuses on one idea: that beauty drives much of evolution. And even when the details aren't quite convincing, the argument is exhilarating.

Mr. Prum, an ornithologist at Yale, has studied all aspects of avian life: mating songs, four-color vision, the origin of feathers. But in thinking about birds, he has struggled with one aspect of modern biology, the fetish for adaptation. Most biologists today argue that natural selection (i.e., survival of the fittest) has honed pretty much every aspect of living creatures to maximize survival. Nothing is strictly ornamental or useless—all features are adaptations. Even that timeless exemplar of biological uselessness, the human appendix, has recently been recast as a reservoir for essential gut bacteria.

No biologist would deny the importance of adaptations, but some—notably Stephen Jay Gould and Richard Lewontin—have questioned whether every last feature is always an adaptation. Perhaps some things arise arbitrarily or as incidental by-products of useful adaptations. (They called traits like these "spandrels," adapting a term from architecture.) Mr. Prum likewise questions the omnipresence of adaptations, but with a twist. He believes that many avian traits, such as extravagant plumage and complex mating dances, arise because birds find such traits beautiful. And he suggests that this may be true of humans and other animals as well: The most beautiful creatures attract more mates; as a result, the most attractive features spread in future generations.

This idea, which traces back to Darwin, is called sexual selection. At first, in "On the Origin of Species"

(1859), Darwin treated sexual selection as a mere adjunct of natural selection. But in his 1871 book, "The Descent of Man, and Selection in Relation to Sex," Darwin began to treat sexual selection as something distinct and equally powerful. Biologists of the day, however, ignored this revision and continued to treat sexual selection as a lesser force. And while adaptationists today don't deny that sexual selection exists, Mr. Prum thinks that they essentially explain it away by subsuming it within natural selection. Consider the male peacock's tail. Adaptationists argue that female peacocks mate with well-kitted males less for the tails themselves than for

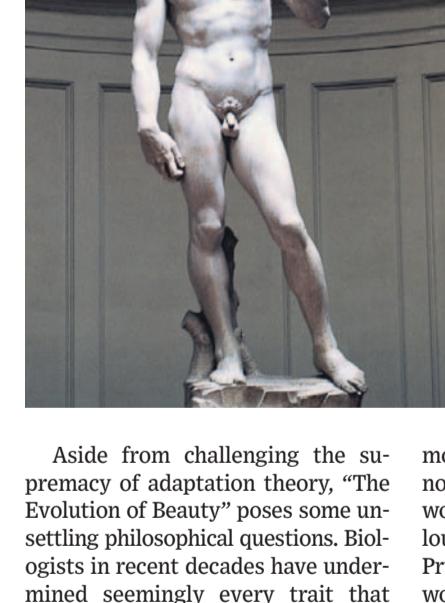
Evolution is not always practical: Some traits stick simply because potential mates find them beautiful.

what the tails signify: good underlying genes. After all, any creature whose body can waste that many resources building an onerous appendage—and still avoid predators—must be exceptionally fit. By choosing males with flamboyant tails, then, females simply choose good genes by proxy.

Mr. Prum ridicules this "Bio-Match.com theory": "If the sole purpose of sexual display is to communicate the capacity to survive a great burden, then . . . why don't individual organisms gnaw off a limb to show how good they are at surviving without the missing appendage? Why not two limbs? That would really say something about how hardy they are!" He proposes instead that sexual selection is its own force. Beauty sometimes correlates with good genes, he admits, but after a certain point beauty can run amok and drive evolution by itself. As sexual ornaments spread within a population, it takes bigger and bolder lures to win mates in each generation, and eventually the ornaments grow exaggerated.

Mr. Prum compares this runaway process to an economic bubble in which "the value of something becomes unhinged from its 'actual' worth." Contra the adaptationists, runaway beauty can even become

"decadent" and decrease overall fitness. He cites the Club-winged Manakin, a small Andean bird species that plays violin-like notes by rubbing its wings together at high speeds. Alas, producing the note required the evolution of heavy, misshapen ulnas that make the birds clumsy flyers. Clearly they're less fit, but the logic of beauty demands that they sacrifice fitness or never mate.



aesthetic evolution, the details can get muddy. In describing the courtship dance of some manakins, he compares them to "buff gymnasts, executing short flights and rebounds with muscular precision." No doubt that's gorgeous to watch—but it also sounds darn adaptive for dodging predators. Again, Mr. Prum admits that beauty often does correlate with fitness, but in his enthusiasm to promote his theory he sometimes fails to acknowledge just how hard it is to tease sexual and natural selection apart.

Things get even more complicated when Mr. Prum shifts from birds to humans. Aesthetics no doubt drove several features of human evolution, but which ones? Unlike, say, gorillas or orangutans, human males have external genitals that hang down. Adaptationists have proposed various reasons for this; it might keep the sperm-production apparatus in the testicles from overheating, for instance. Mr. Prum has another theory: Men have external genitals "because females liked the way it dangled."

Do they? Mr. Prum acknowledges one critic (Jared Diamond) who has objected to this idea, noting that many contemporary women actually don't think of pendulous genitals as sublime. But Mr. Prum quickly doubles down: Modern women simply don't see enough male genitalia in daily life, he argues, because men wear clothes nowadays. If they didn't, women would no doubt appreciate dangling junk. Fine, but this claim contradicts a previous argument he'd made about breast development. Humans are also unique among primates because women have full, permanent breasts. (Other species develop them only when nursing.) Mr. Prum considers human breasts a prime example of aesthetic evolution, driven by male preferences. But most modern women cover their breasts, so why hasn't this stopped men from fetishizing them?

The most controversial section of the book will probably be Mr. Prum's discussion of homosexuality, whose origins he traces to (bear with me) coercive male acts like rape. Rape is disturbingly common among some birds,

and in a fascinating chapter on duck genitalia (seriously, it's amazing), Mr. Prum lays out all the different mechanisms that female ducks have evolved to thwart sexual predators. Some are anatomical, but instinctual behaviors are arguably more important. Females don't like being raped and end up choosing non-rapey males as partners; thus males who don't force themselves on females get to mate more often, and that less aggressive disposition spreads to their offspring.

This idea of "female mate choice" seems plausible. But in shifting to human beings, Mr. Prum stretches the theory pretty far. In some overtly political passages, he disparages capitalism and agriculture as tools of male oppression. (In contrast, he calls his lab's duck research "a profoundly feminist scientific discovery.") He suggests that, striving to avoid such oppression, Pleistocene women may have chosen males with certain traits "associated with same-sex preferences" in men today. Thus "the evolutionary queering of the human species likely proceeded through female sexual desire to escape coercive male control." Pushing even further, he argues that friendships between gay males and straight females aren't simple spandrels of modern culture but a necessary "evolved function" of his theory. Mr. Prum bashes adaptationists at one point for being "hedgehogs" obsessed with explaining everything in terms of a single idea, but arguments like this expose some of Mr. Prum's quirks, too.

All the same, my disagreements are really signs of engagement: "The Evolution of Beauty" should be widely read, as it will provoke readers, shaking them (as reading Hume did to Kant) from their dogmatic slumbers. The author hews largely to the animals he knows best, birds and people, with only passing mention of how aesthetic evolution might shape other species. But I don't see how any biologist could read this book and not walk away at least questioning the idea that adaptation must explain every last trait. Survival of the fittest might not be enough to explain nature. We might need survival of the prettiest, too.

Mr. Kean is author of the forthcoming "Caesar's Last Breath: Decoding the Secrets of the Air Around Us."

BOOKS

'Science, freedom, beauty, adventure: what more could you ask of life?' —Charles A. Lindbergh

How Lindy Did the Hop

The Flight

By Dan Hampton

Morrow, 317 pages, \$28.99

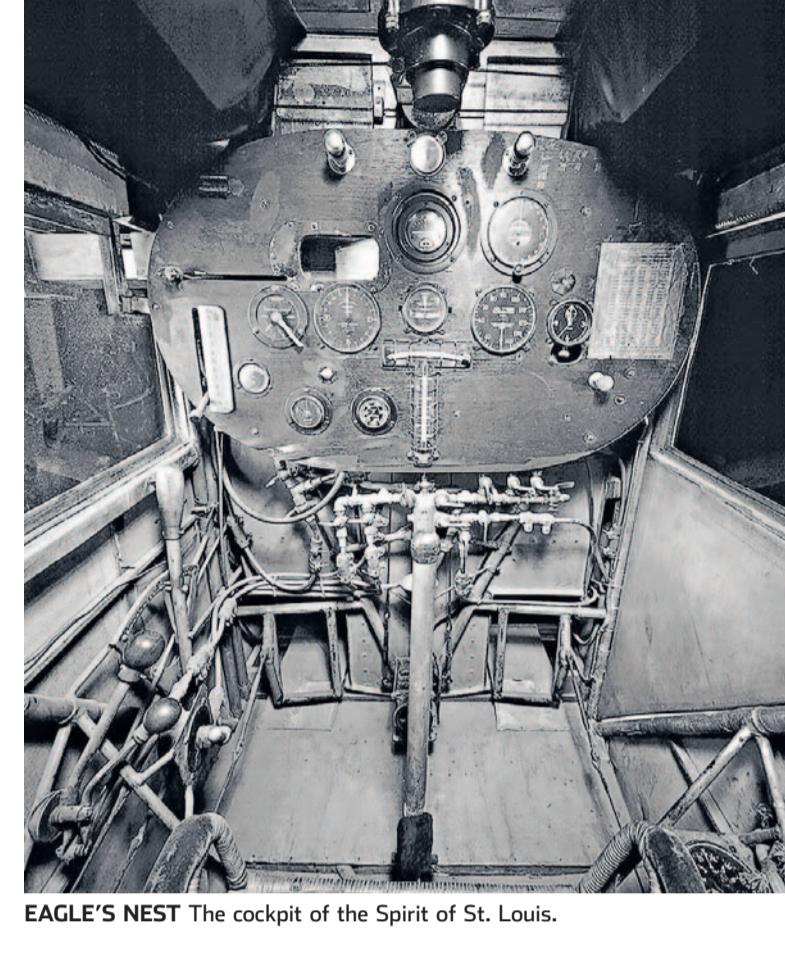
BY RINKER BUCK

TO THE GENERATION of pilots and engineers who built America into an aerospace colossus in the 1950s and 1960s, aviator Charles Lindbergh was still the "hero of the century," a pilot of extraordinary verve and endurance whose 33-hour solo crossing of the Atlantic in May 1927 redefined the possibilities of flight. By then, Lindbergh's personal reputation had been tarnished by his admiration for the German Nazis and his anti-Semitism during the prelude to World War II, but the accomplishments of Lindbergh the pilot and aircraft designer could not be questioned for a simple reason.

Against a raft of better financed competitors in the Atlantic race—including the explorer Richard Byrd and the aircraft designers Anthony Fokker and Igor Sikorsky—Lindbergh alone understood that the wing structures and engines of the 1920s would support an ocean transit only by a light, uncomplicated single-engine plane manned by a single pilot. The race to cross the Atlantic was a technology battle between complexity and simplicity, and Lindbergh won because he was both the most frugal and the most mechanically prudent competitor.

That lesson—that just enough technology and resources, not too much, gets the job done—is as relevant today as it was in 1927. In the lightning-fast, billion-dollar technology gambles of the 21st century, Lindbergh's penchant for eliminating waste and cumbersome frills is quite instructive. Millennials, obsessing 14 hours at a stretch on the campuses of Google or Amazon have much to learn from this complicated man of pristine achievement.

Dan Hampton, a retired Air Force pilot and now a writer of popular aviation books, is just the talent required to rescue this side of Lindbergh from neglect. "The Flight: Charles Lindbergh's Daring and Immortal 1927 Transatlantic Crossing" is an hour-by-hour account of the Lone Eagle's grueling passage through the thunderstorms and ice clouds of the North Atlantic. We learn gripping details of just how low Lindbergh flew, scud-running a few feet over the waves to avoid storms; how his epic willpower kept him awake for a day and a half; and how he subsisted during the flight on



EAGLE'S NEST The cockpit of the Spirit of St. Louis.

a few sandwiches, which he forgot to eat until he had crossed the Atlantic.

Lindbergh was so obsessive about weight that he used only a light, wicker-basket seat, eliminated radios as useless over the lonely Atlantic and refused to carry even a change of clothes for when he reached Paris. His competitors' heavy, lumbering tri-motors, with three- and four-man crews, were equipped with bulky radio gear, upholstered beds, and even chilled salmon and champagne to break out once Paris was in sight. Most of these overbuilt behemoths crashed on takeoff or during practice flights.

Mr. Hampton is at his best when he flashes back to the lonely winter that Lindbergh had spent in San Diego ahead of the May flight, huddling with the mechanics of the Ryan Airlines Co. while building the Spirit of St. Louis. Lindbergh noodled away at modifying Ryan's basic design. To accommodate his planned fuel load of over 2,500 pounds—heavier than the plane itself—Lindbergh modified the Ryan's "trombone struts" attached to the landing gear to make them accommodate a wider wheel base. He dispensed with a windshield so that the bulk of

his fuel could be loaded in fuselage tanks in front of the cockpit, creating a better center of gravity. Forward vision was provided by a periscope that Lindbergh helped design. The wings were extended to provide more lift for

Lindbergh's lesson—that just enough technology, not too much, gets the job done—endures today.

the heavy fuel load, which required modifying the tail section for balance. These changes made Lindbergh's one-off plane jittery and hard to control, but this instability helped him stay awake as he crossed the Atlantic.

The list of Lindbergh's quirky innovations goes on and on. His backup, wind-driven "earth inductor" compass compensated for the magnetic-variation errors of his main compass, allowing him to reach Ireland just a few miles off plan. His main compass was mounted behind him in the cockpit and was read via a woman's makeup

mirror stuck to the ceiling with chewing gum. His carburetor heat device—to avoid engine icing during cold, wet conditions—was hard-wired in the "On" position. After daily work on the plane, Lindbergh retired to an attic room in the Ryan hangar, teaching himself great-circle navigation (to correct for the curvature of the Earth).

In the Ryan hangar, Lindbergh and Don Hall, Ryan's chief engineer, often worked 14-hour days beside the mechanics. Mr. Hampton quotes from Hall's 1927 report on the building of the modified Ryan: "The presence of Charles Lindbergh, with his keen knowledge of flying, his understanding of engineering problems, his implicit faith in the proposed flight, and his constant application to it, was a most important factor in welding together the entire factory organization into one smoothly running team."

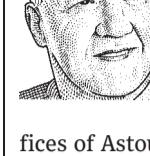
Like many of today's technology pioneers, Lindbergh was a college dropout with little formal training in his chosen specialty. Later he would show that his work on the Spirit of St. Louis was not just a random stab at science by a lucky amateur. After his flight, he worked with the Nobel laureate Alexis Carrel, pioneering valve research and designs for a mechanical heart pump. During World War II, he helped streamline the assembly lines for the B-24 bomber and the Corsair Navy fighter; worked with the Mayo Clinic developing high-altitude oxygen systems and parachutes for fighter pilots; and secretly flew 50 combat missions in the South Pacific, revolutionizing combat strategy by showing younger pilots how to "lean" their fuel mixtures, stretching the range of their fighters by up to 700 miles.

Mr. Hampton is a capable if inconsistent writer, veering between the forced drama of thriller-writing and the understated prose of literary non-fiction. Yet many of his more restrained background chapters on Lindbergh's youth, the social context of the 1920s and the growing pains of early aviation are highly informative. As "The Flight" makes engagingly clear, Lindbergh the engineer deserves a renaissance. He worked best under seemingly impossible deadlines. His ability to fuse innovation with mechanical austerity, his courage to invent without a lot of technical or financial support, is an example that our modern age still very much needs.

Mr. Buck is the author of "Flight of Passage" and "The Oregon Trail: A New American Journey."

SCIENCE FICTION: TOM SHIPPEY

Nuclear What-Ifs



SCI-FI'S finest hour, according to some fans, was the moment in 1944 when agents from the FBI descended on the offices of Astounding Science Fiction. The magazine had just published a story by Cleve Cartmill about the effects of an atomic bomb, and the government wanted to know: Where was the leak? There wasn't one. Scientific facts aren't secret, and Cartmill had put two and two together. See, the fans have crowded ever since: We're the ones in touch with reality!

Reality, however, involves politics as well as physics. It's true, as Gregory Benford says in his hard-hitting alternate history "**The Berlin Project**" (*Saga*, 466 pages, \$26.99) that "physics bats last," but that doesn't mean other considerations don't get their turn. Back in the 1940s, choices had to be made. A uranium bomb, a plutonium bomb? The U.S., characteristically, went for both, one pursued at Oak Ridge, Tenn., one at Los Alamos, and both worked, eventually.

The Germans could have stuck an A-bomb on a V-2. Or the U.S. could have had one ready for D-Day.

But the uranium bomb could have worked sooner than it did. The trick was separating out the isotope U-235 from a much larger mass of U-238. Back then four different solutions seemed possible. Oak Ridge opted for a combination of three of them. We now know that the option not taken, centrifugal separation, is better. But the centrifuges of the time didn't spin fast enough, and there wasn't funding to improve them.

In Mr. Benford's scenario, Karl Cohen, a real person and a real player in events at the time, airs doubts strongly enough to raise private money for work on centrifuges, and gets enough backing from prominent figures, including Einstein, to change government policy. So the bomb arrives early, in time for D-Day, and is dropped on Berlin. But it doesn't end the war. It leaves the Allies with only one A-bomb left in their arsenal and a furiously accelerated Nazi bomb program.

What's worse, Nazi retaliation stalls the Allies' armies in Normandy. The fear in alternate history has long been a Nazi combination of A-bomb and V-2 rocket. But there was at least one other relatively easy radioactive weapon design available to them, which might well have stopped D-Day in its armored tracks. The scary thing is that this weapon—the details of which I won't spoil here—had also been predicted in another story in Astounding Science Fiction, written by Robert Heinlein in 1941.

What's more, we now know that Wernher von Braun, the man behind the V-2 rockets, was a subscriber to Astounding. He had his copies delivered through the German Embassy in neutral Sweden. So the Nazi retaliation in Mr. Benford's novel could well have been under consideration in reality.

The scary scenario just outlined didn't happen. But a great deal of Mr. Benford's plot really did. It's a deeply personal story. Karl Cohen is Mr. Benford's father-in-law. His father also gets a cameo, as do sci-fi authors like Brian Aldiss and Arthur Clarke. The head of the private investor syndicate is Rabbi Kornbluth, Cyril M. Kornbluth being another famous sci-fi name, author of one of the earliest "Nazi victory" stories.

Physics and politics, engineering and imagination, "**The Berlin Project**" has them all. No one has ever been better than Mr. Benford at expressing the sheer excitement of new science and the human tension of making a case—a case, like Cohen's argument for switching to centrifuges, on which the future of the world depends.

Let's not think that there aren't other decisions being made now, or not made now, on which our future depends. The answers depend on the science, yes, but also on the salesmanship. You have to sell the Moon, and Mars and the stars, to the politicians and the public. And if you don't get it right... there will be consequences. That's why sci-fi is not just for fans.

A Hundred Different D-Days

Bloodstained Sands

By Michael G. Walling

Osprey, 488 pages, \$30

BY WALTER R. BORNEMAN

AMPHIBIOUS OPERATIONS are nothing new. The Greeks sailed across the Aegean Sea to besiege Troy in the 12th century B.C. William the Conqueror crossed the English Channel to capture England in 1066. Great Britain and its allies landed at Gallipoli in present-day Turkey early in World War I on beaches raked by heavy fire and strewn with barbed wire and land mines—a precursor to the hell that would characterize the amphibious assaults of another world war roughly three decades later.

The earlier campaigns, however, were mostly singular events. What sets World War II's amphibious operations apart is not only the quantum leaps in technology but also the sheer number of them and their rapid-fire pace. Between 1942 and 1945, the United States orchestrated dozens of seaborne assaults—sometimes within a matter of days of each other in a particular theater or simultaneously on opposite sides of the globe.

These efforts against enemy-occupied landing zones became an all-consuming component of military operations during World War II and solidified the doctrine of combined operations—the concerted use of air, land and sea forces. Ultimately, of course, it was individual men hitting the beaches and rushing through exploding mortar shells and murderous machine-gun fire who won the day.

This is the story that Michael G. Walling, a Coast Guard veteran who has previously written about naval action in the North Atlantic and about Arctic convoy routes, proposes to tell in "Bloodstained Sands: U.S. Amphibious Operations in World War II." The

result is occasionally riveting but decidedly uneven.

"Bloodstained Sands" rises to the level of compelling narrative when it imparts the horrors faced by young men barely out of their teens who, crouched in pitching landing craft, headed toward deadly shores. These sections bring to mind the beachhead drama of "With the Old Breed" (1981), E.B. Sledge's classic account of the First Marine Division at Peleliu and Okinawa, or Cornelius Ryan's staple, "The Longest Day" (1959).

Describing an upcoming operation in the Solomon Islands, Mr. Walling writes: "It promised to be another campaign in a miserable location.

Young men, crouched in pitching landing craft, sped toward deadly shores—and victory.

There were centipedes three fingers wide, butterflies as big as little birds, thick and nearly impenetrable jungles, bottomless mangrove swamps, crocodile-infested rivers, millions of insects, and heavy daily torrents of rain with enervating humidity." His description of the fighting at the Oran beachhead in Algeria—told in part through the account of a Marine corporal—is equally poignant. The corporal's ship is shredded by enemy shelling, and shrapnel tears through his arm. He leaps into the water, fights "through the floating wreckage" and ends up on a life raft with six British sailors and, eventually, in the hands of Vichy French soldiers. "The French were very nice about it," Mr. Walling writes.

Too often, however, Mr. Walling lays down an exhaustive barrage of operational chronology, units deployed, and numbers of ships, men and casualties. And he is puzzlingly

selective about his choice of operations. He admits that "it is beyond my capability and the scope of any one book to tell the full story of every landing or assault" but then proceeds to chronicle minor landings in great detail while ignoring major operations or relegating them to mere paragraphs. Perhaps most surprising is the omission of Peleliu and other campaigns that mark Gen. Douglas MacArthur's return to the Philippines, campaigns that are "beyond the scope of this work," Mr. Walling asserts.



POPPERFOTO/GETTY IMAGES

There is a preponderance of material on Operation Torch, the landings in North Africa in November 1942. This emphasis might be appropriate, since much was learned from them, including how to meet the challenge of moving an assault force from one side of the Atlantic to the other. Still, Mr. Walling's emphasis is on the operational details rather than pre-invasion planning or strategic results. Similarly, his account of the Central Pacific foray against Tarawa in November 1943 offers little analysis of the planning, staging or logistical dilemmas involved, matters that

Sharon Tosi Lacey took up in "Pacific Blitzkrieg" (2013).

We do encounter, however, more gems from the author's sifting through personal accounts. Confronting the flat coral atoll of Tarawa, Sgt. Jim Bayer remembered: "It was like fighting in the center of a pool table without any pockets—there was no place to dig in." Later, Mr. Walling provides moving personal accounts of operations against Salerno in southern Italy, an assault frequently given little attention despite its ferocious fighting. And, as the book's account of operations undertaken to expel the Japanese from the Aleutian Islands shows, even landings on unopposed beaches were not without the deadly hazards of rocks, surf and friendly fire.

Operations from 1944 onward, including D-Day and the subsequent landings in southern France, merit only 20% of Mr. Walling's narrative. Pacific operations from January 1944 through June 1945 on the Marianas, Iwo Jima and Okinawa are covered in just 40 of those pages. The epilogue, which might have summarized the indispensable contribution of amphibious operations to ultimate victory, instead devotes several pages to the invasions of Japan's home islands that were planned but never executed.

The zenith of American amphibious operations was June 1944, when the country's industrial output and innovative seaborne technologies supported massive simultaneous assaults against Normandy in France and Saipan in the far-off Pacific. During the war, by Mr. Walling's count, U.S. forces conducted 68 amphibious assaults that were opposed by enemy forces. "Remarkably," he writes, "none of them failed." In the end, that may be the most impressive aspect of World War II's amphibious operations.

Mr. Borneman is the author of "MacArthur at War: World War II in the Pacific," just out in paperback.

BOOKS

'The lofty bookshelves sag / under thousands of sleeping souls. / . . . Every time I open a book, a soul is awakened.' —Xi Chuan

Two Doors to the Temple

Great Books of China

By Frances Wood

BlueBridge, 262 pages, \$19.95

A New Literary History of Modern China

Edited by David Der-wei Wang

Harvard, 1,001 pages, \$45

BY PETER NEVILLE-HADLEY

THOSE WHO IMAGINE that reading Sunzi's "The Art of War" will give them insight into modern Chinese politics and business practice might want to reflect that in over 2,500 years of literature it's likely that more than one title is of contemporary relevance.

In her latest volume, "Great Books of China," Frances Wood, a distinguished former curator at the British Library and author of several erudite volumes on Chinese culture and history, sets out to fill a gap in Western understanding that is greater than the understanding itself.

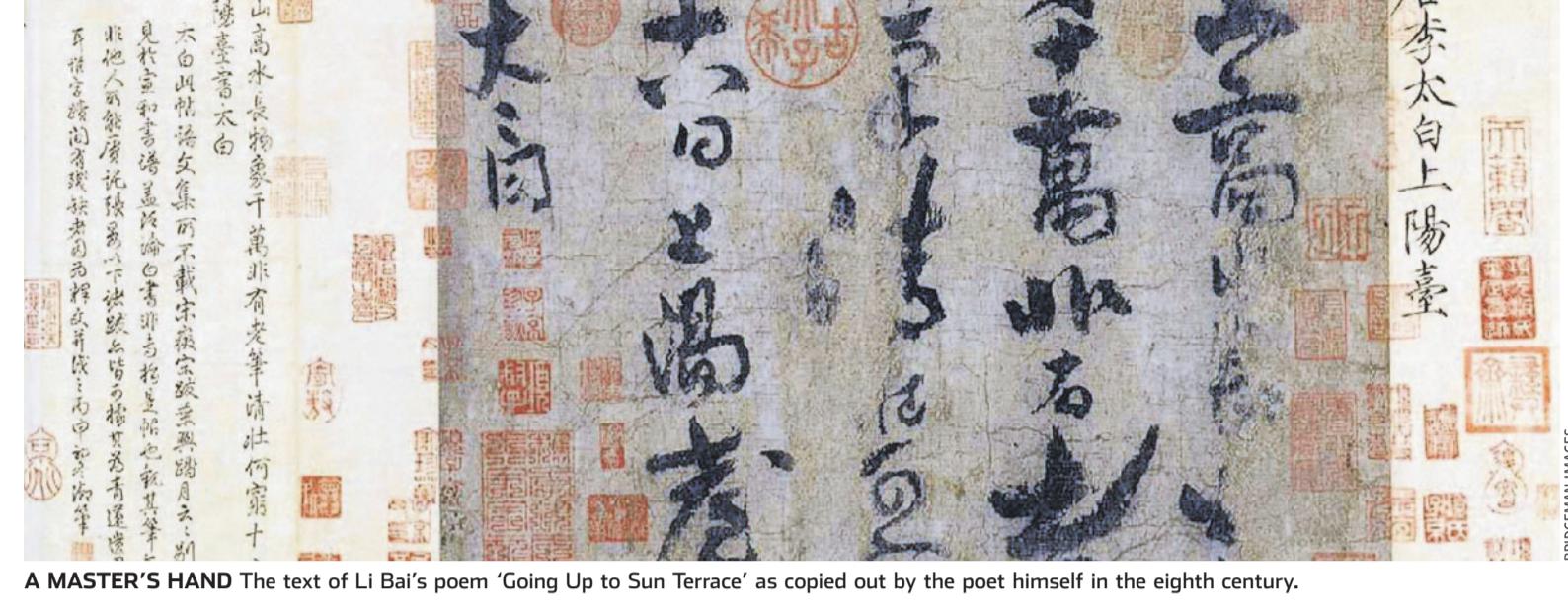
Her enthusiasm for this selection of key works dating from antiquity to the mid-20th century is catching, and her ability to suggest charm in even what seems to be the most unpromising material may prove expensive to readers who subsequently find themselves shopping for full copies of the texts she recommends.

For "Great Books" is not an anthology of extracts but rather an introduction to their contents—a starting point rather than an end in itself. Ms. Wood does quote from chosen works, and in particular from the poetry, but she also explains why each selection is important. She gives its cultural and historical context, and also describes the life and times of its author.

Some of her choices will feel familiar at least as ideas, such as the sayings of Confucius, the divination manual known as the "Book of Changes" ("I Ching") and the texts that inspired the popular television series "Monkey" and "The Water Margin" and Ang Lee's film "Lust, Caution." There is also the inevitable mention of Mao Zedong's "Little Red Book," which is little read now. Sometimes "great" means "influential" and nothing more.

The list includes much that's far from abstruse, such as erotic novels, travel writing and manuals not only on military strategy but also on gardening and construction.

Ancient texts of abiding influence include the "Book of Songs," a collection of poems from as early as 1000 B.C.E. used in schools until the late 19th century. The "Twenty-Four Exemplars of Filial Piety," a moral tract from the 14th century, was



A MASTER'S HAND The text of Li Bai's poem 'Going Up to Sun Terrace' as copied out by the poet himself in the eighth century.

used well into the 20th, and versions of the 13th-century "Three-Character Classic"—200 three-character lines stressing Confucian ideas—are still in use in Hong Kong and Taiwan today.

Ms. Wood makes the poetry seem both accessible and universal. Du Fu's lines "I'm about to scream madly in the office / They keep bringing more papers to pile on my desk" were written in the eighth century yet sound strikingly modern. Du Fu's contemporary Li Bai muses on the globally popular vice of solitary drinking: "Raising my cup, I invite the bright moon / Together with my shadow it makes three people. / The moon, sadly, doesn't drink."

There's much else that's charming, entertaining or simply quirky. The Chinese "Almanac," still sold in vast numbers, includes information on how to tell if a cat is any use. Other works contain advice against painting pictures of trees with fewer than four branches, and a recommendation to treat meat with respect in case the souls of animals should lodge a complaint with the god of the underworld.

One volume I shall seek out is "Tracks of a Wild Goose in the Snow," an account by Linqin, a Manchu of the mid-19th century, of his extensive travels throughout China, punctuated with scenes from his life as a high-level official. When he was governor of Guizhou Province, a cow entered his office complex and lay down in the main hall as if it had come to present a petition. "I ordered it to be brought in," he recounts, "and it shook its tail as if in supplication. I learned that it belonged to a local man named Cai, a butcher, who had planned to slaughter it that day but it had escaped. I paid Cai the price for the cow, telling him not to kill it. It was set free on Jiuping Hill."

There's much here that presages modern Chinese politics as clearly as anything by Sunzi. During the first century B.C.E., Sima Qian, historian to the court of the Han dynasty, was compelled by the emperor to vilify the preceding Qin dynasty in order to justify its overthrow, just as the Communist Party maintains control of historical narrative today. The 14th-century novel "The Story of the Three Kingdoms" has much to say on the problems of ruling a country as vast as China without strong leadership.

Those in search of an understanding of China's ruling class should read Wu Jingzi's "Unofficial History of the Grove of Literati," an 18th-century precursor to what today's Chinese call "official lit"—supposedly insider accounts of cadre corruption in high and low places. The current powers-that-be regard these as a threat and kidnap those who publish them.

If Ms. Wood's small volume of personal selections is the perfect vade mecum to Chinese writing, then the hefty "New Literary History of Modern China," with its myriad contributors, is in some ways its antithesis—yet also the next step on the path to literary enlightenment.

Editor David Der-wei Wang, a professor of Chinese and comparative literature at Harvard, offers 161 short and often sparkling essays by a multinational array of writers and academics in what seems the most exhaustive introduction to modern Chinese writing possible in a single volume. This banquet's hors d'oeuvre is, unfortunately, an indigestibly prolix introduction, "Worlding Literary China," which readers may skip in order to leave room for the tastier dishes that follow. But it does set out this volume's ambitious scope and justifies it by offering new definitions for assorted terms in its title.

"Literary" ought to be a more restrictive category than Ms. Wood's catchall "Great Books," but here literature is allowed to include propaganda films, newspaper cartoons and the lyrics of rock songs. With regard to Chinese literature, the "modern" may apparently begin as early as 1635, when Confucian scholar and Catholic convert Yang Tingyun expanded the formerly Confucian-text-specific term *wenxue* to include "literature" in a Western sense—prose, poetry, essays and histories.

A pair of enlightening reference works that open Western minds to the best in Chinese literature.

While this early date still leaves Mr. Wang starting his selections 2,000 years later than Ms. Wood, he also ventures well beyond her into modernity, with entries discussing not only hugely influential "hooligan" authors but also bloggers and Chinese science fiction, some of it as yet unpublished. The imaginary future is a relatively safe location in which to discuss political ideas dangerous in the present.

Some contributions are themselves fiction, such as novelist Ha Jin's fanciful account of how Lu Xun, perhaps China's greatest 20th-century writer, came to produce his 1918 masterpiece "A Madman's Diary," or Uganda Sze Pui Kwan's imagining of British diplomat Thomas Wade's audience with the Tongzhi emperor in 1873. Wade founded a college for interpreters, which led to an increase in the number of translated works available in China.

Nobel laureate Mo Yan suggests that "If a novel is less than two hundred thousand characters long, it lacks the gravitas it ought to have," but there's much discussed here that fails his test while remaining of consequence. One of the most famous writings by Han Han, a former race-car driver turned novelist, consists merely of a pair of empty quotation marks, but as a risky comment on imprisoned dissident Liu Xiaobo's 2010 Nobel Peace Prize it carried weight, attracting 1.5 million hits online.

Many essays dwell on political events that had an impact on literary output in China, if only by restricting it or by becoming themselves subjects, as in the accounts of personal suffering during the 1966–76 Cultural Revolution known as "scar literature."

And despite the immense variety of the material under discussion, it seems that the story of China's modern literature is largely one of reaction to the outside world, whose discovery sends its intellectuals into a crisis of reassessment in which they either attempt to revive an imaginary golden age or suffer a sense of what Mr. Wang calls "belated modernity," in which the West is a benchmark against which all progress is measured.

As Ms. Wood points out, recent archaeological discoveries have confirmed the existence of two Sunzis more than a century apart, one the author of "Master Sun's Art of War," the other of "The Art of Warfare." This raises the question, "Which Sunzi have you been reading?" Two informative introductions to Chinese literature, from the prison diaries of dissidents to accounts of visits to Shanghai brothels, raise another: "Why not try reading something more?"

Mr. Neville-Hadley writes on Chinese and Japanese topics from Vancouver, B.C.

Coming Unstrung

Gone

By Min Kym

Crown, 227 pages, \$25

BY ERIC C. SIMPSON

THERE'S A STORY about Jascha Heifetz, the famously dyspeptic Russian violinist and giant of the golden age of recording: After a concert one evening, an admirer went to visit the soloist in his dressing room. "Mr. Heifetz," he gushed, "what a performance! Your violin has such a gorgeous tone!" Heifetz picked up his instrument, held it to his ear and knit his brow. "I don't hear anything."

Heifetz was a master and entitled to his amour propre. Most violinists—this reviewer very much included—have a deep, loving respect for their instruments and would likely respond to such a compliment with a swelling of parental affection. A musical instrument is unlike other artists' tools: Whether made in the 17th century by a Cremonese master or 10 years ago by a modern luthier, each violin has its unique tone, color and temperament. Give Jascha Heifetz and David Oistrakh five minutes with the same Del Gesù—an instrument from the shop of Giuseppe Guarneri in Cremona, Italy—and you'll hear differences of technique, of approach and of interpretation. But the voice in either case is the violin's. The relationship a violinist has with his fiddle is more akin to that between rider and horse than painter and brush—a partnership based on an intimate familiarity with the instrument's character, strengths and limitations.

That relationship is at the heart of "Gone: A Girl, a Violin, a Life Unstrung," a moving memoir by Korean-born, London-based Min Kym. In 2010, her 1696 Stradivarius was lifted from the seat next to her at a Pret à Manger in a London underground station; nearly three years later, it was recovered by police in a warehouse in the Midlands of England, waiting to be auctioned as a fake. A happy ending, as far as the public was concerned.

Less known is the epilogue. When it became clear that the violin would not be recovered immediately, Ms. Kym used her insurance money to buy another Strad, but losing her beloved instrument derailed her career just when she was on the verge of her

quickly enough or for enough money to make the payment in time. Out of options, she was forced to let the company auction off the Strad with which she had built her career.

As crushing as the memoir's central event may be, "Gone" does not indulge in self-pity. It is rather a fond recollection of the people and the violins that have figured in Ms. Kym's career and an honest account of what it is like to have a life knocked off course by a freakish occurrence. Particularly intriguing is her account of

able to find a suitable teacher in Korea. She writes beautifully of her own anxiety as she was forced to choose between devotion to her violin career and her desire to have a more "normal" childhood. Observing that "Starting a career when you're as young as I was does peculiar things to you," she echoes the sentiments of every performer who's ever been called a "child prodigy." Ms. Kym's style of prose, like the story it tells, doesn't always hide its rough edges: occasionally an image reaches too far,

as musical examples of pieces that played a significant role in Ms. Kym's story. Most of the tracks have never been released before, and some are even taken from cassette tapes of conservatory lessons. Included is a lovely, affectingly shy rendition of the Adagio from Brahms's Violin Concerto, from the ill-fated album that coincided with the theft. Also on the album is an aggressive, rough-and-tumble account of Paganini's Caprice No. 16 whose little imperfections—pressed tone here and there, an extra squeak on a string crossing—are fascinating to hear and a gift to the listener. Modern recordings tend to be polished to a blinding gleam, spliced together from multiple takes and buffed with artificial reverb, so for Ms. Kym to let her guard down and let the public hear a work in progress takes considerable courage.

Above all, "Gone" is a reminder that becoming a professional soloist is extremely difficult. The confluence of events required to achieve the sort of success many young violinists dream of is unlikely, even when a talented person is putting forth her utmost effort. Luck takes a hand: Countless young careers have been destroyed by injury, burnout or, as in Ms. Kym's case, happenstances that have nothing to do with music. With so many artists' memoirs seeming to be feel-good accounts of virtue rewarded, it's refreshing to hear the perspective of a woman whose path has been less smooth and who is willing to be so candid about her struggle.

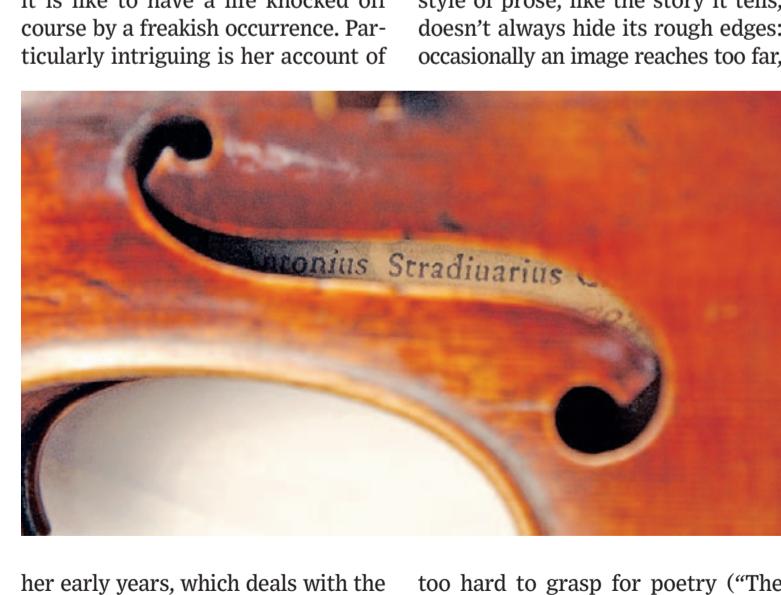
Mr. Simpson is a music critic and an associate editor of the *New Criterion* magazine.

greatest success. The distress of the loss caused the 31-year-old up-and-comer to cancel a publicity tour for a highly anticipated album, which subsequently flopped. Though quartet playing would eventually help her find her way again, Ms. Kym effectively fell out of the concert solo circuit. As if all this were not enough, when her violin was finally found by the British Transport Police, in July 2013, she couldn't keep it—doing so would have required her to repay her insurance company, but the new violin she had bought could not be sold

her early years, which deals with the experience of being a "child prodigy" and effectively rebuts many of the myths that surround musically talented children. Her parents were not overbearing martinetts who forced her to take up and pursue the instrument; rather, they recognized their daughter's talent and made considerable sacrifices to help her develop it, abandoning plans to move permanently back to Seoul from London when it became clear that they would be un-

too hard to grasp for poetry ("The plane might have carried us, but it was my violin that had given us wings"). Far from putting off the reader, the slight bumps in the flow of the text lend it a certain earnestness and make us appreciate that the voice is in fact her own.

In the same vein is the accompanying album, now out on the Warner Classics label. The pieces selected for it, most of them individual movements of larger works, are intended



AP/GETTY IMAGES

OPINION

REVIEW & OUTLOOK

Ireland's Reform Example

We interrupt the panic about populism in Europe to bring some good news from Ireland. That country will get a new Prime Minister on Friday, and the Irish are choosing between two good options who offer a lesson for the revival of European economies.

The leadership change is precipitated by incumbent Enda Kenny's resignation over a complex police scandal involving charges of special treatment for prominent officials. His center-right Fine Gael party must now select a new Prime Minister and party leader.

Fine Gael is traditionally the more free market of Ireland's main parties but has often struggled to overcome entrenched interests in Dublin. So it's remarkable that in this race both candidates to replace Mr. Kenny are running on aggressive pro-liberalization platforms.

The leading contender, Leo Varadkar, is the more eloquent of the two. Most of the media are wowed that he's only 38, the son of an Indian immigrant and gay. But credit Fine Gael and Irish voters for taking Mr. Varadkar's policy ideas more seriously than his biography.

Those ideas include administrative reforms such as prohibiting strikes by public-employee unions in critical services. He wants to address widespread worries about housing costs by phasing out subsidies for first-time buyers and focusing instead on new construction.

Mr. Varadkar and his challenger, Simon Coveney, both promise to reduce Ireland's top marginal tax rate on income—income and payroll taxes combined—to below 50%, and reduce taxes for lower-income payers by adjusting brackets. Both advo-

cate pension reforms centered on private savings accounts. Both would keep the 12.5% top corporate-tax rate while cutting other taxes on domestic firms and the self-employed to expand the economy beyond its reliance on global companies.

That reform agreement is a lesson to most others in Europe, not least British Prime Minister Theresa May, who is running on a welfare-state-as-usual platform. Mr. Kenny and his predecessor slashed government spending by €10 billion (\$11.2 billion) to repair the post-financial crisis budget, as compared to €5 billion in tax increases. This weighting toward spending cuts helped return the economy to growth, and revenues are now booming.

Ireland's economy is back to its precrisis size and boasted the highest growth rate in Europe at 6.6% year-on-year in the last quarter of 2016. Unemployment is around 6.4% and falling, while labor participation is rising. Greece should ship its entire political class to Ireland for the summer to take lessons—and bring along America's Democratic Party.

Ireland's political challenge is to improve conditions for those left out of the recovery—such as rural residents and those who don't work for global firms. Frustration over unequal economic opportunities has stimulated insurrections of the far right and left in many other countries, and shared prosperity is the best defense against a similar Irish movement.

First, though, the country will give economic reform a chance with either Mr. Varadkar or Mr. Coveney. That's a big responsibility for whoever wins the leadership race Friday, and also a big opportunity.

The Assault on Kabul

No doubt the truck bomb that killed at least 90 people and wounded more than 450 in the diplomatic quarter in Kabul on Wednesday has already achieved part of its purpose: to cause Americans to think twice about continuing to help Afghanistan. After 16 years it's a reasonable question.

Yet the situation is not as dire as the headlines seem. After a visit to Afghanistan in April in which he said 2017 would be another tough year for Afghan forces, U.S. Defense Secretary James Mattis noted at a meeting in Denmark that Islamic State "has lost about two thirds of its strength" in Afghanistan. The Afghans are undertaking the bulk of their own defense and taking horrific casualties to fight against the Taliban, al Qaeda and Islamic State.

The U.S. has roughly 8,400 troops in Afghanistan, but in February the commander on the ground, Army Gen. John Nicholson, told the Senate that he nonetheless has "a shortfall of a few thousand" troops. President Trump is now weighing how many more to send, and we hope he fulfills Gen. Nicholson's request.

Barack Obama's main goal in Afghanistan was getting out, but even he came around to seeing that U.S. withdrawal might let the Taliban win. A terrorist triumph in Afghanistan would provide a new safe haven for jihadists in the region, without bases for the U.S. forces on the ground to counter it. At the very least a decision on U.S. troops should be made mindful of the large strategic stakes, not as an overreaction to a single truck bomb.

Samantha Power Unmasked

Barack Obama in 2014 made a large to-do about his reforms of U.S. surveillance programs to "protect the privacy" of Americans. We may soon learn how that squares with his Administration's unmasking of political opponents.

The House Intelligence Committee Wednesday issued seven subpoenas as part of its Russia probe. But the three most notable demanded that the National Security Agency, the Central Intelligence Agency and Federal Bureau of Investigation turn over records related to the Obama Administration's "unmasking" of Trump transition members.

We know that U.S. intelligence agencies routinely eavesdropped on foreign officials who were talking about or meeting with Trump aides. Much less routine is for political appointees to override privacy protections to "unmask," or learn the identity of, U.S. citizens listed in a resulting intelligence report.

The new subpoenas seek details of all unmasking requests in 2016 by three people: former National Security Adviser Susan Rice, former CIA Director John Brennan, and former U.S. ambassador to the United Nations Samantha Power. Democrats claim Ms. Rice needed to unmask names to do her job, though this is questionable given that she wasn't running counter-intelligence investigations. They have a better claim with Mr. Brennan.

But Ms. Power's job was diplomacy. Unmaskings are supposed to be rare, and if the mere ambassador to the U.N. could demand them, what

privacy protection was the Obama White House really offering U.S. citizens? The House subpoenas should provide fascinating details about how often Ms. Power and her mates requested unmaskings, on which Trump officials, and with what justification. The public deserves to know given that unmasked details have been leaked to the press in violation of the law and privacy.

Meantime, we learned from Circa News last week of a declassified document from the Foreign Intelligence Surveillance Court, which excoriated the National Security Agency for an "institutional lack of candor." The court explained that Obama officials had often violated U.S. privacy protections while looking at foreign intelligence but didn't disclose these incidents until the waning days of Mr. Obama's tenure.

"The Oct. 26, 2016 notice [by the Obama Administration] informed the Court that NSA analysts had been conducting [queries that identified U.S. citizens] in violation of [prohibitions] with much greater frequency than had been previously disclosed to the Court," read the unsealed document, dated April 26, 2017.

All of this matters because Congress will be asked by the end of this year to reauthorize programs such as Section 702 of the Foreign Intelligence Surveillance Act, which allows for spying on bad guys and is a vital terror-fighting tool. Even Mr. Obama endorsed 702's necessity. Congress needs to keep the program going, but it has every right to know first if Team Obama eavesdropped on political opponents.

American Trial Lawyers Get Lassoed

U.S. trial lawyers get frequent-flier miles litigating cases in state courts known for friendly juries and plush verdicts. On Tuesday the Supreme Court made clear that forum shopping has limits and the plaintiffs bar has gone too far.

The Justices ruled 8-1 that out-of-state plaintiffs couldn't sue in Montana when the railroad company in question, BNSF, wasn't incorporated there, the plaintiffs didn't live there and the injuries didn't occur there. That BNSF does business in Montana wasn't adequate grounds for the company to be sued there. (*BNSF v. Tyrell*).

"Our precedent," Justice Ruth Bader Ginsburg wrote for the majority, "explains that the Fourteenth Amendment's Due Process Clause does not permit a State to haul an out-of-state corporation before its courts when the corporation is not 'at home' in the State and the episode-in-suit occurred elsewhere." The ruling overturned the Montana Supreme Court.

The plaintiffs argued that the company could be sued under the Federal Employers' Liability

Act for injuries sustained while they were working for BNSF, which is incorporated in Delaware and operates primarily in Texas. The ruling against them should have been unanimous, but they found some comfort in Justice Sonia Sotomayor's partial dissent.

"What was once a holistic, nuanced contacts analysis backed by considerations of fairness and reasonableness has now effectively been replaced by the rote identification of a corporation's principal place of business or place of incorporation," Justice Sotomayor laments. "The result? It is individual plaintiffs, harmed by the actions of a far-flung foreign corporation, who will . . . be forced to sue in distant jurisdictions with which they have no contacts or connection."

Huh? The plaintiffs can sue in their own jurisdiction, and if they don't like that they can sue where the company is headquartered. The far-flung jurisdiction in this suit was Montana, where BNSF had less than 5% of its workforce and less than 6% of its track mileage. Perhaps Justice Sotomayor will explain what she meant in the next round.

Trump's Tweets Versus the World



WONDER LAND
By Daniel Henninger

Rumor has it—rumor being the lingua franca in Washington these days—that the dumping of White House communications director Mike Dubke is the first step in a White House reorganization. The goal is to elevate the administration's accomplishments, which the president believes, and rightly so, are being smothered in their cribs by a hostile media.

Against this relentless opposition, the president on Wednesday morning deployed a tweet about his agenda: "Hopefully Republican Senators, good people all, can quickly get together and pass a new (repeal & replace) HEALTHCARE bill. Add saved \$'s."

The Trump presidency is on three parallel tracks: the Trump tweet track, the Trump-Russia track and the Trump policy track. What lies beyond the horizon is either a successful presidency or a train wreck. As always, the choice is in the hands of Engineer Trump.

Despite their often harsh content, I've come to discover an endearing political innocence in Mr. Trump's tweets. Underappreciated by the person behind @realDonaldTrump is how these new media formats have transformed the world of American politics in a way that is beyond the reach of any White House communications staff.

The cauldron of new media—which operates now on about a 10-minute news cycle—has boiled down Washington into pure political extract. The details of public policy, Mr. Trump's or anyone else's, disappear into the vapors. What's left has become a kind of political crack, and the Trump tweets only feed the habit. Every "fake news" tweet does nothing but take the media's delirium higher.

A case study in the new anticontent politics was on display last week during Speaker Paul Ryan's press conference. Challenged on the fairness of the Republican health-care bill, Mr. Ryan gave several minutes of detail about the bill's provisions on state waivers, risk pools, catastrophic illnesses, pre-existing conditions and premiums as an alternative to ObamaCare. To which the next question was: But won't premiums go up? He replied, "I just answered that question." Maybe the press conference really should die.

In the new world of synthesized politics, policy substance exists only as a walk-on character in the melodrama. Would anyone notice if they reversed the White House reporters sitting in front of Sean Spicer and the White House reporters in front of Melissa McCarthy on "Saturday Night Live"?

Somehow Mr. Trump holds the charming belief that he should get an exemption from this surrealism. He won't and never will. Washington's

politics are becoming the politics of the campus. Argument is irrelevant, opposition is everything.

Exhibit A: the Paris climate accord. A Trump policy showing signs of success—if success means producing jobs inside a growing economy—is the effort by him and his EPA administrator, Scott Pruitt, to deregulate energy markets. But a Trump withdrawal from the Paris accord because its goals conflict with his jobs goals will result in dire headlines on a scale with the invasion of Pearl Harbor.

A Trump decision against Paris will exist only as a *political catastrophe*, a break with "more than 190 countries" just as the details of the entire Trump trip to Europe last week were reduced to one thing—NATO's Article 5.

It is conventional wisdom that Donald Trump is a unique political outsider, almost a loner who uses the new media of Twitter to rage against establishments everywhere.

Washington's politics have become campus politics. Opposition now is everything.

The reality is that the substance of the Trump presidency on energy, education, taxes, regulation or America's foreign role doesn't square with the standard liberal political model dominant since the U.S. Supreme Court decided *Bush v. Gore* in 2000. They're giving him what they gave George W. Bush, which is credit for nothing. It's not new.

The danger for Donald Trump is that unless he reorients his energies—away from the fake-news obsession and toward executing his agenda—he becomes marginalized.

Swaths of the media do have a credibility problem with much of the public. But that no longer matters, because many media platforms have decided to set aside nominal standards of objectivity and turn partisanship and resistance into a business model, pitching their coverage to half the electorate and ignoring the rest as commercially irrelevant.

Mr. Trump keeps saying they should thank him because he's building their audiences. This misapprehends what is taking place now. They are turning the angry Trump tweets and indeed Robert Mueller's Russia investigation into pure political entertainment for their customers. They will make Mr. Trump their tweeting, dancing bear, if he lets them.

If the goal of any conceivable White House reorganization is to defeat these forces on their own terms, that isn't going to happen. This presidency will win on policy success or fall on wretched political excess. A rightly organized Trump White House would keep or hire people who understand the difference, and toss out the rest.

Write henninger@wsj.com

LETTERS TO THE EDITOR

Many Reasons for Decline in IPO Numbers

Regarding Adena Friedman's "Nasdaq's Blueprint for a New Era of Trading" (op-ed, May 5): The number of U.S. IPOs has little to do with

overregulation, and the U.S. capital market for emerging companies is vibrant. The number of IPOs began falling in 1996, years before Sarbanes-Oxley (2002) and Dodd-Frank (2010) reset regulations. The JOBS Act (2012), meanwhile, made it easier for young companies to raise money privately. Moreover, shareholder proposals aren't a deterrent to startups. Large companies such as Wells Fargo get most shareholder proposals, which have been nearly nonexistent at recent startups.

Young companies are less reliant today on public markets. The number of private-equity firms has exploded and they, along with venture-capital firms, are pouring money into new companies. Historically low interest rates have made borrowing attractive

to startups. Robust private markets aren't a cause for hand-wringing—though they do cut into Nasdaq's bottom line.

What's more, today's fewer IPOs are more stable and raise far more capital than those of the 1990s, as an EY report details. At the 1996 peak, 624 IPOs raised \$38 billion; in 2014, when IPOs last spiked to 291, they raised \$96 billion. The U.S. is still the preferred market for cross-border IPOs, and U.S. companies rarely list elsewhere. Let's not forget that many of the IPOs of the 1990s weren't sustainable; many flopped, harming investors and markets.

There are many reasons for the drop in U.S. IPOs, but they aren't necessarily bad, and red tape isn't one of them.

KEN BERTSCH
Executive Director
Council of Institutional Investors
Washington

Why Support Cuba as It Cripples Venezuela?

Regarding Mary Anastasia O'Grady's "Venezuela on the Verge of Civil War" (Americas, May 23): If the U.S. has known that Raúl Castro's minions are guiding, controlling and assuring the continued existence of Nicolás Maduro's regime in Venezuela, for what possible reason did America decide to make nice with the Castro dictatorship and open up trade with it?

I can't understand how we can be involved in an "improving" relationship with a dictatorship that continues to illegally imprison and torture its people, and that has been working for decades to turn the remainder of Latin America into its communistic clones. Unfortunately, it has achieved some level of success in more countries than we would like to contemplate.

Venezuela, which for much of recent history was considered a some-

what tarnished but very workable example of open markets and freedom of action, has now been reduced to a shell of its former self, where freedom is an unattainable dream and daily life is a terrible struggle for basic food and medical services.

How did the U.S. decide to reward the Cuban perpetrators of this nightmare by providing them with the benefits of U.S. business investments and the prestige of calling themselves America's "friends"?

KENT HAMILTON
Silver Spring, Md.

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OPINION

The MacArthur Model for Afghanistan

By Erik D. Prince

Afghanistan is an expensive disaster for America. The Pentagon has already consumed \$828 billion on the war, and taxpayers will be liable for trillions more in veterans' health-care costs for decades to come. More than 2,000 American soldiers have died there, with more than 20,000 wounded in action.

For all that effort, Afghanistan is failing. The terrorist cohort consistently gains control of more territory, including important economic arteries. It's time for President Trump to fix America's approach to Afghanistan in five ways.

First, he should consolidate authority in Afghanistan with one person: an American viceroy who would lead all U.S. government and coalition

Consolidate authority into one person: an American viceroy who'd lead all coalition efforts.

efforts—including command, budget, policy, promotion and contracting—and report directly to the president. The coalition has had 17 different military commanders in the past 15 years, which means none of them had time to develop or be held responsible for a coherent strategy.

A better approach would resemble Gen. Douglas MacArthur's leadership of postwar Japan. Given clear multi-year authority, MacArthur made bold moves such as repealing restrictive speech laws and granting property rights. Those directives moved Japan ahead by centuries.

In Afghanistan, the viceroy approach would reduce rampant fraud by focusing spending on initiatives that further the central strategy,

rather than handing cash to every outstretched hand from a U.S. system bereft of institutional memory.

Second, Mr. Trump should authorize his viceroy to set rules of engagement in collaboration with the elected Afghan government to make better decisions, faster. Troops fighting for their lives shouldn't have to ask a lawyer sitting in air conditioning 500 miles away for permission to drop a bomb.

America's plodding, hand wringing and overcaution have prolonged the war—and the suffering it bears upon the Afghan population. Give the leadership on the ground the authority and responsibility to finish the job.

Third, we must build the capacity of Afghanistan's security forces the effective and proven way, instead of spending billions more pursuing the "ideal" way.

The 330,000-strong Afghan army and police were set up under the guidance of U.S. military "advisers" in the mirror image of the U.S. Army. That was the wrong approach. It has led to fatal and intractable flaws, including weak leadership, endemic corruption and frequent defections, which currently deliver the equivalent of two trained infantry divisions a year to the enemy.

Further, barely 40% of Afghanistan's U.S.-provided fixed- and rotary-wing aircraft are functional, leaving security forces without close air support, unable to resupply, medevac casualties, or move troops in a timely manner.

These deficits can be remedied by a different, centuries-old approach. For 250 years, the East India Company prevailed in the region through the use of private military units known as "presidency armies." They were locally recruited and trained, supported and led by contracted European professional soldiers. The professionals lived, patrolled and—when necessary—fought shoulder-to-shoulder



THE LIFE PICTURE COLLECTION/GETTY IMAGES

Gen. Douglas MacArthur in occupied Japan in August 1945.

with their local counterparts for multiyear deployments. That long-term dwelling ensured the training, discipline, loyalty and material readiness of the men they fought alongside for years, not for a one-time, eight-month deployment.

An East India Company approach would use cheaper private solutions to fill the gaps that plague the Afghan security forces, including reliable logistics and aviation support.

The U.S. military should maintain a small special-operations command presence in the country to enable it

to carry out targeted strikes, with the crucial difference that the viceroy would have complete decision-making authority in the country so no time is wasted waiting for Washington to send instructions. A nimble special-ops and contracted force like this would cost less than \$10 billion a year, as opposed to the \$45 billion America expects to spend in Afghanistan in 2017.

Fourth, Mr. Trump needs to abandon the flawed population-centric theory of warfare in Afghanistan. The military default in a

conventional war is to control terrain, neglecting the long-term financial arteries that fund the fight, and handicaps long-term economic potential.

The Taliban understand this concept well. They control most of Afghanistan's economic resources—including lapis, marble, gold, pistachios, hashish and opium—and use profits to spread their influence and perpetuate the insurgency. America's strategy needs to target those resources by placing combat power to cover Afghanistan's economic arteries.

The U.S. needs to encourage the growth of legitimate industries to raise tax revenue while choking off the Taliban's sources of income. It's absurd that Afghanistan—which holds an estimated \$1 trillion worth of mineral resources—still doesn't have a mining law after 15 years of U.S. presence and "advice."

America's failed population-centric approach to Afghanistan has only led to missed opportunities, which is why Afghanistan depends on donors for 90% of government revenues. A smarter, trade-centric approach will boost Afghanistan's long-run viability by weaning it off donor welfare dependency.

Finally, Mr. Trump must not lose sight of the reason the U.S. became involved in Afghanistan: to deny sanctuary to those who want to destroy our way of life. The largest attack in U.S. history originated in Afghanistan. The terrorists killed 3,000 that day because they lacked the means to kill three million. The U.S. should adjust course from the past 15-plus years of nation building and focus on pounding the Taliban and other terrorists so hard that they plead for negotiation. Until they feel real pressure and know the U.S. has staying power, they will win.

Mr. Prince is a former U.S. Navy SEAL and the founder of Blackwater.

Modi's Failure to Confront Violence in India

By Sadanand Dhume

New Delhi

When Indians elected Prime Minister Narendra Modi three years ago, he promised "development for all." If he's serious, he needs to do a better job of convincing members of India's 172-million strong Muslim minority that this vision includes them.

You can hardly blame Indian Muslims for feeling jittery about the turn their country has taken. A stepped-up campaign against cow slaughter by the ruling Bharatiya Janata Party threatens the beef and leather industries, both of which employ Muslims in large numbers.

Scarcely a week goes by without a new video surfacing of an assault on Muslims by roving bands of cow vigilantes. Some of these groups are widely seen as enjoying tacit government protection in BJP-ruled states. (Most Hindus regard the cow as sacred.)

The BJP in March entrusted the leadership of Uttar Pradesh, India's largest state, to Yogi Adityanath, a Hindu monk whose violent anti-Muslim rhetoric had until recently marked him as too extreme for such high office. Meanwhile, Mr. Modi, quick to tweet about far-flung traged-

dies across the world, finds it hard to stir himself to condemn violence against Muslims in unequivocal terms.

Mr. Modi's supporters tend to bristle at the charge that he isn't living up to his promise of even-handedness toward all Indians. They argue that in a country of India's size and complexity, you can hardly expect the prime minister to comment on every stray incident.

Some believe that secularist media elites selectively highlight crimes where Muslims are victims while playing down those where they are the victimizers. They point out that in a speech last year, shortly after an attack on Dalits—the Hindu group formerly known as untouchables—Mr. Modi proclaimed that cow vigilantes angered him, and that most of them were social undesirables masquerading as cow protectors.

When he speaks, Mr. Modi tends to say the right things. Last year, he told a gathering of Sufi Muslims in Delhi that Islam "literally means peace." He has sworn his commitment to India's secular constitution by calling it his government's "only holy book." Apart from Mr. Adityanath, most of Mr. Modi's picks for top positions—cabinet ministers and chief ministers of states—have been

sober figures who tend to choose their words carefully.

Mr. Modi's fans see nothing amiss in his silence now. He may not have condemned the murder in April of Pehlu Khan, a 55-year-old Muslim dairy farmer who was beaten to death by a mob that accosted him on a highway while he was transporting cows for his business.

The prime minister needs to reassure Muslims anxious about their future.

But by the same measure, the prime minister has also remained silent about a bloody feud in the southern state of Kerala, where communist thugs sometimes murder workers from the Hindu-nationalist Rashtriya Swayamsevak Sangh, or National Volunteers Corps, the group that supplies the BJP with both foot soldiers and top leadership.

It's unreasonable, some party members argue, for Muslims, who tend to oppose the BJP, to expect special attention. Under party president Amit Shah, the BJP has figured out a way to win elections without their votes.

The trouble with all these arguments is simple: They are parched and lawyerly, more suitable for a petty block-level politician than for the leader of the world's largest democracy. That Mr. Modi condemned cow vigilante violence last year shouldn't foreclose his condemning it again this year, or demanding that BJP-ruled states clamp down on it.

And while it's true that the prime minister needn't comment on every act of violence in a nation of 1.3 billion people, it's equally true that he must speak up clearly on those that stand out.

Last month, vigilantes in the BJP-ruled state of Jharkhand lynched seven people—four Muslims and three Hindus—in two separate incidents on the same day. One of the victims, Mohammed Naeem, was captured on camera pleading for his life in a blood-drenched undershirt before being killed.

Police were on the scene, but they only watched. They were reportedly too afraid of the mob to interfere. Like several other victims of recent violence, Naeem was a cattle trader, though in this case the murder appears to have been spurred by false rumors about child-kidnapping gangs spread over the messaging service WhatsApp.

Had Mr. Modi condemned the Jharkhand killings and condoled with the victims, Hindu and Muslim alike, it may have assuaged the fears of those Muslims who, not unreasonably, see a pattern in such crimes. Not doing so opens the prime minister to the charge often made by his opponents that he cannot speak up clearly against anti-Muslim violence because some of his party's supporters rejoice in it.

For India, the long-term consequences of allowing religious minorities to lose faith in the secular state could be disastrous. Regardless of their voting preferences, the government cannot simply wish away the 14% of Indians who are Muslim.

Some BJP supporters may view Islam as an alien faith and fervently wish that Muslim conquerors had not set foot in Hindu India a thousand years ago. But this only makes it more important for Mr. Modi to distance himself clearly from the toxic anger they represent.

If the prime minister really believes in "development for all," then he shouldn't be miserly about reassuring his fellow citizens that he means it.

Mr. Dhume is a resident fellow at the American Enterprise Institute, and a columnist for WSJ.com.

Sydney Goes on Vivid Display

By Ron Gluckman

Sydney

Julia Gorman is showcasing her art installation at the Museum of Contemporary Art Australia when the building suddenly seems to melt. Giant jelly snakes slither in and out of windows as the MCA shimmers with cascading colors projected on the walls. Welcome to the mind-blowing Vivid Sydney festival of light, ideas and music.

Launched in 2009 to boost business during the down season, Vivid

has morphed into an überfest that electrifies Sydney for 23 days. "The whole city is like on Ecstasy, or LSD," chuckles one Chilean onlooker on opening night. A neon sign proclaims this "Sydneyland," and for at least the next few weeks the city will give Disney's "Fantasia" a run for its money.

Sydney's picturesque harbor is the epicenter of freakiness. Animated creatures are overrun the zoo, while breathing trees and eerie eyeballs wow crowds at the Botanical Gardens.

Launched in 2009 to boost business during the down season, Vivid

The showstopper is the iconic Sydney Opera House, transformed into what could be a backdrop for acid-peaked Pink Floyd. On each sail a cavalcade of creepy crawlers is projected in vivacious color.

The work is "Audio Creatures," by Ash Bolland, who directs commercials and music videos and divides his time between Sydney and Southern California. The score is by his longtime idol Amon Tobin. "To be asked to do this, to light up the opera house, the premier spot in Sydney, is really an incredible honor," he says, as ferry horns blare and gaudily decorated party boats add to the explosion of color.

The citywide celebration is infectious, with installations for all ages. Kids swarm "Freedom of Movement," five iridescent swings on bright rods underneath Harbour Bridge, itself bathed in color and projections.

Nothing is off limits in Vividified Sydney. The historic 200-year-old Cadman's Cottage becomes home to robots and bouncing monkeys in MUSICbox, an interactive work that changes as onlookers bounce on projected keyboards.

Festivals around the world strive for civic promotion and pizazz, but Vivid creates a splash by reinvigorating local attractions. Even after nearly a decade, the magic remains novel and sparked with spontaneity.

Mr. Bolland's projection was seeded on his computer four months ago, but he had no way of seeing the

work until scores of technicians stormed Sydney, madly wiring Vivid. His sneak peek came at 2 a.m., a still time with little light and few boats on the water. "It was awesome," he reflected.

A citywide spectacle makes the Opera House look like a backdrop from peak acid Pink Floyd.

Ms. Gorman, from Melbourne, initially dolled up one room at MCA, prompting an offer to transform the entire building. "I've never done anything like this," she confides as we await the premier of her "Organic Vibrations." We are joined by Cédric Péri, from a Paris artist collective that created the pulsating soundtrack and visual effects. They worked by email, inspired by her paintings.

Vivid plays out across the city for just over three weeks, but planning runs year-round for artistic director Ignatius Jones, who is as colorful as the festival. A former actor and singer with Jimmy and the Boys, he worked on events such as the Sydney Olympics and East Timor's independence ceremony. He joined Vivid in 2010, when total attendance was less than 250,000 over 12 days. Last year, it attracted a record 2.3 million visitors, according to Stuart Ayres, minister for trade, tourism and major events.

"A lot of what we've done has never been done anywhere," notes Mr. Jones, who strives to keep pushing the boundaries every year. Besides nearly 100 installations, there are 260 talks and idea events and more than 400 musical performances, mostly free. "Every year we try new things, and Vivid just keeps growing and growing."

While new neighborhoods continue to join, much of the action centers in and around the Sydney Opera House, where Ben Marshall jacks up the cutting-edge presentations. A former indie-rock promoter, he's the opera house's head of contemporary music and estimates he spends 60% of his time planning for Vivid.

This year performers include Bill Callahan, Beth Orton and Fleet Foxes. Mr. Marshall also fills bills with local acts and experimental attractions. In 2012, Sufjan Stevens, Bryce Dessner, Nico Muhly and James McAlister performed the concept musical "Planetary," which later toured the globe and is just coming out on disc. Last year, he hosted "Sleep," by Max Richter. Created with a neurosurgeon, it played nightly at 9 p.m. until dawn. "We put out 150 cots, and guests went to sleep, and then awoke to it," he explains.

"Sydney used to be dead in the winter," Mr. Marshall says. Now it's Vivid.

Mr. Gluckman is a Bangkok-based writer.

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LIFE & ARTS

FILM REVIEW | By Joe Morgenstern

Oh My Goddess, a Splendid 'Wonder Woman'

The heroine is the dazzling embodiment of female empowerment packed with superhero-size excitement

CAUGHT UP IN THE COILS OF

Princess Diana's hot lasso, I am bound to tell the truth: "Wonder Woman" is wonderful, and the Woman herself, as played by Gal Gadot, is the dazzling embodiment of female empowerment. She is also learned, charmingly funny and, for a goddess, touchingly human. This Diana turns out to be a puissant innocent who brings Amazon prowess plus the spirit of Candide to the task of saving mankind. The world of men, her mother warns her, doesn't deserve her. Maybe so, though that's what lots of mothers tell their daughters. But the movie-going world deserves the best that Hollywood can deliver, and this time we've pretty much got it.

Everything turns on Ms. Gadot's performance, which leaves nothing to be desired except more in subsequent installments. (Later this year she'll reprise her role in "Justice League.") A relative newcomer to global stardom, she couldn't have achieved what she's done here without her director, Patty Jenkins, whose own achievements are remarkable. In a male-dominated medium, Ms. Jenkins has put her indelible stamp on this complex and expensive feature. (She had to wait 14 years, it should be noted, to work again in the feature format after directing the 2003 "Monster," for which Charlize Theron won a best-actress Oscar.) And the film, written by Allan Heinberg, wouldn't have been such a distinctive success without the delicate comic chops of Chris Pine. He plays Steve Trevor, a spy for British intelligence who becomes Diana's droll companion, wry suitor, dance instructor and endlessly likeable guide to the world of men, horrific war, rampant evil and, for Diana, sustaining hope.

"Wonder Woman" has trenchant things to say about our world; it's a comic-book movie with a highly evolved brain. The story begins in the Amazon world, on the island paradise and safe haven of Themyscira, where Diana as a child



Gal Gadot stars in 'Wonder Woman,' directed by Patty Jenkins.

watches formidable women sharpening their martial skills in swordplay. (Connie Nielsen is her mother, Hippolyta. Robin Wright is her aunt, General Antiope, who undertakes the child's combat training.) In a stunning production designed by Aline Bonetto and photographed by Matthew Jensen, Themyscira is all radiance and grace. The outside world proves much darker; Europe is being ravaged by World War I.

The journey from light to dark begins with a fighter plane crashing into the ocean off Themyscira. The pilot is Steve, and he's rescued by Diana—a notably adult Diana by now. "You're a man," she says with wonderment, and more than casual interest, after pulling him onto a beach. He is the first man she's ever seen, and a man whose pres-

ence draws other men to the island—Germans with guns, determined to recover secret documents Steve has purloined from them. That's when "Wonder Woman" takes off into the realm of terrifically entertaining action adventure—and Diana, discovering her superpowers, strides and flies into the first of many battles.

It's a thrilling sight. Superheroes are forever striding into battles, but they're almost always men; on the rare occasions that they're women, the results have been disappointing (as in the 2005 "Elektra") or disastrous (as in "Catwoman" the year before). This time is different because all the requisite elements are in place—a character of long-established consequence played by an actress of startling authority in a

story that hurtles along like a bullet train before its time. (It's basically about Diana's search for Ares, the god of war, and her sweetly naïve belief that killing him will end wars forever.) I was suddenly a kid at a kiddie show again, rooting for Wonder Woman every step and gorgeous swoop of the way as sunlight flashed on her God Killer sword and bullets bounced off her bracelets and shield. (Rupert Gregson-Williams wrote the rousing score.)

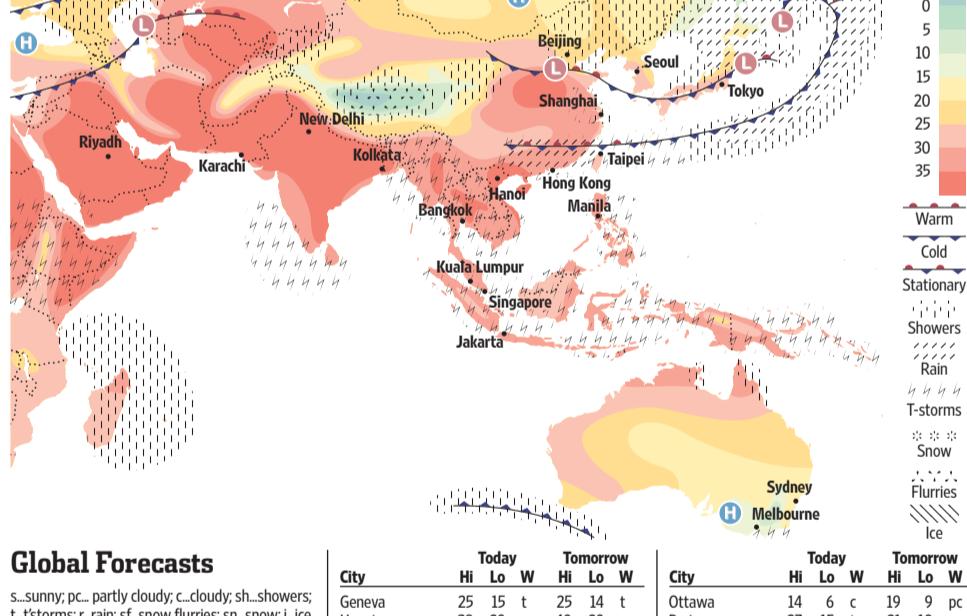
Battles with bad guys—including a diabolical German general (Danny Huston) and a mad biologist (Elena Anaya)—are only part of the mix. Sophisticated comedy kicks in during a visit to chilly London, when Steve, concerned about Diana's skimpy costume, takes her shopping for proper clothes at Sel-

fridges. (Proper clothes, plus Clark Kent-style glasses, manage to make her look more ravishing than ever, though my favorite fashion moment is at a wartime German gala, where she makes her entrance in a blue gown that doubles as a sheath for the sword tucked in at her back.)

Diana, you'll be unsurprised to hear, changes the course of World War I; crossing No Man's Land is no big deal for a woman of her mettle. But her movie changes the course of an entertainment universe. The last three DC Comics ventures to hit the big-screen—"Man of Steel," "Batman v Superman" and "Suicide Squad"—have been conspicuously unpleasant, though consistently profitable. "Wonder Woman" comes as a welcome surprise. A summer attraction that's as strong as could be on stylish action, it finds time for lovely grace notes and witty fillets: Diana and Steve working out the boundaries of a first night together in a bed on a boat; smoke signals sent by an American Indian behind German lines; Diana's first snowstorm, and her first encounter with an ice-cream cone. ("You should be very proud," she tells the vendor.)

The movie can't avoid all the flaws that afflict the genre. The narrative momentum flags now and then. There's some indulgence in the gloomy teal-and-orange palette that blights so many action films these days. The climactic battle between Diana and Ares grows borderline-interminable. Climactic god-versus-god battles are now obligatory in such sagas, and this one follows the formula, but with a crucial difference that reflects the quality of the film as a whole. The battle matters because Diana matters. We want fervently for her to win because we've come to know her and care about her. We know her passions and endearing quirks, her desire to save the world even after she has learned what a godawful place it can be. "Wonder Woman" puts the super back in movie heroism.

Weather



Global Forecasts

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

t...storms; r...rain; sf...snow flurries; sn...snow; i...ice

Today Hi Lo W

Tomorrow Hi Lo W

Today Hi Lo W

Tomorrow Hi Lo W

Today Hi Lo W

Tomorrow Hi Lo W

City	Today	Hi	Lo	W	Tomorrow	Hi	Lo	W
Geneva	25	15	t	20	12	t	25	14
Anchorage	17	9	c	17	9	c	20	10
Athens	31	20	pc	29	19	s	32	21
Atlanta	30	19	pc	30	20	pc	31	21
Baghdad	36	22	s	39	23	s	38	24
Baltimore	26	13	pc	26	13	pc	27	14
Bangkok	34	27	t	34	26	t	35	27
Beijing	23	11	pc	28	13	s	24	12
Berlin	24	12	s	26	15	pc	25	14
Bogota	20	10	c	19	11	c	21	12
Boise	27	16	pc	33	17	pc	28	18
Boston	20	11	sh	19	11	l	21	12
Brussels	26	15	t	21	10	t	27	14
Buenos Aires	16	9	s	15	7	c	17	10
Cairo	33	20	s	35	23	pc	34	21
Calgary	21	8	pc	25	9	pc	22	10
Caracas	32	26	pc	32	27	pc	33	28
Charlotte	30	17	pc	31	19	pc	31	20
Chicago	29	16	pc	28	19	t	30	21
Dallas	30	22	t	31	22	t	31	23
Denver	26	11	c	27	13	pc	27	14
Detroit	26	13	pc	25	17	pc	27	16
Dubai	41	29	s	41	29	s	42	30
Dublin	17	9	sh	17	8	t	18	9
Edinburgh	18	9	pc	17	9	t	19	10
Frankfurt	28	17	t	26	14	t	29	18

The WSJ Daily Crossword | Edited by Mike Shenk



CHECKS AND BALANCES | By Marie Kelly

The answer to this week's contest crossword is a noun related to checks and balances.

Across

- 1 Amorphous mass
- 4 Ginger ale, for one
- 9 Sacred collection of Hinduism
- 14 Shade
- 15 Match, grammatically
- 16 Radiate
- 17 Vb. type
- 18 Like moisturizing sunscreens
- 20 Dry cleaner's promise
- 22 Mayberry moppel
- 23 Strident blasters
- 24 Put in a concerted effort
- 28 It claims to be the world's largest sports org.
- 29 Naugahyde's kin
- 31 Territories
- 34 Tiny amounts
- 35 "My, it's chilly!"
- 36 Following
- 37 Ticks off
- 38 Letterhead feature
- 39 Hot state
- 40 La Paz lads
- 41 Blanket
- 42 Stone with red and white bands
- 44 Tube top
- 45 Keys in
- 46 Galaxy creator
- 50 They follow bees
- 52 Mirror hog
- 53 Hero of the Yom Kippur War
- 57 Ling of "Red Corner"
- 58 Ellipse or hyperbola
- 59 Hold in high regard

► Email your answer—in the subject line—to crossovercontest@wsj.com by 11:59 p.m. Eastern Time Sunday, June 4. A solver selected at random will win a WSJ mug. Last week's winner: Ralph Levin, Berkeley CA. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

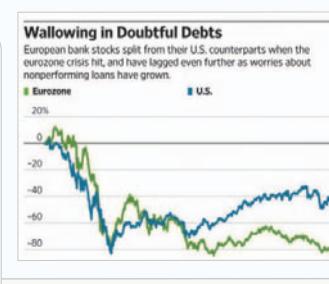
PUZZLE CONTEST

- 60 No longer amusing
- 61 Scout's master
- 62 Parcels
- 63 Checks
- Down**
- 1 Batter blinder
- 2 Sound-based
- 3 Skin
- 4 They're paired with Englishmen in a Coward song
- 5 Scaly pet
- 6 Shots at the dentist's office
- 7 Slender swimmer
- 8 Buyback arrangement, for short
- 9 Word on the Yale crest
- 10 Crack
- 11 Florida Georgia Line, e.g.
- 12 Targets of some blockers
- 13 Spot
- 19 Stadium shockers
- 21 An American in Paris, say
- 25 "Yippee!"
- 26 Brink
- 27 Diamond goof
- 29 Rock garden favorite
- 30 Alternative facts
- 31 Caraway cousin
- 32 Aired again
- 33 Bring to bear
- 34 Coffee taster's adjective
- 37 Hoses off
- 38 Mental blunder
- 40 Electric shaver brand
- 41 Bemoans
- 43 Charlatan's specialty
- 44 King of pop
- 46 Smoked fish
- 47 Take out, as a new computer
- 48 Writer Zora Hurston
- 49 They're balanced symmetrically for most crosswords
- 51 One of Noah's sons
- 53 Congress creation
- 54 Aussie animal
- 55 Overnight stop
- 56 Cut abruptly

Previous Puzzle's Solution

ZERO	ADDER	MARS
AGED	TRADE	ECON
GOLD	PLATED	TIVO
SLAW	AND	ORDER
LAB	ASL	POSSE
AWAIT	DUDE	
PASTA	PARTICIPLE	
ASTO	ELDER	FLEA
THE	FLOUR	SEASONS
SOUZA	INME	COPAY
ABSTRACT	GEAR	HAVEONHAND
ART	SAID	ASIA
GEAR	HAVEONHAND	AVAILIDID
ASIA	SAID	SALT

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THE WALL STREET JOURNAL.

Friday - Sunday, June 2 - 4, 2017 | B1

Yen vs. Dollar 111.2790 ▲ 0.45%

Hang Seng 25809.22 ▲ 0.58%

Gold 1264.00 ▼ 0.63%

WTI crude 49.02 ▲ 1.45%

10-Year JGB yield 0.046%

10-Year Treasury yield 2.224%

PPG Ends Pursuit of Rival Akzo

By BEN DUMMETT

Elliott Management Corp. met its match in **Akzo Nobel NV**.

The Dutch paint giant faced down a protracted \$27.6 billion takeover attempt from U.S. rival **PPG Industries Inc.**, in the process dealing a blow to the U.S. investor's aggressive style of activism.

Elliott had emerged as a key player in trying to end a stand-off between two of the world's oldest industrial companies. As one of Akzo's largest investors, Elliott mounted a bold public-relations and legal campaign to try to force the Amsterdam-based company into unwanted sale talks with PPG.

Elliott's tactics have established it as a high-profile activist investor in the U.S. Most recently the hedge fund spearheaded a campaign that helped unseat the chief executive of aerospace-parts maker **Arconic Inc.**

But a similar effort came to nothing in the case of Akzo on Thursday after PPG dropped its bid following its failure to initiate friendly talks after a months-long attempt. PPG is now challenged to find new sources of growth after losing out on making its bet that the Akzo tie-up would strengthen the company's global reach, allow it to cut costs and offer customers a broader portfolio

of paints and coatings.

Some analysts supported PPG's move. "They did the right thing" by walking away, according to Robert W. Baird analyst Ghansham Panjabi. "They needed to protect shareholders [from escalating bids for Akzo Nobel] and not get wrapped up in the emotion. This is a consolidating industry. There are plenty of other deals out there."

PPG Chief Executive Michael McGarry said his most recent approach to Akzo was on May 29 but, as in previous cases, the Akzo board "consistently refused to engage and didn't respond to our (latest) call or letter."

Akzo rejected PPG's bids as too low and argued that completion of the tie-up was far from certain owing to the complex and lengthy antitrust review a deal would likely face.

Since the initial offer in March, PPG had made sweetened offers to woo Akzo to the negotiating table. But bolstered by a Dutch corporate structure that provides protection from a shareholder-supported hostile bid, it fended them off. The company also survived a shareholder revolt and legal challenge led by Elliott.

Elliott used Dutch lawyers and industry consultants to help make its case against Akzo. Still, Thursday's setback

highlights the challenges U.S. activist investors can face investing in countries that have different corporate governance structures, tax and other rules.

Last month, for example, Elliott shifted part of its strategy in pushing for change at BHP Billiton Ltd. by proposing that the mining giant retain a main stock listing in Australia. Previously, it sought shareholder support for BHP to end its dual listing in Sydney and London in favor of a U.K.-only listing, but that plan met opposition by the Australian government.

An Elliott representative declined to comment on Thursday.

Some See Low Bar For CEO Bonuses

By THEO FRANCIS
AND JOANN S. LUBLIN

Investors have pressed for years to get companies to tie executive pay more closely to performance, and boards have increasingly complied. But now, some investors are questioning just how high they set the bar.

Median pay for chief executives of S&P 500 companies reached \$11.7 million in 2016, up from \$10.8 million a year earlier and a postrecession high, according to a Wall Street Journal analysis. Roughly 60% of their pay came from stock and stock-option awards, most of which are tied to performance targets.

Companies have wide latitude in choosing performance hurdles. Take FedEx Corp. For more than a decade, the company has used the same 12.5% target for average earnings-per-share growth as a threshold for its executives to earn their target long-term incentive payments—even as Wall Street analysts have forecast substantially higher growth at the start of many of those years.

FedEx has gone on to exceed the target in four of the past five performance periods and has paid out the maximum cash bonus in three. Chief Executive Fred Smith was paid \$16.8 million last year, up 21% from a year earlier.

A FedEx spokesman said the target reflects the company's long-term goal of 10% to 15% annual per-share earnings growth and serves to reward executives for building long-term shareholder value.

"It has to be the right measure and the right achievement level," said Glenn Booraem, who handles corporate governance for more than \$2 trillion of U.S. equity investments at mutual-fund giant Vanguard Group.

Mr. Booraem said he is concerned some boards set the bar too low, allowing CEOs to earn "premium payouts in the absence of compelling performance relative to the market."

Last year, about 250 S&P 500 companies paid cash incentives above target levels, averaging 46% over, according to data from Institutional Shareholder Services, the biggest U.S. proxy-advisory firm. Meanwhile, 150 paid bonuses below the target.

Annual bonuses have long been tied to performance. Stock and stock-option awards, however, were often awarded at set levels; the value fluctuated only as share prices subsequently rose or fell.

Now, the number of shares or options a CEO ultimately receives is increasingly determined by meeting or missing a variety of targets, based on

Please see PAY page B2



BOB O'CONNOR FOR THE WALL STREET JOURNAL

Myomo, which is pursuing an IPO, makes medical robotics. Above, Jessica Peters tests a new model with company engineer Gene Tacy.

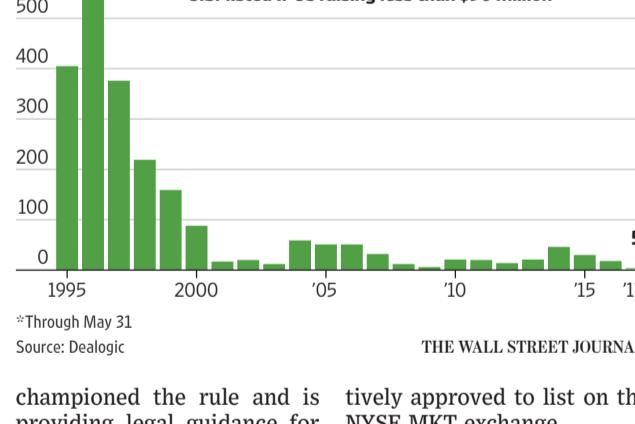
A Less-Traveled Road to Listing

To raise funds, a handful of smaller U.S. businesses are using a new way of going public

By CORRIE DRIEBUSCH

The Retreat of the Small IPO

The number of companies completing relatively small initial public offerings has dropped off since the dot-com boom of the 1990s.



championed the rule and is providing legal guidance for several offerings.

Myomo is the first Reg A+ offering poised for a major U.S. exchange, the New York Stock Exchange. The company is in the process of trying to sell two million shares at \$7.50 apiece, after which it is tenta-

wanted to ramp up sales and production of the company's orthotic braces that can facilitate movement in paralyzed limbs.

A traditional IPO wasn't an option. Myomo hopes to raise \$15 million—too little to interest big banks, which collect fees based on deal size, Mr. Gudonis said. The cost and regulatory burden of a traditional IPO for Myomo were too high, he said.

Instead, it is tapping Reg A+, a provision of the Jumpstart Our Business Startups Act, a 2012 law designed to help fund small-business growth and increase employment by removing some hurdles for companies trying to go public.

Reg A+ allows companies to raise up to \$50 million by pitching their IPOs to all investors—not just those with a certain net worth or income—in fast-tracked deals.

So far, one company, three-wheel-car manufacturer Elio Motors Inc., has listed shares via Reg A+. It raised more than

Please see MYOMO page B2

GM Loses Ground In U.S. Auto Market

By JOHN D. STOLL
AND ADRIENNE ROBERTS

General Motors Co. is limping into the highly anticipated summer selling season. It was passed by **Ford Motor Co.** as the U.S. market's top seller in May and is now laying groundwork for more job cuts at its American factories.

GM, among the world's most profitable auto makers, has been scrambling to adjust production as the U.S. market plateaus. The adjustment is part of a discipline installed by Chief Executive Mary Barra after decades of stocking dealer lots with more cars and trucks than customer demand

warranted.

GM sales are off 1% through five months compared with the same period in 2016—it has disclosed plans to lay off more than 4,000 workers since January.

Once known for flooding rental-car agencies with its cars and slapping generous discounts on even its most popular models, GM has retreated from profit-sapping fleet sales and shown restraint in incentive spending.

The strategy, however, comes with a price for GM. Market share has stagnated near historically low levels, and the one-time global power

Please see CARS page B2

INSIDE



ACTIVIST INVESTOR IS NOW TARGET

FINANCE, B5



REBECCA COOK/REUTERS

GM, whose U.S. sales are off 1% this year, is struggling to keep up with rival pickup-truck makers.

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On the Money

More companies expect CEO equity awards to pay out above target than below, based on an analysis of 2016 filings.

Expecting to pay above target

161 Up to 20% above 25 More than 20% above

Expecting to pay at target

122

Expecting to pay below target

135 20% or less below 15 More than 20% below

Source: ISS

THE WALL STREET JOURNAL

PAY

Continued from the prior page anything from stock-price gains and earnings-per-share thresholds to revenue, safety records and more. Better performance yields a bigger award. Poor performance can mean none at all.

For two-thirds of S&P 500 companies, the overall pay CEOs received over the past three years proved higher than initial targets, according to an ISS analysis. That is typically because performance triggers raised the number of shares CEOs received, or stock gains lifted the value of the original grant. On average, compensation was 16% higher than the target.

Last year, about 250 S&P 500 companies paid cash incentives above target levels.

The values companies disclose for CEO equity awards also show that about one-third of CEOs start the fiscal year expecting to beat the performance targets that determine the size of those stock grants, ISS said.

In some cases "the company is setting goals they think the CEO is going to clear," said John Roe, head of analytics at ISS. "It's a tip-off to investors."

In March, General Electric Co. modified its bonus program for top executives to tie pay more closely to specific performance goals, including the level of cost reductions over the next year. The com-

pany said the changes came out of discussions with activist investor Trian Fund Management, which had called for more stringent targets.

In comments to investors last week, CEO Jeff Immelt said the company's bonus and long-term incentive plan keep executives' interests aligned with those of shareholders. Last year, Mr. Immelt received 80% of his projected bonus because the company missed operating-profit targets. His total pay fell by one-third to \$18 million.

Boards must juggle a range of factors in setting performance targets. Investors and proxy advisers have their preferred measures, and consultants recommend targets that are challenging but not impossible. They can evaluate how well they have chosen by considering the market's reaction, said Ira Kay, managing partner at consultancy Pay Governance. "If we beat it and our stock goes down, it was probably not such a hard goal," Mr. Kay said.

United Parcel Service Inc. missed several of its performance targets last year, including goals for three-year revenue growth and total shareholder return. As a result, CEO David Abney received 70% of his targeted incentive pay. But the shortfall was more than made up by two salary increases and a one-time grant of stock and options. He received \$13.7 million in total pay, up 21% from a year earlier.

A UPS spokesman said Mr. Abney and other top executives received incentive pay in line with company performance, and the company is committed to maintaining competitive compensation while tying pay to performance.

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BUSINESS & FINANCE

Pace of Recall Stirs Concern

U.S. senator says two-thirds of the recalled Takata air bags have not yet been repaired

By MIKE SPECTOR

Two-thirds of the more than 46 million recalled Takata Corp. air bags that risk rupturing haven't been repaired, a U.S. senator said, raising further concerns over the lagging pace of an unprecedented automotive safety campaign meant to address the potentially deadly devices.

Roughly 30.4 million of 46.2 million Takata air-bag inflators across the U.S. remain unrepairs as of mid-May, despite nationwide recalls starting in 2015, according to Sen. Bill Nelson (D., Fla.). In a statement Thursday, he said the figures were provided by an independent monitor overseeing the safety campaign, and demonstrated the need for recalls to accelerate.

The air bags, linked to 16 deaths and more than 180 injuries globally, risk exploding and spraying shrapnel in vehicle cabins. Almost all auto makers are in the process of eventually recalling 42 million vehicles in the U.S. that feature up to nearly 70 million of the air bags. The recalls are being conducted in stages to address the riskiest air bags first, which tend to be older devices that have had prolonged exposure to heat and humidity.

"We've got to pick up the pace on boosting production



The air bags, linked to 16 deaths and over 180 injuries globally, risk exploding and spraying shrapnel.

of replacement inflators and assisting consumers who need to get their vehicles fixed," said Mr. Nelson, the top Democrat on the Senate Commerce Committee and critic of Takata and safety regulators.

One since-settled wrongful-death case involving a ruptured Takata air bag in Mr. Nelson's state stemmed from a 2014 Orlando crash that police first suspected to be a homicide because of the resulting carnage.

A Takata spokesman declined to comment.

Four auto makers—Toyota Motor Corp., BMW AG, Subaru Corp. and Mazda Motor Corp.—reached a \$553 million

legal settlement in May with current and former owners and lessees of nearly 16 million vehicles equipped with the air bags. Some of the money will go toward encouraging consumers to visit dealerships for repairs. Vehicle owners have in some cases encountered parts shortages when seeking repairs, and confusion stemming from the need, in certain instances, to have air bags replaced more than once.

The safety crisis has hampered Takata's finances and forced the Japanese automotive supplier to weigh a bankruptcy filing and sale. Takata earlier

this year pleaded guilty to criminal wrongdoing for providing misleading testing reports to auto makers and agreed to \$1 billion in penalties to settle a U.S. Justice Department probe. The money includes restitution to car companies shouldering recall costs and consumers harmed or yet to be affected by the air bags.

Mr. Nelson also suggested that the lack of a top leader at the National Highway Traffic Safety Administration since President Donald Trump's inauguration in late January is exacerbating the recall lag.

A NHTSA spokeswoman had no immediate comment.

CARS

Continued from the prior page erhouse risks eventually losing its crown as the top American auto maker.

Ms. Barra has made a series of high-dollar investments and product introductions as part of GM's response to Silicon Valley and enjoys backing from the company's board, she has also pulled GM out of several markets to ensure profit growth as the U.S. car market cools.

Overall sales for the market were expected to be flat for May despite one extra selling day and a spate of Memorial Day deals.

Ford, which recently changed its CEO, reported an unexpectedly strong performance due largely to a steep increase in sales to fleet buyers, while Toyota Motor Co. and Fiat Chrysler Automobiles NV reported modest declines.

Honda Motor Co. and Nissan Motor Co. also reported

sales increases.

GM has been hit by a two difficult forces. It had to pull back on production amid sharp decline in demand for the Chevrolet Malibu bread-and-butter sedan, the Cadillac CTS luxury car and other passenger cars.

At the same time, pickup sales—the backbone of GM's high-margin truck business—are slumping even as Ford's F-Series pickups and Chrysler's Ram pickups thrive.

GM's latest round of cuts are modest in number, but take place in a city that is central to one of the Michigan counties that played an outsize role in the 2016 presidential election. GM's Warren, Mich., transmission plant will cut about 150 jobs, affecting temporary and unionized workers living in Macomb County communities where President Donald Trump's "America First" approach played well.

A spokesman noted GM's cuts in Warren, scheduled for late June, affect less than half

the workforce at the factory, and are part of a broader plan to trim sedan capacity amid a continuing decline in the popularity of small cars and sedans. A sustained run of cheap prices at gasoline pumps and steady job growth have boosted the appeal of sport-utility vehicles, including a stable of models GM is in the process of updating.

Traditionally the top U.S. auto maker in terms of sales, GM has struggled to keep up with rivals in the pickup-truck department. Sales of Chevy's Silverado and Colorado pickups, and sibling versions of the trucks sold by GMC, have slipped 5.6% in 2017.

Ford's best-selling F-Series lineup, meanwhile, is up 8.5% and Ram trucks increased 8% over the same period.

GM's weakness in the sector highlights a big concern for analysts. Pickup trucks are a primary generator of profits for auto makers and a bellwether for economic health.

Detroit's grip on this market has proven impenetrable:

Trying to Fill Void For Smaller IPOs

Medical-robotics maker Myomo Inc. is relying on a little-used provision of a U.S. law to go public and raise money to expand.

In the late 1990s and early 2000s, an ecosystem of bankers, lawyers and investors helped small companies go public. After the tech bubble burst, many small and midsize banks went under or were absorbed by bigger firms, which viewed small offerings as an in-

efficient way to earn fees.

Many of the small companies they took public didn't fare so well, either. A decade after their IPOs, 29% of companies that made their stock-market debuts between 1996 and 2000 with revenue of less than \$1 billion remained as independent public companies, according to a report by the Kauffman Foundation of Entrepreneurship.

Meanwhile, the average market capitalization of listed companies, adjusted for inflation, has more than quadrupled since 1996, according to a research paper on trends in U.S. capital markets by Ernst

& Young.

Looking to encourage small-business growth, Congress in 2012 passed the Jumpstart Our Business Startups Act. The law was intended to fund small-business growth and employment by lowering regulatory hurdles for companies trying to go public and allowing firms to have more private shareholders.

One provision of the JOBS Act, known as Reg A+, is making it easier for Myomo to go public by reducing legal obligations and easing some regulatory requirements.

—Corrie Driebusch

MYOMO

Continued from the prior page \$17 million from thousands of individuals, the bulk of which it said in its filing is going to fund the building of prototype test vehicles.

But Elio's stock investors haven't fared so well. The shares listed last year for \$12 apiece on the top tier of the OTC Markets Group, an over-the-counter marketplace that caters to small U.S. firms as well as some large international ones. Recently, the shares were at \$6.70, and infrequent trading has plagued the stock.

"There is risk here," said Jason Paltrowitz, executive vice president of corporate services at OTC Markets. "Risk is not necessarily a bad thing...So long as customers understand what they're getting involved in, they should have the right to get in."

Reg A+ came at an oppor-

tune time for Joseph Collins, chief executive of Punch TV Studios Inc. Last year, he said, he started selling shares for \$1 apiece.

The 53-year-old went door to door in his neighborhood in South Los Angeles, plugging his vision of a production company and television network aimed predominantly at the African-American community. He pitched his case at Sunday morning church services.

Dethaniel Henry, a 43-year-old retired veteran who lives in Gates, N.C., said he heard about the IPO on the radio. In December, he bought \$100 worth of shares, the first time he has owned stock, and read up on Reg A+.

Mr. Henry, his wife and his 20-year-old son have spent five months driving across the country in their Toyota Camry, promoting Punch TV. He plays the company's ads on his CB radio and regularly paints the back window of his car with information about the offering. He

also keeps buying shares: he has now spent more than \$4,000 on shares.

"For the urban community, you don't have IPOs that can get you out of one tax bracket to another. Reg A+ makes it easier for folks," he said.

The stock isn't listed on an exchange—meaning there is no regulated public marketplace for buying and selling issued shares. In traditional IPOs, once shares are sold in the offering, they begin trading on a regulated exchange the next day.

When Reg A+ was being debated in 2013, then SEC Chairman Mary Jo White said the rule's mandate was to increase access of smaller companies to capital but it "very importantly, also builds in necessary investor protections."

The protections include limitations on the amount of money some individual investors can put into the deals.

BUSINESS NEWS

Uber's Executive Exodus Gains Steam

Head of finance is leaving as ride-hailing firm posts \$708 million loss for the quarter

BY GREG BENSINGER

Uber Technologies Inc. said its head of finance is leaving as the ride-hailing company reported continued big losses despite increasing revenue, adding to an exodus of top officials and setting the stage for a second major executive search.

The ride-hailing company on Wednesday told The Wall Street Journal that first-quarter revenue was \$3.4 billion, up 18% from the fourth quarter. Its loss, excluding employee stock compensation and other items, was \$708 million, narrower than the \$991 million reported three months earlier.

The company, which has raised some \$15 billion in equity and debt funding, said it still has \$7.2 billion of cash left on hand, about the same as it had at the end of last year.

Uber is privately held so it isn't required to release financial results, but since April has begun offering a glimpse as it considers an eventual initial public offering. It didn't release year-earlier results. "The narrowing of our losses in the first quarter puts us on a good

trajectory towards profitability," an Uber spokesman said.

Uber said its head of finance, Gautam Gupta, 37 years old, is leaving the company in July to join another startup in San Francisco. The company declined to disclose the name of the startup. Uber has begun a search for a chief financial officer with public-company experience as it looks toward an IPO, an executive familiar with the matter said.

"During my time here, I have been incredibly inspired by Uber's deep operational excellence—so much so that I have decided to give it a try myself," Mr. Gupta wrote to his finance team in an email reviewed by The Wall Street Journal. Chief Executive Travis Kalanick, in his own note to employees, thanked Mr. Gupta for his work at Uber.

Since 2015, Uber has been without a chief financial officer after Brent Callinicos took on an advisory role and left to join transportation startup Hyperloop One the following year. Mr. Gupta, who joined Uber in 2013, served under Mr. Callinicos as head of finance but wasn't elevated to the financial chief position.

Uber is now in the delicate position of hiring two top deputies for Mr. Kalanick while grappling with a series of scandals. The hires could prove pivotal if the world's



ZHANG REN/LIGHTROCKET/GETTY IMAGES

So far this year over a dozen executives and top managers have resigned or been fired by Uber.

most valuable startup, which is valued by its investors at nearly \$70 billion, hopes to one day win over Wall Street.

Since early March, when Mr. Kalanick said he needed management help, the company has interviewed candidates for its first chief operating office, interviewing executives from companies including Wal-Mart Stores Inc. and Walt Disney Co., The Wall Street Journal has reported. Uber has declined to discuss

specifics of the search.

So far this year more than a dozen executives and top managers, many reporting to Mr. Kalanick, have either resigned or been fired by Uber while the company has come under intense scrutiny, sparked by a report from a former female engineer alleging pervasive sexual harassment and sexism. The alleged conduct, which Mr. Kalanick condemned, prompted a broad investigation into its workplace led by former U.S.

Attorney General Eric Holder. A formal report is set to be released next week.

The company is also contesting a lawsuit by Google parent Alphabet Inc. over alleged trade-secret theft that led to the firing of the former head of its self-driving car division, Anthony Levandowski.

At the same time, Uber faces a federal probe into the use of a software tool it designed to thwart regulators from cracking down on drivers, and in re-

cent weeks it said it had short-changed drivers in both Philadelphia and New York City by a combined tens of millions of dollars because of faulty accounting. Uber has declined to comment on the federal probe.

Mr. Kalanick is managing all of this while suffering a personal tragedy this past weekend, when he learned his mother had died in a boating accident that left his father seriously injured.

Until these series of events, Uber was widely believed to be headed toward an IPO as soon as next year. The company hasn't publicly disclosed when it plans to hold an IPO.

Beyond putting to rest the controversies, Uber will likely need to iron out a business model that led to at least \$2.8 billion in losses last year, equivalent to nearly half its reported \$6.5 billion in sales.

The loss figure excluded a series of items including results from Uber's business in China, which was losing about \$1 billion a year and which it agreed to sell last summer to rival Didi Chuxing Technology Co.

Uber generates revenue by taking a cut—generally 25%—of a driver's fares. Its gross bookings, which include the ride-hailing business, UberEats food delivery and Uber Freight, a new trucking division, rose 8.7% to \$7.5 billion in the quarter ended March 31.

Meal Delivery Services Multiply

BY JULIE JARGON

Restaurants are no longer treating lunchtime delivery as an afterthought.

With online-ordering apps proliferating and many customers cutting down on eating out for lunch, the industry—from fast-food chains to upscale restaurants—is looking for ways to bring food to patrons without compromising their eating experience.

Wendy's Co. recently signed up with DoorDash Inc. to offer delivery in parts of Ohio and Texas, with plans to expand nationally within the year. "We fundamentally believe food at home is our number one competitor," Wendy's Chief Concept and Marketing Officer Kurt Kane said.

Rival McDonald's Corp. is now offering delivery in more than 2,000 U.S. restaurants using **Uber Technologies** Inc. "Restaurant delivery is a \$100 billion dollar market, and it's exploding," Lucy Brady, McDonald's senior vice president of corporate strategy and business development, told investors in March.

But enticing customers to order in at lunch, which has been a tough spot for burger chains in particular, remains difficult. McDonald's Chief Executive Steve Easterbrook told investors on Wednesday that 60% of the chain's delivery orders come in the evening and late at night.

Getting burger delivery right—keeping the patty warm and juicy, while preventing toppings from getting the bun soggy—is notoriously tricky.

DoorDash said its drivers keep packaged food warm by wrapping it in "space blankets"—thin plastic metallic sheets originally developed by NASA to provide thermal con-



DOORDASH

Wendy's recently signed up with DoorDash to offer deliveries.

trol for spacecraft—before placing them in insulated bags to ensure it arrives hot.

To keep McDonald's food as fresh as possible, Uber waits to notify the local restaurant of the order it receives on its UberEats app until the driver is three minutes away, an Uber spokeswoman said. Because French fries don't stay hot and fresh for long, they are the last item the restaurant makes and places in the bag for delivery orders.

Since McDonald's is so ubiquitous—75% of the U.S. population lives within 3 miles of a McDonald's—Uber drivers don't have to place the food in any special containers.

Even upscale restaurants are joining the delivery bandwagon. Some are so confident they are even eschewing tables and chairs.

Oyster Bah in Chicago recently opened Seaside's, a delivery and carry-out-only restaurant that operates out of Oyster Bah's kitchen so that it

can expand sales without any additional rental cost. It only serves food that is designed to travel well, such as fried chicken, ribs and grilled lobster, as opposed to Oyster Bah's chilled fish and shrimp and raw oysters.

In New York, Ando, from Momofuku founder David Chang, was created to be a delivery-only restaurant.

Delivery only accounts for 3% of restaurant purchases nationwide, but it is growing fast. Non-pizza delivery purchases have risen by 30% in the past four years, according to market-research firm NPD Group Inc.

GrubHub Inc., one of many apps that have helped improve the online-ordering and payment process, said it has more than 10,000 delivery drivers, from just a few hundred less than two years ago. Its number of active diners, which it defines as those who have placed at least one order in the past 12 months, grew 26%

to 8.75 million in the first quarter from a year earlier.

The exponential growth of delivery comes with a new set of challenges. Some restaurants are struggling to figure out how to properly staff their kitchens to handle both in-store demand and delivery orders.

Chipotle Mexican Grill Inc. has added a second food-assembly line to nearly all its locations just to handle "off-premise" orders.

Working with third-party delivery services is an expensive proposition, because many of them charge restaurants a hefty fee—usually a share of order sales ranging from 17% to 30%—to participate and the restaurants lose out on high-margin sales like alcohol and soft drinks that people tend to order when they are eating on the premises.

It is also expensive for customers, who are already curtailing restaurant visits, especially during lunch, as labor costs have resulted in higher tabs. The fee that delivery services charge customers often exceeds the cost of the meal at fast-food restaurants. Taco Bell Corp. Chief Executive Brian Niccol told investors last week that the chain still hasn't figured out how to deliver food to people "in an affordable, fast fashion."

For example, a beef taco, burrito supreme and large fountain drink at a Taco Bell in the Los Angeles area costs \$6.39, but with delivery and service fees added on, as well as a 10% tip for the driver, the order totals \$15.18, with an estimated delivery time of 33 to 43 minutes.

Some, like **Panera Bread** Co., are running their own delivery operation. The fast-casual chain employs its own drivers and recently announced plans to add 10,000 more this year, on top of the roughly 4,000 it has now.

DEERE

Company to Acquire German Business

Deere & Co. said Thursday it would acquire **Wirtgen Group**, a privately held German construction-equipment maker, for €4.36 billion (\$4.9 billion) in a move to expand its international footprint and construction business.

Demand for Wirtgen's road pavers in markets such as China and Brazil is growing faster than the U.S. construction and agricultural markets where Deere's sales are concentrated.

Deere, the world's largest manufacturer of tractors and harvesting combines, said spending on road construction and transportation projects has grown at a faster rate than the construction industry as a whole and is generally less cyclical.

The company said that it plans to keep Wirtgen's brands, management, manufacturing footprint, employees and distribution network. The deal, subject to regulatory approval, is expected to close in the quarter ending in January 2018.

—Bob Tita
and Austen Hufford

ELI LILLY

Finance Chief Plans To Retire This Year

Eli Lilly & Co. said Chief Financial Officer Derica Rice will retire at the end of the year after more than a decade in the position.

Mr. Rice, who has spent 27 years at the pharmaceutical company, also is a member of

Lilly's executive committee.

Lilly is considering internal and external candidates to succeed Mr. Rice, who joined the company in 1990. Mr. Rice was promoted to his current role in May 2006. Lilly's recent financial results have been helped by manufacturing efficiencies and stronger sales. However, the company swung to a loss in its latest quarter on charges related to cost-cutting efforts.

—Imani Moise

TELECOM ITALIA

Vivendi Chief Named Firm's New Chairman

Telecom Italia SpA appointed **Vivendi** SA Chief Executive Arnaud de Puyfontaine as chairman at a board meeting Thursday, as the French media conglomerate increases its control over Italy's dominant telecommunications group.

Mr. De Puyfontaine, previously Telecom Italia's deputy chairman, had been widely expected to be promoted to the top spot once Vivendi obtained regulatory approval for its partial takeover of the Italian company.

Giuseppe Recchi, who preceded Mr. De Puyfontaine as Telecom Italia's chairman, was named deputy chairman.

Vivendi owns 24% of Telecom Italia and tightened its grip on the former Italian telephone monopoly a month ago by appointing a majority of the company's board. Vivendi's slate of board members includes Mr. De Puyfontaine as well as the French company's chief financial officer and general counsel.

—Eric Sylvers

INSURANCE COMPANIES ORDINANCE (CAP. 41 OF THE LAWS OF HONG KONG)

NOTICE OF APPLICATION FOR APPROVAL OF TRANSFER OF GENERAL BUSINESS (pursuant to Section 25D)

Liberty Mutual Insurance Europe Limited

NOTICE IS HEREBY GIVEN that, pursuant to section 25D of the Insurance Companies Ordinance, an application has been made by Liberty Mutual Insurance Europe Limited, a company incorporated in the United Kingdom ("the Company"), to the Insurance Authority of Hong Kong ("the Insurance Authority") for approval of a proposed transfer ("the Transfer") of the whole of the general insurance business carried on by the Company in or from Hong Kong to Liberty International Underwriters Limited, a company incorporated in Hong Kong and authorised to carry on the relevant classes of insurance business in or from Hong Kong.

Subject to the approval of the Transfer by the Insurance Authority, it is proposed that the Transfer shall take effect as of 11:59pm on 31 August 2017.

Copies of a report setting out the particulars of the Transfer and of all legal proceedings, begun or in contemplation, relating to any of the policies included in the Transfer are available for inspection by any person having an interest in the Transfer at Suite 2401-04, Cityplaza 1, 1111 King's Road, Tai Koo Shing, Hong Kong during normal office hours from the date of this notice until 3 July 2017.

Upon completion of the Transfer, the Company will cease to carry on any class of insurance business in or from Hong Kong and apply to the Insurance Authority for withdrawal of its authorisation to carry on such business pursuant to section 40(1) of the Insurance Companies Ordinance.

Written representations concerning the Transfer or any objection to the subsequent withdrawal of the Company's authorisation may be sent to the Insurance Authority at 21st Floor, Queensway Government Offices, 66 Queensway, Hong Kong at any time on or before 1 August 2017.

Dated this 2 June 2017.

Liberty Mutual Insurance Europe Limited
Suite 2401-04
Cityplaza 1
1111 King's Road
Tai Koo Shing
Hong Kong

Watchdog Says Mylan Owes More to U.S.

BY JONATHAN D. ROCKOFF

Medicaid paid \$1.27 billion more for EpiPen allergic-reaction treatments than it should have from 2006 to 2016, well more than the sum **Mylan NV** said it agreed to pay to settle overcharging allegations, a government watchdog said.

Mylan said in October that it had agreed to pay \$465 million to resolve the allegations by the Justice Department that the company wrongly classified the EpiPen as a generic product and thereby didn't have to provide as much of a rebate to Medicaid as it would have for a branded drug.

The Department of Health and Human Services, however, said in January that it "has not agreed to any settlement." HHS's watchdog, the Office of Inspector General, said in a



EpiPen treats allergic reactions.

letter to the Senate Judiciary Committee on Wednesday that it estimated Mylan owes the much larger sum.

Mylan said it was working "with the government to finalize the settlement as soon as possible" and declined to comment further.

In its two-page letter, the Office of Inspector General cautioned that its analysis of how much Medicaid was overbilled "has several important limitations" due to an absence of information about EpiPen's lowest negotiated price because Mylan didn't report that information to the Centers for Medicare and Medicaid Services.

The office also said it wasn't giving an opinion on how much the federal government "should seek to recover from Mylan."

Sen. Chuck Grassley, the Ju-

"Taxpayers have a right to know what happened here and to be repaid whatever they are owed," the Iowa Republican said.

Senators and federal health officials raised the matter of Mylan's overbilling amid an outcry last year over an EpiPen two-pack's \$609 list price, which Mylan had increased by 550% since acquiring the product in 2007.

Mylan swiftly said it had reached a settlement, pledged to sell a generic EpiPen for half the list price and took other steps amid the scrutiny. In announcing the settlement, Mylan said it didn't admit any wrongdoing.

Prescriptions for Mylan's generic, which went on sale in December, have captured nearly 40% of the auto-injector market, Bernstein Research said in a research note in May.

TECHNOLOGY

WSJ.com/Tech

Fight Against Hate Speech Wins EU Praise

By NATALIA DROZDIAK

Alphabet Inc.'s YouTube, Facebook Inc., Twitter Inc. and Microsoft Corp. have doubled efforts over the past six months to remove hate speech and other information that incites acts of terror from their platforms, the European Union said.

The assessment is welcome news for the companies, which face pressure from Europe's national governments to do more to address racist and xenophobic content.

The EU report evaluates the impact of a common code of conduct that the four technology companies agreed on a year ago. They pledged to review precise and substantial complaints regarding users' behavior within 24 hours of receipt and cut off access to the content, if required.

The European Commission, the bloc's executive, said the tech companies removed illegal hate-speech content 59% of the time when it was flagged for review, up from a rate of



The EU's Vera Jourová described the moves by Facebook, Twitter and others as 'an important step.'

28% that the commission reported six months ago.

EU Justice Chief Vera Jourová said Thursday that the results of the report were encouraging.

"This is an important step in the right direction," Ms. Jourová said. "At the same time, companies carry a great responsibility and need to make further progress to de-

liver on all the commitments."

Internet companies have faced pressure from authorities to speed up the removal of terrorist content and hate speech after a number of recent deadly attacks in Europe and calls online to burn down refugee shelters built for a wave of migrants to Europe from the Middle East in recent years.

Some European governments, such as Germany, are already planning national legislation in the area.

The Internet Society, an open-internet advocacy group, said regulatory measures requiring the removal of hate speech could prompt companies to remove more content than necessary to avoid fines. "This could have the oppo-

site effect by encouraging overblocking of content, including content that is perfectly legal," said Kathryn Brown, the Internet Society's chief executive.

The companies had already endeavored to remove illegal information when it is reported, but face criticism that they don't do so rapidly enough or take enough of the content down. The tech companies say they are wary of initiatives that infringe on freedom of expression.

Ms. Jourová said she would hear from German Justice Minister Heiko Maas next week at a gathering of national justice ministers about his reasoning in implementing national legislation on the removal of hate speech.

The EU justice chief said she would present the report as a success because the voluntary agreement by the tech companies is helping bring immediate results. By contrast, EU-level legislation would take years to implement and delay action by the firms, she said.

Intelsat SA, OneWeb Drop Tie-Up Plan

A tie-up that Japanese telecom company SoftBank Group Corp. tried to orchestrate between U.S. satellite startup OneWeb Ltd. and debt-laden satellite operator Intelsat SA collapsed after Intelsat bondholders failed to back the deal.

By Robert Wall in London and Andy Pasztor in Los Angeles

OneWeb, which is 20% owned by SoftBank, in February said it would buy Intelsat, combining two different types of satellite fleets to offer low-cost, versatile connectivity spanning the globe. As part of the deal, SoftBank planned to inject \$1.7 billion into the combined company, and would have held a 40% stake.

Intelsat said Thursday that it was terminating a debt exchange key to the merger because minimum conditions weren't satisfied by the May 31 midnight deadline. The deadline had been extended multiple times.

OneWeb declined to comment on the development.

Intelsat Chief Executive Stephen Spengler said the company was disappointed that bondholders didn't accept the terms of the "complex transaction."

Still, he said Intelsat would work with OneWeb and SoftBank in the future. "We plan to jointly develop integrated solutions using both of our fleets," he said, with Intelsat also acting as a distributor to SoftBank.

The proposed deal would have brought together Intelsat's fleet of large satellites operating from high altitudes with OneWeb's network of perhaps more than 2,500 smaller, lower-flying spacecraft to provide connectivity from space.

Alok Sama, president and chief financial officer of SoftBank Group International, said the company was "disappointed" by the development and would continue to back OneWeb as a stand-alone venture.

YUAN

Continued from page B1
of say in what Chinese see on their smartphones.

"Tencent is literally China's biggest operator of communications and social networks," says Gao Xiaohu, a venture capitalist at Beijing-based Sinovation Ventures. "There are a lot of users inside its walled garden, and everybody needs entertainment, which it provides."

To imagine the power of Tencent, think of it as having networking and social-media reach well beyond Facebook, a video platform like YouTube plus a movie and series producer akin to Netflix. Then add a huge online-publishing business and the world's biggest online-game operator. It is becoming a mobile-payments force, too.

Tencent Chief Executive

Pony Ma said in 2015 that Tencent focuses on content and connection.

Entertainment has become a battleground for China's internet giants in their search for new revenue as growth in the country's huge online population slows. E-commerce company Alibaba Group Holding and search engine Baidu have invested in films and online shows for their video sites.

Entertainment is part of Tencent's DNA, as it started a games business in 2003. In 2011, the company launched a broad content strategy. Its aim was to engage users by providing content in different formats. Material that plays well in one format can be adapted for another. Social-networking muscle can be flexed to draw people in.

"We want to create a content ecosystem for our users, in which they can read the literature and comics, watch

the animation, film and TV series and play the game based on the same story," says Cheng Wu, CEO of Tencent Pictures and corporate vice president overseeing entertainment strategy.

Tencent tested the strategy with an internal project in 2012: online comics and

targeted advertisements. WeChat and QQ users could download "Kong" emojis.

Twelve Tencent mobile games ran marketing campaigns, with ticket giveaways.

The "Kong" movie earned \$169 million in China, the single biggest haul in its world-wide box office of

Entertainment is part of Tencent's DNA, as it started a games business in 2003.

animation. Five years later, the unit is the biggest competitor in China. Then it built China's biggest online fiction business through mergers and acquisitions. Film is the next frontier.

Here's how it works: When "Kong: Skull Island" was released in China in March, WeChat dug deep into its user data and sent 46 million

\$565 million, larger than the take from the U.S. and Canada combined.

"Wonder Woman," which is released globally this weekend on the heels of a U.S. release, could offer Tencent a chance to take the cross-fertilization further. Its animation unit will run a section dedicated to DC Comics, and Tencent is talking to the

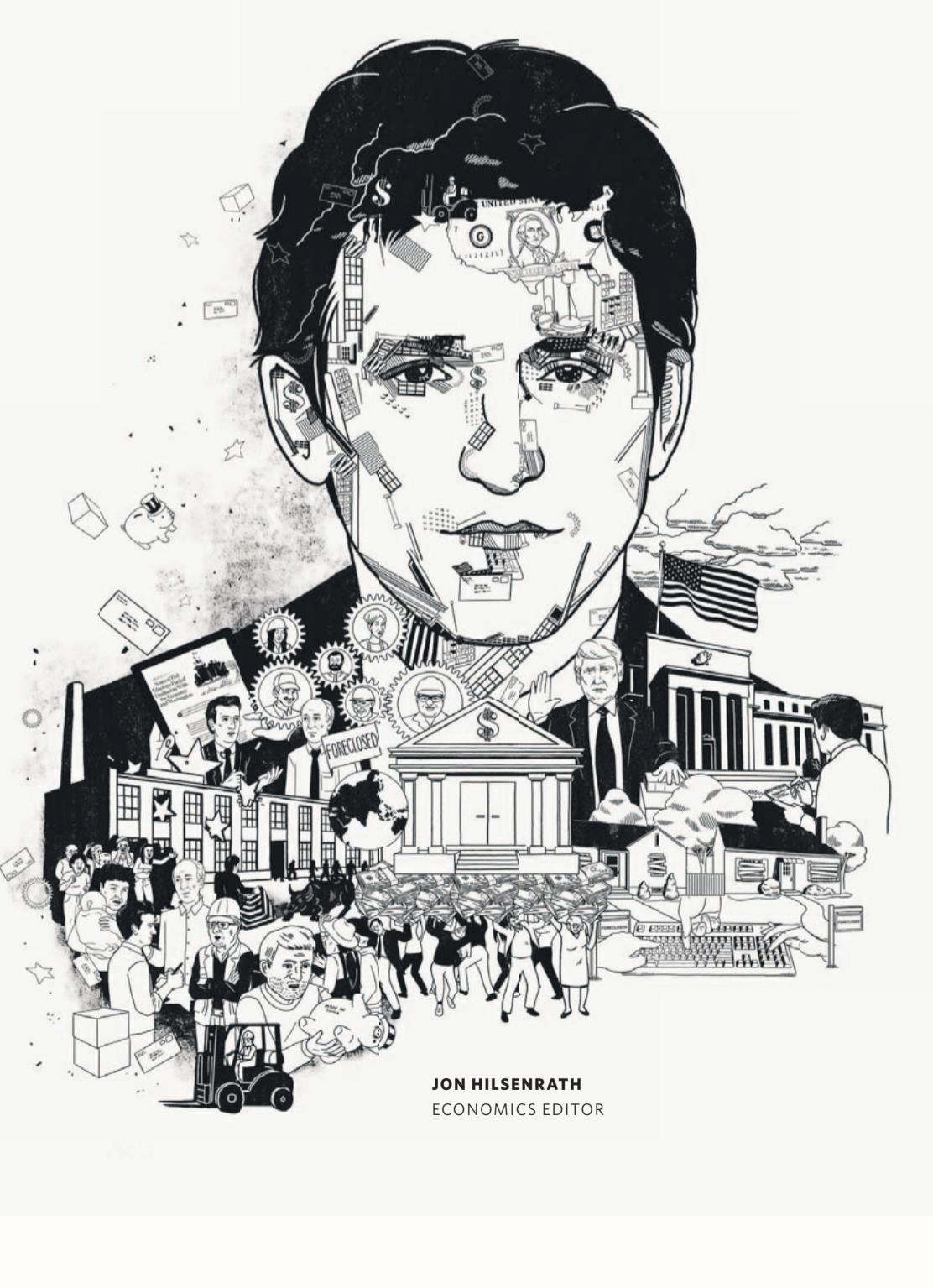
U.S. comic publisher about making Wonder Woman and some other DC characters heroes in its game "Honor of Kings," according to people familiar with the matter.

Mr. Gao, the venture capitalist, points out that turning popular fiction or comics into films and games doesn't always work out. "The synergy won't be as big as" Tencent expects, he says.

Mr. Cheng, the Tencent Pictures chief, says online books, comics and animated series offer easy, relatively low-cost ways to test out stories before adapting them to more expensive formats.

At any rate, Tencent's first-quarter profit this year was \$2.1 billion, bigger than rival Baidu's profit for all of 2016. "We're just getting started," Mr. Cheng says.

Follow Li Yuan on Twitter @LiYuan6 or write to li.yuan@wsj.com.



Source: Pew Research Center, Political Polarization & Media Habits, 2014

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The Face of Real News

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FINANCE & MARKETS

An Activist Investor Becomes the Target

Buffalo Wild Wings badmouths Richard McGuire, who is pursuing board seats

BY DAVID BENOIT

An activist investor is taking heat in his fight for board seats at Buffalo Wild Wings Inc.

Richard "Mick" McGuire is campaigning for board seats at the chicken-wings purveyor, and the company is waging a heated campaign against the 40-year-old, attacking his performance as a corporate director and questioning his operational prowess.

Shareholders will cast their ballots on the board Friday, with Mr. McGuire seeking a seat for himself and three allies. His hedge fund, **Marcato Capital Management LP**, is pressing the company to franchise more stores and oust longtime Chief Executive Sally Smith.

Mr. McGuire has "no track record of success," the company said in a recent presentation to investors, citing stock performance at ATM maker NCR Corp. and defunct bookseller **Borders Group Inc.**, where Mr. McGuire was a director.

Mr. McGuire's fund says he and Marcato's other nominees, restaurant-industry veterans, would add fresh perspectives to the board.

The showdown highlights just how personal board fights are becoming as activists push harder for higher returns. Arconic Inc. recently gave Elliott Management Corp. three board seats after a bruising fight that claimed CEO Klaus Kleinfeld. Jonathan Litt is



Mr. McGuire has a reputation for pressing his demands unrelentingly in tussles with management.

fighting mall operator Taubman Centers Inc., comparing CEO Robert Taubman to Superman villain Lex Luthor.

Buffalo Wild Wings began attacking Mr. McGuire last month, after he called for Ms. Smith's ouster. In February, the company privately offered him a board seat, according to a securities filing.

Mr. McGuire is considered something of a prodigy in activist investing. He joined William Ackman's Pershing Square Capital Management LP in his 20s and founded Marcato in 2010.

The San Francisco fund has returned about 10% a year since its founding, besting rival activists but trailing the broader market, according to a person familiar with the matter. Marcato is up about 7% this year through April, outpacing the broader market,

the person said.

Mr. McGuire first met with Buffalo Wild Wings' executives in June 2016, armed with a 50-page presentation on how to stimulate growth and boost the company's stock.

The company, founded in 1982 with a single restaurant near Ohio State University, had grown to a nationwide chain of 1,200 locations. Its shares have returned some 1,700% since its 2003 initial public offering. But growth has slowed in recent years. The stock has dropped about 1% over the past year, trailing the S&P 500's 15% gain.

The fight has centered on how many stores Buffalo Wild Wings should own at the corporate level. Mr. McGuire has pushed for the company to franchise 90% of its stores, a sharp increase from the current 49%, arguing it would im-

prove margins and drive the stock higher.

The company has balked at the idea, saying it is working to boost margins. It has adopted several of Marcato's suggestions, naming five new directors, including one of Marcato's choices, hiring a consulting firm it used and increasing stock buybacks.

Buffalo Wild Wings also has defended its strong returns under Ms. Smith as evidence that she is the right leader.

The company fears that Mr. McGuire, if he wins seats, would continue to push the board to keep reviewing a franchising plan it already has rejected, people familiar with the matter said. Directors who have served with Mr. McGuire on corporate boards and battled him in activist campaigns say he can be unrelenting with his demands.

Food Fight

Marcato Capital Management founder Richard "Mick" McGuire is trying to overhaul Buffalo Wild Wings' board.

Marcato Says...

Buffalo Wild Wings says...

FRANCHISING

Franchise 90% of the stores, up from 49%, to boost profitability and stock.

It's exploring changes but claims Marcato's plan won't create value.

CEO

Replace Chief Executive Sally Smith, citing stalled growth and missed targets.

Stock has risen dramatically under Ms. Smith.

BOARD

Overhaul nine-member board to give hedge fund four seats.

It's already replaced five directors, adding one of Marcato's picks.

Sources: the company; Marcato Capital Management LP THE WALL STREET JOURNAL.

In late 2014, NCR agreed to give Mr. McGuire a board seat after he publicly urged the company to run a sale process. When bids came in lower than other directors thought was acceptable, Mr. McGuire kept pushing, according to people familiar with the matter.

Some directors believed Mr. McGuire's lack of experience running a business led them to spend time reviewing impractical ideas, the people said. One labeled it the "lost year," a phrase Buffalo Wild Wings has used in its own presentations about NCR.

Mr. McGuire left the board a year later, after private-equity firm Blackstone Group LP bought a minority stake. At the time, NCR management praised Mr. McGuire in a press release for his "contributions to the growth and success" of the company.

Buffalo Wild Wings also has criticized Mr. McGuire's tenure at Borders. Mr. McGuire became the company's chairman when he was 32 as Pershing Square tried to revive the struggling company. He left the board in 2010, a year before it filed for bankruptcy and shut down.

Marcato has racked up several victories, particularly in pushing for financial moves at companies including Lear Corp. and Goodyear Tire & Rubber Co.

Bahram Akradi, CEO of Life Time Fitness Inc., said that when Mr. McGuire took a stake in his fitness company in 2014, the activist provided a different perspective and he understood the company well.

Mr. McGuire has been particularly busy this year. He called for Ugg owner Deckers Outdoor Corp. to explore a sale and backed another activist pushing for a sale of Rent-A-Center Inc. Crane maker Terex Corp. added one of his partners to its board in February.

Barclays Pares Africa Line

By MAX COLCHESTER AND IAN WALKER



STEFAN WERMUTH/REUTERS

the large bank hold extra capital against the unit. A smaller, less-risky bank wouldn't have to do this.

Once Barclays is a minority owner of Barclays Africa it can deconsolidate the unit from its accounts and get regulatory clearance not to hold capital against it.

Outside its 12-country Africa unit, Barclays also owned a lender in Egypt, which it sold. It still controls a Zimbabwean bank.

Barclays is expected to announce at the end of this month that it will close its "noncore" division, which houses the bank's unwanted assets.

The overnight sale saw Barclays cut its stake in Barclays Africa from 50.1% to 15%. The bank intends to hold on to the remaining shares in the unit.

WELLS FARGO

Wealth-Management Chief Will Retire

Wells Fargo & Co. said that David Carroll, the head of its wealth and investment-management unit, will retire effective July 31.

He will be succeeded on July 1 by Jonathan Weiss, who has been head of Wells Fargo Securities, which includes the bank's investment-banking business.

Mr. Carroll, who will retire after 38 years at Wells Fargo and Wachovia Bank & Trust Co., leads the unit responsible for wealth management, investment and retirement products and services to individual and institutional clients. In the past few years, investment management was added to his responsibilities as the bank reorganized.

A successor for Wells Fargo

FINANCE WATCH

Securities will be named prior to Mr. Weiss's transition to the new role, the bank said. Mr. Weiss will continue to be based in New York and report to Chief Executive Timothy Sloan and join the bank's operating committee of its top executives.

Mr. Carroll joined Wachovia in 1979. Wells Fargo merged with the bank in 2009.

—Emily Glazer

TAUBMAN CENTERS

Shareholders Back Board Nominees

Shareholders of luxury mall landlord **Taubman Centers Inc.** voted in favor of the company's director nominees after a proxy battle prompted the firm to agree days before its annual meeting to hold yearly elections for directors.

Activist investor Jonathan

Litt's hedge fund, **Land & Buildings Investment Management LLC**, had launched a proxy battle to replace two directors from Taubman's board, saying the firm had shortfalls in its corporate governance and that the Taubman family wielded outside influence over the company through a dual-class share structure that hadn't been approved by shareholders.

Land & Buildings, which owns 1.2% of Taubman, had proposed replacing Taubman Chief Executive Robert Taubman and lead director Myron E. Ullman III with Mr. Litt, founder and chief investment officer of Land & Buildings, and Charles Elson, a corporate governance expert.

The shareholders voted to elect Mr. Taubman and Mr. Ullman, according to preliminary results.

—Esther Fung

AmEx Nabs Hilton Cards

By ANNA MARIA ANDRIOTIS

American Express Co. has won the rights to become the exclusive issuer of **Hilton Worldwide Holdings Inc.** credit cards, according to executives of both companies, a much-needed victory for the card issuer.

The deal ends a long-held arrangement in which AmEx and **Citigroup Inc.** had each issued the hotel's credit cards.

In 2016, Barclays Chief Executive Jes Staley pledged to end the bank's centurylong presence in Africa to drum up funds that could be redeployed to other parts of its business. It spent the past few months in negotiations with regulators to get approval to leave the African business.

The sale should help alleviate capital fears around Barclays, which still needs to pay \$800 million to split the African business out of its franchise. The deal will add 27 basis points to Barclays's capital ratio, a key measure of balance-sheet strength, which stood at 12.5% in March.

Mr. Staley decided to shed

Barclays's African business in part because regulators make

negotiations, it became clear that terms of exclusivity given the relatively small size of the portfolio were not economically viable."

While Hilton is now in AmEx's win column, investors are also awaiting news about the fate of its Starwood relationship. **Marriott International Inc.** completed its acquisition of Starwood last year and the hotel is reviewing several scenarios, including whether to merge the Marriott and Starwood credit-card programs, or to leave them separate.

Marriott's credit cards are issued by J.P. Morgan Chase. A decision will likely be made about the Marriott and Starwood cards by the end of the year, according to a person familiar with the matter.

It isn't immediately clear to AmEx investors how much of a financial boost the Hilton victory will bring. It isn't known how much AmEx paid for the deal. Nor has the future of Citi's Hilton card balances been decided, said Mark Weinstein, global head of customer engagement, loyalty and partnerships at Hilton.

"Co-brands are very important for AmEx...and this particular arrangement is meaningful for us," said Denise Pickett, president of U.S. consumer services at AmEx.

Meanwhile, Jud Linville, chief executive at Citi Cards, played down the loss, saying in a statement that "during

Delta, which accounts for 20% of world-wide loan balances, and **Starwood Hotels & Resorts Worldwide Inc.**, which accounts for 5% of balances, according to AmEx data. All of its other co-brands comprise 9% of balances.

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FUND NAME GF AT LB DATE CR NAV YTD 2-YR %RETURN—

Chartered Asset Management Pte Ltd - Tel No: 65-6835-8866 Fax No: 65-6835-8866 OT MUS 05/26 USD 30234.10 1.7 8.6 -4.5

CAM-GF Limited OT MUS 05/26 USD 30234.10 1.7 8.6 -4.5

FUND NAME GF AT LB DATE CR NAV YTD 2-YR %RETURN—

AS EQ HKG 05/31 USD 139.04 21.4 31.8 -3.2

AS EQ HKG 05/31 USD 17.53 21.3 31.8 -3.7

AS EQ HKG 05/31 AUD 14.47 21.2 30.9 -3.3

AS EQ HKG 05/31 CAD 13.98 20.7 32.0 -4.4

AS EQ HKG 05/31 HKD 11.89 20.7 30.7 NS

AS EQ HKG 05/31 NZD 14.46 19.9 31.0 -3.1

AS EQ HKG 05/31 CNY 11.70 12.3 22.7 2.8

AS EQ HKG 05/31 SGD 11.81 22.9 34.2 NS

AS EQ HKG 05/31 USD 10.31 7.2 NS NS

AS EQ HKG 05/31 USD 10.43 6.8 9.9 NS

WP Fund 1 05/31 USD 19.18 14.5 27.1 7.9

WP Fund 2 05/31 USD 19.18 14.5 27.1 7.9

WP Fund 3 05/31 USD 19.18 14.5 27.1 7.9

WP Fund 4 05/31 USD 19.18 14.5 27.1 7.9

WP Fund 5 05/31 USD 19.18 14.5 27.1 7.9

WP Fund 6 05/31 USD 19.18 14.5 27.1 7.9

WP Fund 7 05/31 USD 19.18 14.5 27.1 7.9

WP Fund 8 05/31 USD 19.18 14.5 27.1 7.9

WP Fund 9 05/31 USD 19.18 14.5 27.1 7.9

WP Fund 10 05/31 USD 19.18 14.5 27.1 7.9

WP Fund 11 05/31 USD 19.18 14.5 27.1 7.9

MARKETS DIGEST

Nikkei 225 Index

19860.03 ▲ 209.46, or 1.07%

High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Feb. Mar. Apr. May

STOXX 600 Index

391.66 ▲ 1.67, or 0.43%

High, low, open and close for each trading day of the past three months.



Feb. Mar. Apr. May

S&P 500 Index

Data as of 12 p.m. New York time

Last ▲ 9.21, or 0.38%

High, low, open and close for each

trading day of the past three months.

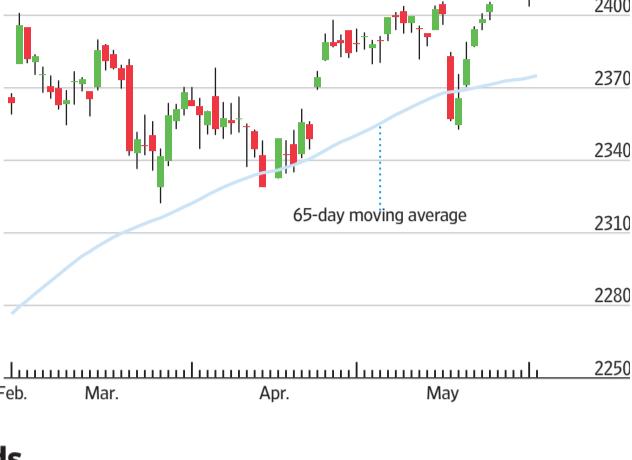
Trailing P/E ratio 23.94 24.04

P/E estimate * 19.15 17.75

Dividend yield 1.95 2.19

All-time high: 2415.82, 05/26/17

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.



Feb. Mar. Apr. May

International Stock Indexes

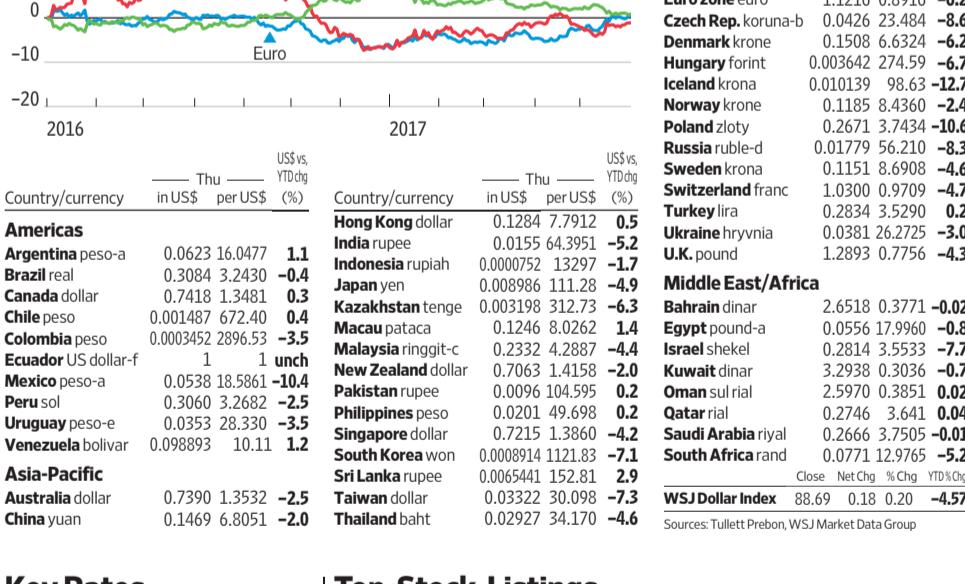
Data as of 12 p.m. New York time

Region/Country	Index	Close	NetChg	% chg	52-Week Range	Low	Close	High	YTD % chg
World	The Global Dow	2765.95	7.03	▲ 0.25	2193.75	2193.75	2773.08	2773.08	9.4
	MSCI EAFE	1892.74	2.68	▲ 0.14	1471.88	1471.88	1956.39	1956.39	10.3
	MSCI EM USD	1008.79	3.46	▲ 0.34	691.21	691.21	1044.05	1044.05	15.1
Americas	DJ Americas	581.14	2.77	▲ 0.479	480.90	480.90	581.18	581.18	7.5
Brazil	Sao Paulo Bovespa	63064.12	352.65	▲ 0.56	48066.67	48066.67	69487.58	69487.58	4.7
Canada	S&P/TSX Comp	15435.78	85.87	▲ 0.56	13609.58	13609.58	15943.09	15943.09	1.0
Mexico	IPC All-Share	49148.13	359.69	▲ 0.74	43902.25	43902.25	50154.33	50154.33	7.7
Chile	Santiago IPSA	3710.60	19.57	▲ 0.53	2998.64	2998.64	3786.05	3786.05	15.1
U.S.	DJIA	21058.33	49.68	▲ 0.24	17063.08	17063.08	21169.11	21169.11	6.6
	Nasdaq Composite	6224.95	26.43	▲ 0.43	4574.25	4574.25	6225.67	6225.67	15.6
	S&P 500	2421.01	9.21	▲ 0.38	1991.68	1991.68	2421.08	2421.08	8.1
	CBOE Volatility	10.22	-0.19	-1.83	9.56	9.56	26.72	26.72	-27.2
EMEA	Stoxx Europe 600	391.66	1.67	▲ 0.43	308.75	308.75	396.45	396.45	8.4
	Stoxx Europe 50	3224.53	5.27	▲ 0.16	2626.52	2626.52	3279.71	3279.71	7.1
France	CAC 40	5318.67	35.04	▲ 0.66	3955.98	3955.98	5442.10	5442.10	9.4
Germany	DAX	12664.92	49.86	▲ 0.40	9214.10	9214.10	12841.66	12841.66	10.3
Israel	Tel Aviv	1421.14	1.78	▲ 0.13	1372.23	1372.23	1490.23	1490.23	-3.4
Italy	FTSE MIB	20936.07	204.39	▲ 0.99	15017.42	15017.42	21828.77	21828.77	8.8
Netherlands	AEX	527.03	2.96	▲ 0.56	409.23	409.23	537.84	537.84	9.1
Russia	RTS Index	1045.63	-7.67	-0.73	874.88	874.88	1196.99	1196.99	-9.3
Spain	IBEX 35	10881.00	1.00	▲ 0.01	7579.80	7579.80	11184.40	11184.40	16.3
Switzerland	Swiss Market	9024.92	8.28	▲ 0.09	7475.54	7475.54	9136.95	9136.95	9.8
South Africa	Johannesburg All Share	52840.68	-721.89	-1.35	48935.90	48935.90	54716.53	54716.53	4.3
Turkey	BIST 100	97365.79	-175.79	-0.18	70426.16	70426.16	98794.90	98794.90	24.6
U.K.	FTSE 100	7543.77	23.82	▲ 0.32	5788.74	5788.74	7586.45	7586.45	5.6
Asia-Pacific	DJ Asia-Pacific TSM	1609.88	3.98	▲ 0.25	1308.52	1308.52	1611.91	1611.91	13.2
Australia	S&P/ASX 200	5738.10	13.50	▲ 0.24	5103.30	5103.30	5956.50	5956.50	1.3
China	Shanghai Composite	3102.62	-14.55	-0.47	2833.07	2833.07	3288.97	3288.97	-0.03
Hong Kong	Hang Seng	25809.22	148.57	▲ 0.58	20038.42	20038.42	25809.22	25809.22	17.3
India	S&P BSE Sensex	31137.59	-8.21	-0.03	25765.14	25765.14	31159.40	31159.40	16.9
Indonesia	Jakarta Composite	5738.16	...	Closed	4807.23	4807.23	5791.88	5791.88	8.3
Japan	Nikkei Stock Avg	19860.03	209.46	▲ 0.10	14952.02	14952.02	19961.55	19961.55	3.9
Malaysia	Kuala Lumpur Composite	1763.11	-2.76	-0.16	1614.90	1614.90	1778.65	1778.65	7.4
New Zealand	S&P/NZX 50	7450.90	32.00	▲ 0.43	6664.21	6664.21	7571.11	7571.11	8.3
Pakistan	KSE 100	48780.81	-1810.76	-3.58	36839.14	36839.14	52876.46	52876.46	2.0
Philippines	PSEI	7927.49	90.37	▲ 1.15	6563.67	6563.67	8102.30	8102.30	15.9
Singapore	Straits Times	3235.96	25.14	▲ 0.78	2729.85	2729.85	3271.11	3271.11	12.3
South Korea	Kospi	2344.61	-2.77	-0.12	1925.24	1925.24	2355.30	2355.30	15.7
Taiwan	Weighted	10087.42	46.70	▲ 0.47	8458.87	8458.87	10108.49	10108.49	9.0
Thailand	SET	1563.11	1.45	▲ 0.09	1406.18	1406.18	1591.00	1591.00	1.3

Sources: SIX Financial Information; WSJ Market Data Group

Currencies

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Country/currency in US\$ per US\$ (%)

Country/currency in US\$ per US\$ (%)</p

FINANCE & MARKETS



As part of Banca Monte dei Paschi di Siena's restructuring, the Italian government will own 70% of the lender, headquarters above.

EU Backs Bank's Rescue

BY GIOVANNI LEGORANO

ROME—The European Commission has cleared the way for the multibillion-dollar government rescue of one of Italy's biggest and most fragile banks by approving a restructuring plan for the lender.

The agreement caps months of talks between Italy and European authorities over the terms of the bailout of **Banca Monte dei Paschi di Siena** SpA.

Saving MPS would be a big step forward in shoring up the financial system in the eurozone's third-biggest economy at a politically delicate moment. Italy is holding snap elections in the fall, rekindling concerns of instability in a country whose sound economic health is vital for the future of the single currency.

In focus in the talks between Brussels and Rome on

the future of MPS were doubts over management's plan to put the bank on a sufficiently smooth road to recovery. MPS had failed to raise private funds by a December deadline to fill the hole in its balance sheet.

MPS faces a capital shortfall of €8.8 billion (\$9.9 billion), set to be partially made up by converting about €2 billion in junior bonds into equity. The rest will come from the Italian government, which will end up owning a 70% stake in the bank.

In parallel with the capital injection, the bank has to implement a restructuring plan aimed at returning it to profitability in the long term. The credibility of the plan is crucial. Italy will be using a particular type of European bailout, known as precautionary recapitalization, designed to shield taxpayers from the cost of bank failures in the case of solvent banks that aren't at

risk of posting big losses.

"This solution is a positive step forward for MPS and the Italian banking sector," said EU Commissioner Margrethe Vestager. "MPS will undergo deep restructuring to ensure its viability, including by cleaning its balance sheet from nonperforming loans."

The restructuring plan hinges on heavy expenses cuts, including personnel costs, say people familiar with the matter, and the sale of roughly €26 billion of toxic loans.

This week, the bank said that it has entered into exclusive talks about the sale of the portfolio of bad loans with a group of investors, headed by **Quaestio Capital Management SGR** SpA, which manages a rescue fund for banks financed mainly by healthier Italian lenders called Atlante II. The exclusivity will be granted until June 28.

The bank will unveil the details of the plan this month, and the government may take control of the bank by the beginning of August, said a person familiar with the matter.

The commission said its approval is subject to the confirmation by the European Central Bank, which supervises Europe's largest lenders, that MPS is solvent and meets regulatory requirements for bank capital. Rome also has to obtain formal confirmation by private investors on their purchase of the bank's bad loans.

The Italian government earmarked €20 billion to help ailing banks in December, primarily with Monte dei Paschi in mind.

Meanwhile, two other struggling Italian lenders—**Banca Popolare di Vicenza** SpA and **Veneto Banca** SpA—have asked to tap public money to stay afloat. European authorities are assessing the requests.

Japanese Stocks End a Run in Red

By RIVA GOLD
AND YOKO KUBOTA

Japanese stocks began the month with their biggest gain since early May, breaking a four-session losing streak as industrial production climbed the most in nearly six years.

Industrial output rose 4% in April from March, buoyed by

increased

THURSDAY'S production

MARKETS

semiconductors. It was the biggest increase since June 2011, when industrial production jumped 4.2% in the aftermath of the earthquake and tsunami that struck Japan earlier that year.

Government data showed continued growth in Japanese capital spending in the first quarter. "Domestic corporate activities are becoming more active," said Daiwa Securities senior strategist Hideyuki Ishiguro.

Toyota Motor gained 1% and **Nissan Motor** rallied 0.7%. The Nikkei Stock Average closed up 209.46 points, or 1.1%, to 19860.03.

Shares elsewhere in Asia were mixed, while U.S. and European stocks gained ground. The Shanghai Composite fell 0.5% after unofficial figures on the purchasing managers index for manufacturing slipped into contractionary territory for the first time since last June. Official figures released Wednesday came in stronger than expected at 51.2.

A figure of more than 50 indicates an expansion, while one of less than that points to a contraction.

In Hong Kong, the Hang Seng Index gained 0.6%, while South Korea's Kospi slipped 0.1%.

The benchmark European share index, the Stoxx Europe 600, rose 0.5% to 391.77, ending a five-day losing streak as investors welcomed a rally in

oil prices sparked by a bigger-than-expected decline in U.S. inventories of crude. Near midday in New York, light, sweet crude for July delivery was up 68 cents, or 1.4%, to \$49.00 a barrel on the New York Mercantile Exchange. Brent, the global benchmark, gained 53 cents, or 1%, to \$51.29 a barrel on ICE Futures Europe.

U.S. storage levels fell by nearly three times as much as expected in the week ended Friday, according to data released by the U.S. Energy Information Administration. Crude inventories shrank by 6.4 million barrels and gasoline by 2.9 million. Analysts and traders surveyed by The Wall Street Journal had forecast just a 2.5-million-barrel drop for crude and a decline of 1.1 million barrels for gasoline.

The Dow Jones Industrial Average gained 50 points, or 0.2%, to 21059 by midday. The S&P 500 and the Nasdaq Composite gained 0.4%.

Energy stocks in the S&P 500 rose 0.8% in midday trading, though they were still down 1% in the week to date.

"Oil is what people are paying attention to," said Mohit Bajaj, director of ETF trading solutions at broker Wallach-Beth Capital LLC.

Other than the swing in energy, moves in U.S. stocks have been fairly muted in recent sessions as the first-quarter earnings season has mostly concluded.

"Markets have been fairly listless—we don't have the earlier drivers, but I don't think anybody is turning particularly pessimistic about global growth," said Larry Hatheway, chief economist at GAM. The monthly average of the VIX, or Wall Street's "fear gauge," in May was the lowest since 2006 and the second lowest in history.

—Corrie Driebusch
and Sara Sjolin
contributed to this article.

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MARKETS

Calm in Riskier Markets Lures Funds

BY IRA IOSEBASHVILI

Emerging markets are the calmest they have been in nearly three years, helping to draw a surge of funds from abroad and boosting returns in a sector that many investors once viewed as notoriously turbulent.

Emerging-market bond funds received inflows of \$1.1 billion in the week to May 24, marking the 17th consecutive week of net inflows, according to data tracker EPFR Global.

This wave of cash has helped drive down bond yields and lift other emerging-market investments, such as stocks. The MSCI Emerging Markets Index is up about 25% in the past 12 months, compared with a return of around 15% for the S&P 500. Emerging-market currencies are up nearly 6% since January, powered by gains in the Russian ruble, Mexican peso and others.

Rising prices and low volatility place emerging markets firmly in line with a broader global trend in 2017, in which continued global monetary stimulus and expectations of improving economic growth are helping to mute price swings.

Prices for junk bonds are approaching records. A rally in technology stocks has pushed the Nasdaq and S&P 500 to record levels. The monthly average of the CBOE Volatility Index, or VIX, a closely watched indicator of investor anxiety in the U.S. stock market, reached its second lowest level in history last month.

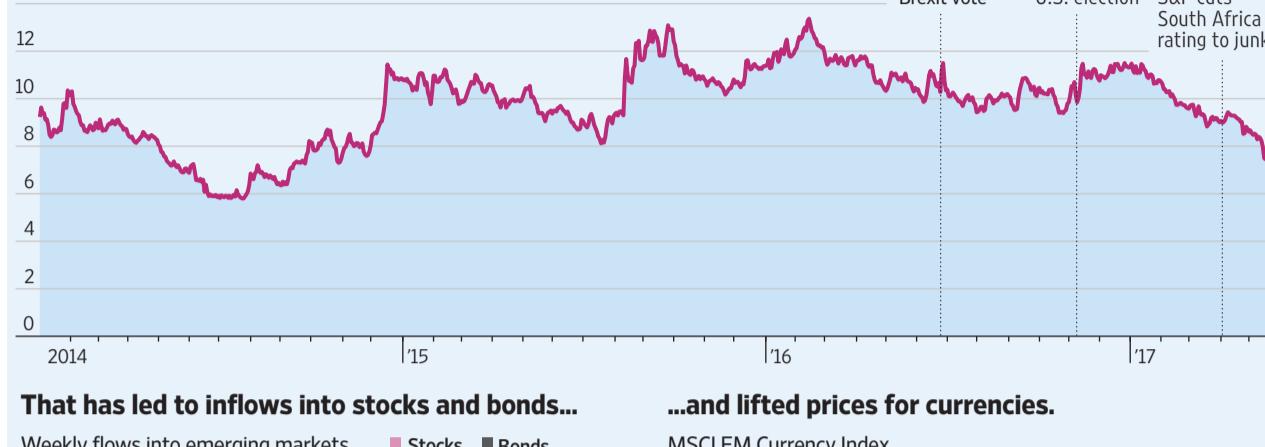
"When investors believe the market is unlikely to be hit by negative surprises, they tend to pile into assets that have the highest risk-reward," said Alvis Marino, a strategist at investment bank Credit Suisse Group.

Beyond the global trends, many investors see value in emerging markets that is less evident elsewhere. In many

Coming Back

Volatility in emerging-market currencies is near its lowest level in three years.

J.P. Morgan Emerging-Market FX Index



That has led to inflows into stocks and bonds...

Weekly flows into emerging markets ■ Stocks ■ Bonds



Sources: Thomson Reuters (FX index); The Institute of International Finance, EPFR (flows); MSCI (currency index)

...and lifted prices for currencies.

MSCI EM Currency Index



THE WALL STREET JOURNAL.

cases, valuations haven't risen as much as in many other risky investments, such as large U.S. stocks or junk bonds. Bond yields remain high compared with safer debt, meaning that investors continue to receive compensation for the risks they may be assuming.

Accordingly, many investors have routinely shrugged off signs of trouble in developing economies and continue to pour money into these stocks, bonds and currencies. The J.P. Morgan Emerging Market Currency Index, one measure of currency volatility for developing countries, stands near a three-year low.

Brazil equity funds received more than \$785 million in net inflows last week, their high-

est weekly total since 2012. Investors rushed back to buy stocks and bonds that were made cheaper by a one-day rout earlier in May that reflected political turmoil threatening pension and other critical economic reforms.

Sudden market downturns in Turkey, South Africa and Mexico earlier this year sent those nations' currencies reeling, but in each instance investors returned to these markets not long afterward.

"With better commodity prices and rising global growth, there's a lot of room to recover," said Jens Nystedt, emerging-markets fixed-income portfolio manager with Morgan Stanley Investment Management.

One draw for developing

economies has been the carry trade—the practice of borrowing money in the currencies of nations with low bond yields and then buying currencies of nations with high ones to pocket the difference. The tactic thrives when currency price movements are low because a trader is less likely to be forced out of a position due to big fluctuations.

In one popular version of the carry trade, investors borrow in dollars and use the proceeds to buy Mexican pesos or Brazilian reais. If the exchange rate between the dollar and peso or real remains stable, investors can profit from the difference between lower U.S. and higher Mexican or Brazilian yields alone.

But a plunge in the cur-

rency of the higher-yielding nation can hammer carry traders, who often use leverage to amplify returns. The real fell 7% on May 18, potentially wiping away many months of profits.

Some investors say even if they are hesitant to pile back into a developing market during a period of political uncertainty, they are less worried than before that declines in one market will spark a broader sell-off.

In the past, investors have tended to sell emerging markets as a group during times of political or economic uncertainty.

"You get shocks, but they're not persistent, and they're not contagious," said Kit Juckles, a strategist at Société Générale.

Pimco Takes a Step Back From Risk

BY CHRISTOPHER WHITTALL

Pacific Investment Management Co. has dialed down the risk in its portfolios in recent months as rallying financial markets have reduced returns on assets with a riskier profile, according to a senior investor at the giant fund.

Portfolio managers at the \$1.5 trillion bond fund don't see any immediate reason for markets to take a nose dive, but they highlight a number of potential pitfalls over the medium term. That includes the removal of the huge central-bank stimulus that has buoyed asset prices in recent years and China's slowing economy.

"You've seen risk assets perform well pretty much across the board. That makes us more cautious," said Andrew Balls, chief investment officer for global fixed income.

"Today, things need to go well in order to justify current valuations," he added.

Mr. Balls said the Newport Beach, Calif.-based fund had been reducing its overall exposure to credit risk over the past year, particularly in Europe, where he said corporate-bond valuations look the most expensive.

On average, the gap in yield between eurozone investment-grade corporate debt and ultra-safe government bonds is 1.1 percentage points, according to Bloomberg Barclays bond indexes.

That is down from 1.3 percentage points a year ago and 2.6 percentage points five years ago.

Asset prices in developed markets simply aren't compensating investors as much for the risks they are taking compared with several years ago, said Mr. Balls.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

Email: heard@wsj.com

Baidu's Turn As a Bank Is Unwelcome

Everything is a bank in China these days it seems—even its biggest internet search engine.

The move by **Baidu**, often referred to as China's Google, into financial services has now caught the eye of ratings firm Fitch, which put the company on "negative watch" Wednesday because of the rising risk from its shadow-banking activities. Like many Chinese banks, Baidu sells wealth-management products—mostly short-term, high-yielding investments—via its online platform.

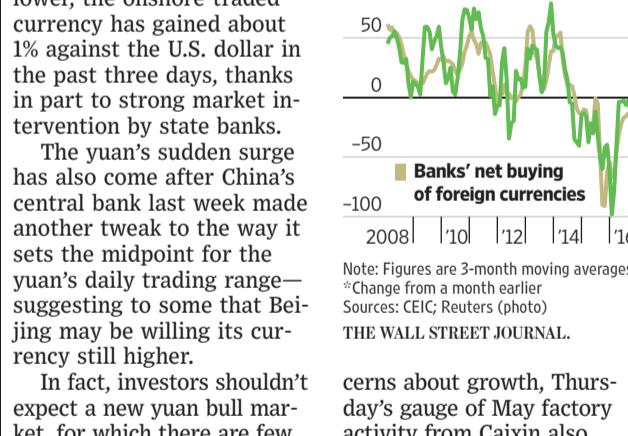
The products typically offer much higher returns than bank deposits. The catch is they often achieve that by investing in risky markets, topped off with leverage to juice their income. Banks that sell wealth-management products don't usually recognize them on their balance sheets, even though it is likely that customers will seek compensation from them in the event of a default.

Baidu has been aggressively selling its own wealth-management products. Assets in its financial-services business had more than doubled to \$3.7 billion by the end of March from three months before, according to Fitch. It has also been offering microloans, many of them unsecured, to consumers who may be unable to borrow from banks.

Fitch, rightly, is worried that Baidu is running the same risk as China's banks: Its aggressive selling of investment products and microloans could come back to bite the company if there is a wave of defaults. Baidu has around \$5 billion of net cash to cover any losses. But with its core search business stagnant, investors shouldn't welcome Baidu taking on such new risks.

—Jacky Wong

The Yuan's Rally: Not Far to Run



Note: Figures are 3-month moving averages
*Change from a month earlier

Sources: CEIC; Reuters (photo)



A bank employee counts yuan in Shanxi province.

lars strengthened. Bets on a weaker yuan have also risen: Investors speculating on the yuan in offshore forward markets started betting on sharper depreciation again in mid-May.

China's newly fortified capital controls will likely prevent a repeat of last year's massive capital exodus, unless growth slows far quicker than expected.

But with the recent Moody's downgrade of China's debt weighing on sentiment, capital outflows re-emerging and regulators pumping more cash into the banking system again following last month's "war" on financial-market leverage, the central bank has clearly concluded it's better to be safe than sorry.

Sowing a little confusion about its intentions now to avoid shelling out another cool \$1 trillion to support the currency must look like a price worth paying.

—Nathaniel Taplin

OVERHEARD

Some 12 years after **Thomas Friedman's** tome on globalization, "The World is Flat," became an international best seller, the proof couldn't be stronger. It comes courtesy of President **Donald Trump**.

While he may be the least globalist and trade-friendly occupant of the White House in postwar history, his garbled tweet early Thursday morning is exhibit A of how content can shoot around the world to become mostly imported products in record time.

On **Amazon.com**, one can order shirts with images of the president's since-deleted tweet or "The nuclear code is covfefe." Or perhaps a "Make America Covfefe Again" mug—not dishwasher safe—is more your speed?

There is even an app for Alexa to "unravel the mystery of covfefe" so that the buyer "need not worry about looking like a total LOSER" in front of his or her friends and relatives.

China Returns to Shadow Lenders, Storing Up Trouble

The Chinese bond market is dead. Long live China's shadow banks.

Beijing's full-frontal assault on financial-market leverage this spring has driven bond yields skyward, but hasn't sparked the systemic credit crunch that many feared. That doesn't mean the risks have disappeared: Cash-strapped firms have avoided more defaults by skulking back to high-interest shadow lenders instead.

With industrial profits up 14% on the year in the first quarter, firms can probably afford to pay up for expensive loans from sources other than banks and the bond market for now. But forcing firms to refinance at exorbitant rates—and without the real, albeit limited, market

discipline of China's bond market—is storing up trouble for the future. And foreign investors eyeing Chinese bonds through the brand new Hong Kong bond connect should be wary of taking the plunge: Corporate debt might look like a bargain now, but firms are mostly shifting risks around rather than eliminating them.

Back in the days before China's bond market took off, hard-up corporate borrowers used to rely heavily on non-bank lenders like trusts, which sell retail investment products and channel the proceeds into high-interest loans. Repayment problems triggered a crackdown on these trusts in 2013 and 2014, which helped push

marginal borrowers into China's nascent corporate-bond market instead. Now, as regulators have become concerned about leveraged bets on bonds, that process has moved into reverse. Corporate-bond debt rose 30% from early 2015 to

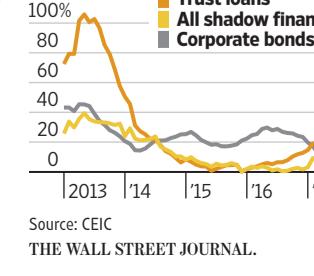
mid-2016, but issuance is now in free fall: Debt outstanding fell 58 billion yuan (\$8.5 billion) in the first quarter of 2017. Meanwhile, trust lending, which had almost ground to a halt by mid-2015, has roared back: It rose nearly 700 billion yuan in the first quarter. Other forms of shadow bank lending, including direct company-to-company loans, have also staged sharp recoveries.

The good news is that all this shadowy lending has helped avoid a full-scale credit crunch. The bad news is that shadow finance is expensive and often lacks proper risk-control mechanisms. AA-rated corporates, which in February could issue two-year bonds with a yield as low as 4.6%, now

must choose between bonds paying 6%—if they can find buyers at all given the current scrutiny—or trust loans at 7% or higher.

China's economy remains in decent shape for now—and policy makers are unlikely to tolerate a sharp slowdown ahead of a critical Communist Party meeting this fall. But the attack on rising near-term risks in the bond market—while permitting a big rotation back into the shadowy world of trust lending—looks a lot like sacrificing much-needed long-term moves toward better pricing of risk in exchange for short-term stability. And it also begs the question: Once the party conclave is finished, what happens next?

—Nathaniel Taplin



Source: CEIC
THE WALL STREET JOURNAL.

Interior
designers on 13
ways summer-
house décor can
go wrong
W6



OFF DUTY



Dan Neil drives
the ludicrously
fast Jaguar
F-Type SVR
Coupe
W8

EATING | DRINKING | STYLE | FASHION | DESIGN | DECORATING | ADVENTURE | TRAVEL | GEAR | GADGETS

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THE WALL STREET JOURNAL.

Friday - Sunday, June 2 - 4, 2017 | **W1**

My Summer Vacation Is Better Than Your Summer Vacation

For a getaway with bragging rights, try a beach holiday on France's Ile de Ré—a laid-back retreat favored by in-the-know Parisians. Plus: other enviable, unexpected destinations



OCEAN OF DIFFERENCE

Overlooking Saint-Martin-de-Ré,
the historic port town on Ile de Ré

BY KATE MAXWELL

AT 2 P.M. on a sunny Monday last summer, Plage du Lizay was deserted. We'd been warned that Ile de Ré, a three-hour train ride from Paris, would be *emballée* (chockablock) in high season. But for most of the afternoon we had this wide, sandy stretch on the Atlantic Ocean—among the island's finest and a dead ringer for a Hamptons beach—to ourselves.

Then, at around 5 p.m., a modest, almost entirely French crowd arrived on bicycles, the preferred mode of transport on Ile de Ré. Bikini-clad, impressively fit octogenarians strode up and down the shore. Whole families in immaculate linen outfits unfurled matching hamam towels on the sand. When they—and we—left a few hours

later, traffic on the bike lanes was wheel-to-wheel through pine forests and vineyards back to Saint-Clément-des-Baleines, where we were staying.

Forget the Côte d'Azur, infested with helipads and infinity pools. The chic Parisian's current retreat of choice is low-key, high-style Ile de Ré.

And word is beginning to wash over the channel: It's fast becoming the summer-holiday destination to name-drop at London dinner parties.

My husband and I had been looking for somewhere to hunker down in the sun for a few weeks with our newborn baby, toddler and 11-year-old, somewhere that was an easy drive from our home in London. Having spent the past few summer vacations in Italy, Corsica and Greece, bumping beach towels and fighting for restaurant tables with fellow tourists, we were on the hunt for a new destination.

Ile de Ré fit the bill, not least because it has oyster beds for miles and I'd been craving the slimy morsels after nine months of pregnancy privation. When our most instinctively stylish friends, who generally spend summer vacations drifting about the Mediterranean on yachts, told us they were heading to the island for a long weekend, we gambled and followed suit.

A skinny 18-mile-long island halfway down France's west coast, Ile de Ré was originally four islands, until silt and man-made salt flats united them. It has been quarreled over numerous times since. Settled by the Romans, it was home to Cistercian monks in the Middle Ages—the skeleton of their Abbaye des Châteliers still survives. The island was passed back and forth between the French and the English from the 12th to the 14th

Please turn to page W2

OFF DUTY

A FINER TIME WAS HAD BY ALL

Continued from page W1

centuries, seized briefly by the Huguenots in 1625, invaded by les Anglais once again in 1627 (who can blame them?), and has been French ever since.

In 1988, Ré was connected to La Rochelle on the mainland via a 1.8-mile bridge, and a direct train service from Paris to La Rochelle accelerated the commute in 2012. It's not just the beaches that recall New York's own weekend playground: With its copious vineyards, surf breaks and fashionable denizens, Ile de Ré feels a little like a mashup of Long Island's North and South Forks. For the most part, though, it's couldn't-be-anywhere-else-but-France.

We found a villa with room for friends in Saint-Clement-des-Baleines, a sleepy town of white-washed houses with arsenic-green shutters that's far enough from the bridge to elude most non-French tourists, and settled into an easy routine of cycling, eating and beach-going.

Our days began with a walk to the town square's boulangerie, whose superlative *pains au chocolat* and *tartes aux fruits* earned it lines out the door. Next came a trawl of the market stalls, which included a grocery, whose proprietor rewarded my toddler daughter's attempts at pilfering his white peaches with the occasional freebie. A butcher's stall yielded "grand-mère's" offal-laden pâté and spicy merguez sausages for the grill. Then we'd go on a cycling mission, strategic exercise when you're downing two *pains au chocolat* a day and are being outshone by octogenarians. Cyoland, the local cycle-hire store, even equipped us with a mini chariot to tow our baby along, although perhaps we should just have slung him in a bike basket, as one woman I passed had done.

Cycle lanes crisscross the whole island, bisecting marshes, vineyards and muddy salt flats. Towards the fortified port town of Saint-Martin-de-Ré, the path traces the coast, punctuated by oyster *cabanes* (simple restaurants where oysters are farmed on the premises). The 11-mile ride to Saint-Martin and back was the longest of our vacation, and, after a couple of tantrums and a dramatic skid and fall, future visits were conducted on four wheels.

Its proximity to the bridge and stock of elegant hotels make Saint-Martin-de-Ré popular with French holidaymakers; the restaurants that skirted the port were full of caftan-clad Parisians toting Chloé hand-



LAZY LIZAY A bike path along Plage du Lizay. Bicycle lanes, winding through pine forests and vineyards, crisscross the island.



bags and Londoners bemoaning Brexit and its effect on the Pound-Euro rate of exchange.

We crossed the town's wide moat and formidable stone walls, built in the shape of a star by Louis XIV's foremost military engineer, Vauban, to defend it from the Protestants and the English, and parked our bikes in the handsome main square. We wandered down streets with shutters painted 50 shades of gray, rangy hollyhock plants waving in front of them, to the port. You'll find no Côte d'Azur-size, gin-palace yachts in the harbor at Saint-Martin; instead, relatively modest wooden sailing boats quivered on the water opposite legendary La Martinière ice cream, which serves 50 traditional and avant-garde flavors. We skipped oysters and caviar for best-in-class scoops of salted caramel—made with local *fleur du sel*—fig and blackcurrant.

A less arduous pedal from our house was Ars, whose name pro-

voked titters from our group whenever it was mentioned, "arse" being British for "ass." Another study in stone-and-shutters, Ars is one of France's designated *Plus Belles Villages* ("Most Beautiful Villages"), and has a daily market of local produce, plus an array of French greatest hits: chintzy tablecloths, striped espadrilles and an encyclopedic spread of kitchen utensils (carrot spiralizer, anyone?). But the number one attraction is Monsieur Donin's retro merry-go-round.

Monsieur Donin, who wears red, heart-shape spectacles, has been running the carousel and entertaining visitors with his witty *chansons* since 1983. I felt multiple French parents' eyes boring into my person when I extracted my daughter from her miniature Cadillac at ride's end, so deafening were her shrieks of protest. Their own offspring stepped daintily from their rides.

You might have expected us—with our children in tow, plus our

THAT'S MOOR LIKE IT From top: The port of Saint-Martin-de-Ré sees few yachts but plenty of French holidaymakers in season; the market at La Flotte, on the island's east coast.

friends' prodigious broods—to stay home for meals and mercifully spare fellow diners. But nothing was going to come between me and those bivalves. At Le Chat Botté in Saint-Clement, clear, briny local oysters featured on the highly accomplished lunch menu, a great value, along with exquisite desserts including an ode to the peach, with meringue, sorbet and purées, that resembled a spotty Yayoi Kusama painting.

At most cabanes, shellfish was the only thing on the menu. With its hot-pink-and-green chairs and bar overlooking the sea, Ré Ostréa offered three dozen bivalves—small, medium or large, your choice—with a complimentary bottle of crisp white wine. At another, Cabane du Feneau, our shellfish platter was in fact a large basket of crab, oysters, langoustines, clams and sea snails, and we were presented with our crevettes live and kicking before they were taken to the pot. "What are they?" asked one of the children. "Haute cuisine," replied our waiter.

We devoured many memorable meals; still, it's Ile de Ré's beaches in the late afternoon light that I'll come back for. Beaches like La Patache—with fine-white sand and a strong current that allowed you to drift at great speed from one end to the other—which we discovered on the last day of our vacation. We'd cycled there with a picnic from the market, accompanied by the usual jolly, jostling anthropological study: gaggles of pedaling teenagers singing Taylor Swift in heavily accented English; middle-aged men in Lycra overtaking languorous, linen-clad ladies. As we'd spread out our blankets and uncorked the first bottle of rosé, I'd thought how fortunate the French were to have this island threaded to the mainland, and how lucky we'd been to share it with them.

► For where to stay and eat in Ile de Ré, see wsj.com/travel.

I Hate to Brag, But...
3 other low-key, high-style holiday spots



NORTH FORK, N.Y.

Despite its proximity to Manhattan, array of farm-to-table restaurants and over 40 wineries, Long Island's lush North Fork has maintained a low profile. Predominantly pebbly beaches and fierce zoning regulations, which outlaw Hamptons-style mega-mansions, have helped. Check into the Sound View (pictured), a '50s motel on the outskirts of Greenport that opens this month after a major makeover (from \$250 a night, soundviewgreenport.com). —K.M.



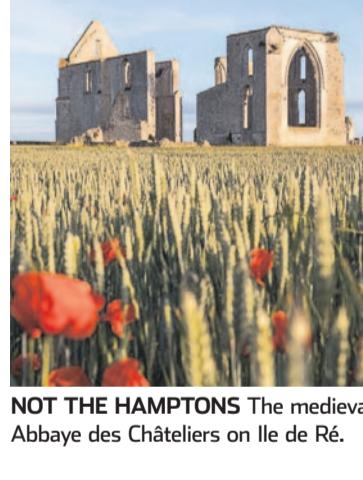
SULLIVAN'S ISLAND, S.C.

Many of the once-rickety 19th-century seaside houses that sit up on stilts have been renovated and equipped with AC and posh kitchens. But plenty still have the Lowcountry charm of screened porches, ceiling fans and rambling floor plans. Try for a place (from \$4,000 a week, beachsidevacations.com) on Marshall Blvd. or Middle St., where, out past the dunes, grandmothers teach offspring to crab and collect sand dollars, before everyone goes to the Obstinate Daughter for local oysters (theobstinatedaughter.com). —Christian L. Wright



FORMENTERA, SPAIN

Most visitors to this island just off Ibiza swing by only for lunch and to swim in its Kool-Aid-colored waters—which means it's delightfully peaceful come nightfall. Concierge service Deliciously Sorted Ibiza rents some of the island's most luxurious villas (pictured) (from about \$11,000 a week, deliciouslysortedibiza.com). For a more affordable family-friendly option, try Paraiso de los Pinos, a clutch of apartments dotted around a pool, next to the excellent Marlaca restaurant (from about \$890 for two nights, paraisodelospinos.com). —K.M.



NOT THE HAMPTONS The medieval Abbaye des Châteliers on Ile de Ré.

SPOILER ALERTS // 3 CLASSIC SUMMER SPOTS THAT AREN'T QUITE AS ENVIRABLE AS YOU IMAGINE

Montauk, Long Island

Perception The "un-Hampton," preserve of scruffy surfing types. You and your family will spend bucolic days building sand castles and playing paddleball on Ditch Plains beach; eating lobster rolls with BYO rosé as the sun slides into Fort Pond; and sleeping it off at a cheap-but-charming motel.

Reality That humble motel has been reimagined as a boutique hotel with an artist-in-residence, artisan coffee shop and mid-range rooms starting at \$600 a night; the lobster restaurant now charges \$105 for a bottle of rosé; and good luck swinging your paddle without hitting an Instagrammer or banker-surfer on Ditch Plains.

Silver Lining Skip summer weekends and go during the week. Montauk more closely resembles its previous self after the last train leaves the station on Sunday nights, and hotel prices dip. Better yet: Wait until October.

Positano, Amalfi Coast

Perception Dolce vita dreams come true amid the candy-colored buildings scattered along a Mediterranean cliffside. Languid days spent sipping prosecco on the beach are punctuated with drives along the storied Amalfi Coast and capped by dinners at hushed seaside eateries.

Reality John Steinbeck wrote that "Positano bites deep." In high season, it just bites. Tourists trip over ceramics piled up outside countless souvenir shops; restaurant workers wave menus and shout promises of free limoncello to passersby; plastic washes up with the surf; and tour buses careen around hairpin turns, threatening to squash your rental car.

Silver Lining The town regains its charms in the off-season, once the holidaying hordes have decamped. But even in summer, Furore, a nearby speck of a village high in the mountains, is a serene perch surrounded by olive and lemon groves.

The Côte d'Azur

Perception Europe's most glittering coastline, retreat and inspiration for Picasso, Matisse, Fitzgerald and Chanel, where you and your Breton-striped-clad children will waft from Cap to Cap, absorbing culture and fine food.

Reality Fitzgerald, who wrote an article entitled "How to Live on Practically Nothing a Year" after moving to the French Riviera with Zelda and their toddler in 1924, would be hard-pressed to stay at any of the grande dame hotels he frequented for under a \$1,000 a night now. His "fairy blue" Mediterranean Sea now gleams with superyachts; the roads with bumper-to-bumper Ferraris.

Silver Lining Drive 70 miles west of St Tropez and you'll hit Cassis, a cute and colorful seaside town surrounded by limestone rocks ideal for sunbathing (prepare for some nudity) and leaping off of. It's also the place to try bouillabaisse—traditional Provençal fish stew. —K.M.



OFF DUTY

Languor For Less

Lounge about in breezy summer dresses whose prices won't stress you

BY CHRISTINE WHITNEY

SUMMER is coming, and women are shedding their layers—the “Game of Thrones” furs, myriad sweaters and stiff jeans—in favor of one thing: dresses.

That said, it's rarely wise to spend a lot on sweet warm-weather nothings. Sustained heat and humidity leave you sweating, and the subsequent need for frequent laundering can be hard on clothes. Even dedicated investment shoppers acknowledge that their quality-over-quantity strategy isn't going to work come June.

“For the price of one designer dress you can get a whole summer wardrobe,” said Lily Semel, a writer in Los Angeles who in recent years has curtailed her practice of splurging on one or two seasonal runway pieces, instead buying several inexpensive dresses.

‘For the price of one [\$1,500] designer dress, you can get a whole summer wardrobe.’

The French label Rouje, designed by Gallic It girl Jeanne Damas, particularly charms Ms. Semel. The brand's elegantly coquettish dresses are all under \$200. “They're in between smart and sexy,” she said. “And they're appropriate for all occasions whether you're going to the beach or a work dinner.”

Rouje exemplifies the new crop of labels that excel at offering appealing frock options under \$300. Another favorite of thrifty women is Döen, a Los Angeles direct-to-consumer brand that makes Isabel Marant-caliber dresses and sells them for between \$150 and \$250. (An Isabel Marant could easily set you back \$700 at least.)



Even designer brands offer a few compassionately priced styles. From left: Diane Von Furstenberg Dress, \$248, Saks Fifth Avenue, 212-753-4000; Edie Dress, \$295, loveshackfancy.com; Safari Dress, \$218, thereformation.com

Lesser known, small labels pay attention to design while finding ways to keep prices reasonable. Clockwise from top: Babaton Dress, \$135, aritzia.com; Sorell Dress, \$198, shopdoen.com; Laura Dress, \$185, rouje.com

F. MARTIN RAMIN / THE WALL STREET JOURNAL, STYLING BY JILL TELESNICKI

THAT'S DEBATABLE

WEARING SANDALS IN THE CITY: TOO MUCH OF AN ICK FACTOR?



feel less buttoned-up.” With elevated rubber soles and wide nylon straps, Mr. O'Neill's open-toed designs are better positioned than flip-flops for navigating a grimy summer street.

Cameron Smith, the vice president of ByGeorge, a boutique in Austin, Tex., also approves of city-faring sandals. He steers clients toward more urbane, all-leather styles in neutral colors. The sandals' style should sync with the rest of your wardrobe, said Mr. Smith, who suggested a criss-cross-strapped nubuck option from Dries Van Noten and a matte black pair from Birkenstock as sophisticated sandals appropriate for cosmopolitan surroundings.

As for the ick, before you subject a subway car full of people to a clear shot of your feet, give them a good once-over and attend to any glaring issues. “There are some gnarly feet out there,” said Malibu's Mr. O'Neill. “If you're going open-toed in the city, get a pedicure.”

—Jacob Gallagher

YES David Hurst considers sandals a no-go in his home of New York City, though less for aesthetic reasons than sanitary ones. Even if you are wearing them for just a couple of hours, said the 54-year-old administrator in the department of psychiatry at Columbia University Medical Center, “your feet just get filthy because the streets and sidewalks are filthy.”

Particularly if he's socializing, he'd rather friends not see the muck and mire of Manhattan caked on his feet. It's much better, he said, to shield them in tennis shoes or loafers and leave the sandals for poolside.

Some might counter that women wear decidedly flimsy sandals in cities like New York, Paris and Beijing, where sidewalks are less than savory in mid-July. But there are mitigating factors. While a guy's slapdash daily shower routine is no match for the buildup of grime, many women keep weekly or biweekly pedicure appointments in which their feet are scrubbed intensely and

returned to pristine condition. Besides, it's more socially acceptable for women to bare their feet.

Other men say wearing sandals in the city makes them feel self-conscious. Though he lives in Los An-

geles, 28-year-old writer Kevin Burrows says his sandals have triggered mockery from co-workers and don't seem professional: “You feel like you're on vacation in open-toed shoes.” He saves them for weekends away.

NO A sandal is not a sandal is not a sandal. You shouldn't use the same criteria when choosing open-air shoes for strolling down Madison Avenue as you would when picking a pair in which to lazily scuffle

from your hotel room to a pool cabana.

Kevin O'Neill, founder of footwear brand Malibu Sandals, staunchly defends the right to wear sandals in urban settings. He finds them transporting: “You instantly

PAUL TULLER

OFF DUTY



GOOD EGG The tortilla española at Té Company in Manhattan is as luscious as a wedge of brie.

The Ultimate Tortilla (Does Not Exist)

It takes under an hour and only four ingredients to make this dish—and a lifetime to make it your own

BY CHARLOTTE DRUCKMAN

IT IS EITHER a most opportune or bewildering time to learn how to make tortilla española. In the last year, at least four new cookbooks on Spanish cuisine have arrived, each with a recipe for the traditional tapa and no two of them the same.

The potato-dense Spanish "omelet" is a compact, satisfying one-pan production. An affable breakfast, lunch, dinner or drinking buddy, it's ready in less than an hour and can be made in advance.

Some may throw chorizo in there, or, in the Basque region, cod, but the classic has only four components, eggs, potatoes, onions and oil; five, if you count salt. Still, finding decent examples in the U.S. isn't so easy. They're often desiccated or floppy, and lacking in flavor.



CRACKING THE CODE Chef Frederico Ribeiro behind the counter at Té Company in Manhattan.

"Most people do not manage heat properly," said New York City chef Alex Raji of El Quinto Piño, where you can enjoy one of the few respectable, appropriately slightly gooey tortilla wedges in town. "You must toggle between high and low and you must know when to stop stirring and start shaping the sides." That's only the half of it. "People are shy about using enough oil, and most hesitate when flipping," she continued. "Both cause problems."

Ms. Raji included her tortilla recipe in "The Basque Book," which she co-authored with her husband, Eder Montero, and the food writer Rebecca Flint Marx. It calls for four flips. She believes this "improves the shape of the edges and keeps the tortilla from over-browning." The only modification the chef makes when adapting her instructions for home cooks is to recommend they use a blend of olive and canola oils, as opposed to olive alone. Canola is less expensive, for one thing. And, as Ms. Raji notes, if you're not working with a delicate one, "100% olive can create bitter flavors."

In Asheville N.C., chef Katie Button serves tortilla española at her tapas bar Currat. The recipe, included in her new cookbook of the same name, has less potato than Ms. Raji's, cooks a bit longer and only flips once, causing it to pick up more color in the pan. Ms. Button, too, calls for a 50/50 blend of oils, to replicate the flavor of a mild Spanish olive oil. She maintains her most valuable lessons were learned at the side of her Spanish mother-in-law. After years of repetition, "I finally feel like I can make a tortilla as good as

hers," Ms. Button said.

In his Spain-focused culinary travel book, "Grape, Olive, Pig," Matt Goulding describes what sounds like my dream tortilla, served at Taberna Pedraza in Madrid. Cooked by co-owner Josefina Pedraza over a low flame, "it arrives to the table soft and pale, jiggling like a waterbed; slice into it and it exhales across the plate."

I had all but given up on finding anything like this in New York City. Then Frederico Ribeiro, a Portuguese chef who trained in Spain, put a slice of his Spanish tortilla down in front of me at Té Company, the tea salon he opened at the end of 2015 with partner Elena Liao. It was custardy, almost like a brie, with the pastel-yellow hue of a newly hatched chick. I asked him how he was able to keep it in that barely solid state and move it in and out of the pan. He mentioned something about a wet plate and I realized I was going to need a demo. Mr. Ribeiro agreed.

Prepared in a small, deliberately crowded pan, his tortilla has an ingredient list that extends to garlic, which he cooks with the onions before adding fingerling potatoes. The onions and garlic become sweet, the tubers, creamy. He beats them together, feverishly, with three eggs, then cooks this mixture for two minutes on each side. The finished product shows not even the barest hint of brown. "It should feel like a baby's bottom," Mr. Ribeiro said, patting his tortilla with a grin.

I took notes, wrote up a recipe and practiced—and practiced some more. It will never be perfect. I'm not sure there is such a thing as the perfect tortilla española. But I know I'm on my way to close.

Frederico Ribeiro's Tortilla Española

TOTAL TIME: 55 minutes SERVES: 6



- 1 medium yellow onion, finely chopped
- Neutral oil, such as grapeseed or canola
- 2 cloves garlic, finely chopped (optional)
- 3 cups peeled and thinly sliced coins of fingerling potatoes
- Kosher salt
- 3 large eggs

creamier, wetter texture, but avoid mashing them. Season with salt.

6. Just before cooking tortilla, rinse a large, flat plate under running warm water. Remove plate from faucet and shake it off, so plate is still slightly wet. Use your hands to spread drops of water over plate's surface so it's just slick. Place plate beside stove so it's easy to grab when you're ready to flip tortilla.

7. Return clean pan to stove over high heat. Add 2 teaspoons reserved oil and tilt pan to coat. Once oil is just hot, add egg batter, gently swirling pan to prevent sticking as sides begin to set. Once batter starts moving as a unit when swirled, after no more than 2 minutes, you'll know it's ready to flip.

8. To flip, cover pan with inverted plate. Flip plate and pan together to turn half-cooked tortilla onto plate.

9. Let tortilla sit on plate for about 30 seconds while you return pan to stove over high heat and add enough oil just to lightly coat pan.

Once oil is hot, take pan off heat and place on counter next to plate with tortilla. Lift plate and use a wooden or rubber spatula to carefully and gently slide tortilla back into pan, cooked side up. Use spatula to shape tortilla, gently pushing any uncooked batter underneath.

10. Set pan over medium heat and cook tortilla just until it moves as a unit when swirled in pan, 1-2 minutes. Remove from stove, wait 1 minute, then flip finished tortilla onto a plate. Serve warm, at room temperature or cold, sliced into wedges.

SOUR POWER

Tangy tamarind paste punches up all kinds of dishes, drinks and dressings

THINK OF tamarind as the love-child of lemon and caramel. The tart and sticky pulp comes from the pod of a tropical shade tree. Pressed into blocks of paste, it must be reconstituted with hot water and pressed through a sieve to remove any seeds and gnarly fibers. The alternative, a syrupy concentrate available in jars, also tends, confusingly, to be called paste.

Tamarind pairs beautifully with orange, garlic and ginger to make a fast and zingy marinade for chicken and pork. Its tartness renders drinks ex-

tra-refreshing. Tamarind agua fresca quenches thirst across Mexico. Here in the U.S., chef Andy Ricker mixes tamarind with bourbon, lime juice and simple syrup for a bracing whiskey sour.

I love the acidity and richness tamarind brings to a dish. The excellent recent cookbook "Burma Superstar" employs this ingredient extensively—in bright curries, in a puckery sour-leaf soup, in a good-on-everything tamarind-ginger dressing. "Tamarind adds a deeper, rounded kind of acidity," said the book's co-author Kate Leahy.

"It lasts forever in the refrigerator, so it's good to have on hand for those days when there aren't any lemons or limes in the house." —Jane Black

Where to Buy: Both tamarind paste and concentrate are available at Indian, Latin American and Southeast Asian markets. For paste, opt for one labeled seedless, like Cock brand (\$8 for 16 ounces), though a few seeds may be hiding inside even these. Laxmi (\$6 for a 14-ounce jar, plus shipping) is a high-quality concentrate.

Bang out a batch of granola: Heat 2 teaspoons tamarind concentrate with 1/2 cup light brown sugar and 1/4 cup coconut oil until sugar dissolves. Combine with 2 cups oats, 1/4 cup each shredded coconut, cashews and dried apricots and a generous pinch of garam masala.



Assemble an agua fresca: Mix 1/4 cup each tamarind concentrate and brown sugar. Add 5 cups water and stir until sugar dissolves. Drink over ice.

Gin up a ginger dressing: Soak 2 1/2 ounces tamarind paste in 3/4 cup hot water and strain. Add 1 teaspoon each sugar, grated garlic and ginger, and salt.

OFF DUTY

MESSAGE IN A BOTTLE NOVELIST ALISSA NUTTING ON THE BOTANIST ISLAY DRY GIN



The Anxiety of Being Under the Influence

"IT'S GIN!" I announce this to my husband in an anxious whisper, like I'm talking about an ex who just texted out of the blue.

We've been waiting until the end of the workweek to open the package from my editor at The Wall Street Journal, expectantly hypothesizing about what's inside. I've agreed to give my impressions of a bottle of alcohol but don't know what it will be. Pitting the box, asking it questions, putting an ear to its cardboard and listening: There's been a time-lapse pregnancy vibe to the whole thing, and for me, seeing the bottle of gin—The Botanist Islay Dry Gin, says the label—is like hearing an ultrasound nurse say, "Surprise! It's twins!"

I feel suddenly and deeply unprepared.

My go-to pet name for gin is "liquid shame." If tequila's my id, gin is my superego. Most liquors motivate me to go do bad things. Gin motivates me to feel bad about things I've already done. *Why did you tattoo the word "ukulele" on your neck?* gin will ask me. *Why did you put a \$5 burrito in a \$200 purse?*

But my husband has zero misgivings. "I'll get the minivan!" he says.

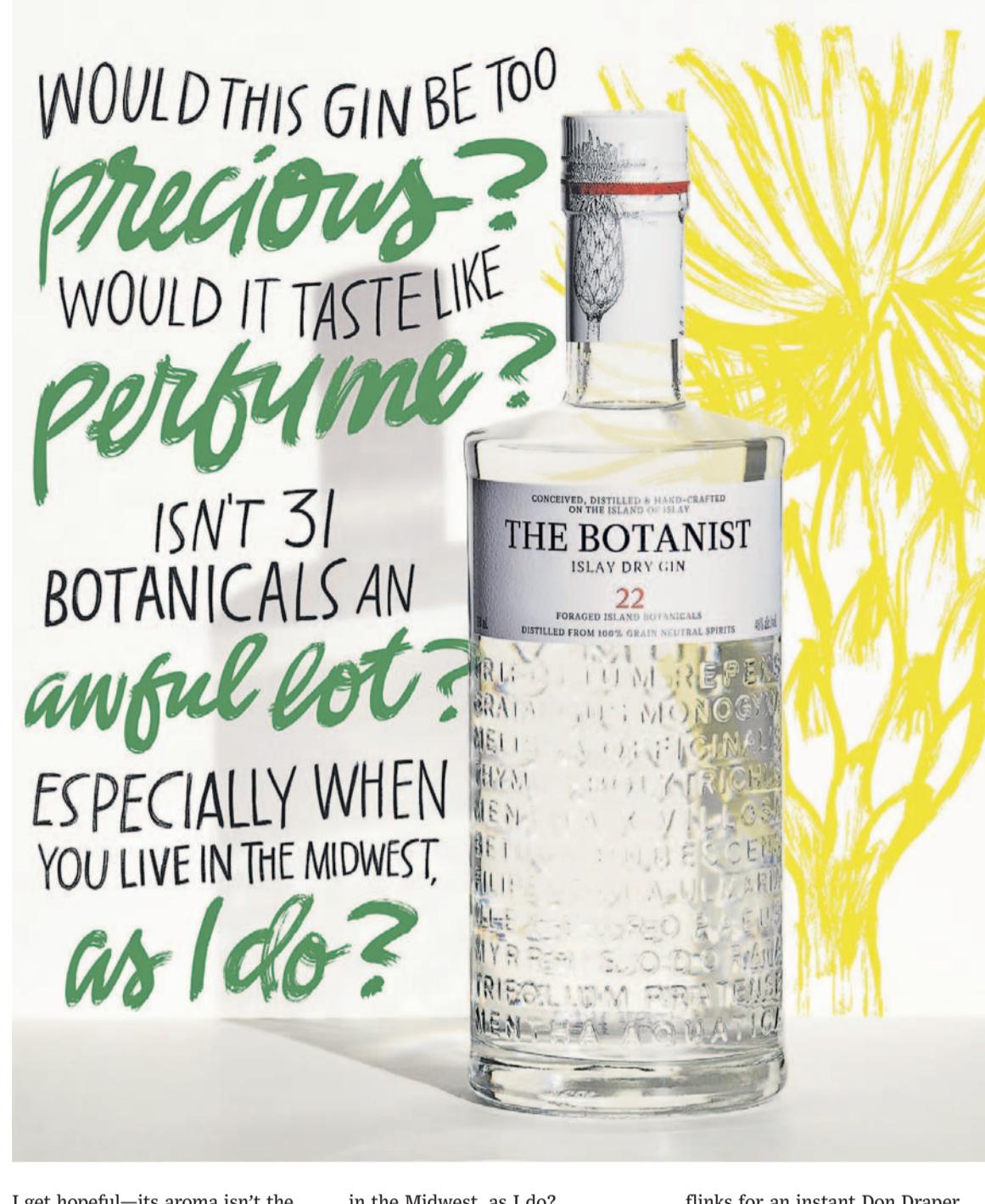
It's the second marriage for both of us; we're a blended family with three children, and sometimes, when those children are asleep, we park our minivan in the backyard and go drink inside of it. It has XM radio and very comfortable seats.

"If I ask you to put on Patsy Cline later," I tell him, "please don't." In fact, I decide that Patsy Cline is going to be my safe word for the evening's activities. "If I say 'Patsy' at all, it's time for me to switch to water."

From the looks of the bottle, I can tell the Botanist is a different species than the gins that make me cry (first hint: the bottle is not a jug or an airplane mini). It's gorgeous and I immediately add it to my mental list of "Earnest Apology Gifts." The next time you act like an ass, if your I'm sorry is accompanied by this gin, the offended party will know you mean it.

But despite its elegance, I'm primed for pain. The gin's name could not have a gentler or more whimsical inspiration: Of the 31 botanicals in this artisanal blend from the Scottish Isle of Islay, 22 of them are local and hand-foraged by botanists. Given my history with gin, though, my imagination is working "Law & Order"-overtime. To me, "The Botanist" sounds like the nickname of a serial killer who presses and keeps a lock of each victim's hair, herbarium-voucher-style.

When I open the bottle and sniff,



F. MARTIN RAININ/THE WALL STREET JOURNAL (BOTTLE); ILLUSTRATION BY ANGELA SOUTHERN

I get hopeful—its aroma isn't the menthol slap across the knuckles with a ruler I always get from the usual gin suspects. Maybe this encounter won't end in aerobic, full-body sobs and attempts at catharsis via karaoke? It sounds strange to describe an alcohol as smelling alive, but this gin does. My nose is telling me the bottle is a vase full of flowers.

Still, when one possible cause of apprehension gets alleviated, I like to ensure its quick replacement. I begin to worry that since this gin isn't going to burn me with harshness, it might kill me with kindness. Fancy is often synonymous with sad for me, since I'm not great at being sophisticated. Would this gin be too precious? Would it taste like perfume? Isn't 31 botanicals an awful lot? Especially when you live

in the Midwest, as I do?

Prior to entering the van, I grab my phone and stalk this gin on the Internet the way I do anything I find suspicious. I want to find a tacky entry point to this refined, vapor-bouquet gin, something that makes it feel approachable in terms of drinking while wearing pajamas inside a van. Just as its botanists forage for Gorse and Heather flowers, I go scrounging for sleaze.

"Dirty Dotty and Ugly Betty!" I finally exclaim.

My husband brightens. "Friends of yours? Are they coming over? Do they need a lift?" (The minivan does seat seven.) Perhaps the bottle doesn't intimidate him because he's watched and loved every season of *Mad Men*. He spruces up well. (Note to interested parties: Combine this gin with a pair of cuff

links for an instant Don Draper role-play session.)

I'm a little harder to polish. I need a bridge to link my fast-food sensibilities to the fine-dining liquor before me, and I find it in the gin's origin story.

"Ugly Betty" is the name of the copper still this gin is slow distilled in, and the nickname for the waters used in the gin's production is "Dirty Dotty's spring." Ugly/Dirty is totally my squad, so now I'm ready to start drinking. And, potentially, drowning in a vat of overwhelming, unresolved feelings.

Luckily, because of the kids, the van is stocked with prophylactic Kleenex. If a case of the rapid-onset gin weepies hits me, I'm covered.

We shut the van's interior lights off, and my husband begins musing about how gin means it's summer-

time. As writer-professors, our lives revolve around the academic calendar, and the uptick of gin drinking at parties is a seasonal moving of the tassel. I take a sip of the gin, mixed with a little tonic, and, as if on cue, taste a reenactment of this transition in its flavor. In my mouth, subtle wintry mint warms up into bright lemon.

Maybe this association is part of why I normally catalog gin into a space of melancholy: Its annual appearance coinciding with end-of-the-year fêtes, graduation, students and visiting faculty moving on and away.

But as I drink this gin, sadness never arrives. Instead, I find myself having an onslaught of positive thoughts, perhaps one for each of the 31 botanicals. "Isn't it great how gin doesn't stain?" I add. I want to try re-watching Old Yeller while drinking this gin, because I bet if you watch that movie while sipping the Botanist, the dog gets to live.

Thirty-one is not too many, at all. Not in this blend; its notes take on a Wall of Sound intricacy to create a singular distinct flavor. It's so delicious that after my first, I remedy my error of adding tonic.

This is great gin for busy people! And clumsy or lazy people, who, like me, tend to take shortcuts in drink-making by eye-balling measurements and freestyle recipes. There's already so much going on, in just the right amount, there's no need to mix it.

I especially recommend it for parents with young children who are willing to go to delusional lengths for a moment of escape at the end of a long day, such as pretending you're at a bar when you can see the illuminated lights of your vehicle's dashboard console. If you're so tired that you don't want to move, it's lovely to sit back and benefit from the grand efforts of another person. "How nice of those botanists to do all that foraging!" I put forward.

I'm overcome with thanks. This drink makes everything seem a little better than it even should. When we finally go back inside the house, all our furniture appears to have been dusted; everything seems to shine with a lemon-Pledge gleam. The Botanist lets you see the world (and your house, and your van) through cleaning, crisping goggles. For the first time, I got buzzed on gin and didn't cry. I didn't even come close. But if I had, it would've been with gratitude for this drink, my new summer happy place.

Ms. Nutting's latest novel, "Made for Love," will be published by Ecco on July 4.

SLOW FOOD FAST SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES

Seaweed-Wrapped Scallops With Avocado Purée



The Chef
Günter Seeger

His Restaurant
Günter Seeger in
New York City

What He's Known For
Precisely executed,
elegant cooking
that favors excellent
ingredients and at-
tention to detail
over flourishes.

EVEN A CHEF as famously exacting as Günter Seeger will admit that at home, compromises can—occasionally—be made. For this recipe, he brushes scallops in a sesame-seed vinaigrette and steams them, then dots them with a lemony avocado purée and wraps them in fermented cherry leaves. You can seek out that last ingredient at Japanese markets. Otherwise, Mr. Seeger concedes, the sheets of toasted nori (seaweed) available at most supermarkets will do nicely.

Truly fresh scallops can be served

barely cooked, still raw and creamy in the center. "Farmers markets are the best source," Mr. Seeger said. Grocery-store scallops, whose journey from the boat is typically longer, should steam a minute more and fully warm through. The avocados, meanwhile, should give a little when gently pressed—but only a little. Overripe ones oxidize and brown when puréed.

Being picky about ingredients pays off here, Mr. Seeger insisted. "I have high standards," he said, "and I get everyone around me to have them too." —Kitty Greenwald

TOTAL TIME: 20 minutes SERVES: 4

16 large, fresh scallops
Kosher salt
½ tablespoons rice vinegar
6 tablespoons grapeseed oil
½ tablespoon sesame oil
½ tablespoon honey

¾ tablespoon soy sauce
½ tablespoon sesame seeds
½-inch piece ginger, peeled and minced
2 avocados, halved and pitted

Juice of 1½ lemons
1 bunch radishes, quartered
4 (8-by-8-inch) sheets nori, divided into 16 (4-inch) squares

1. Add 2 inches water to a large pot. Set a steamer in pot, high enough so it does not touch water. Bring to a simmer over high heat. Season scallops on both sides with salt.
2. Make marinade: In a small bowl, whisk together rice vinegar, 3 tablespoons grapeseed oil, sesame oil, honey, soy sauce, sesame seeds and ginger.
3. Make avocado purée: In a food processor or blender, purée avocado with half the lemon juice and 2 tablespoons grapeseed oil until smooth. Season with salt and lemon to taste.
4. In a bowl, toss together radishes, 1 pinch salt, 1 dash lemon juice and remaining grapeseed oil. Adjust seasonings to taste.

5. Lightly brush scallops with marinade and place in steamer basket. (Work in batches to avoid crowding.) Cover and steam gently over simmering water to desired doneness. For just-caught scallops served raw at their centers, steam about 1 minute. Otherwise, steam until scallops are just firm to the touch and centers are medium-rare and warmed through, about 2 minutes. Remove scallops and brush once more with marinade.
6. Place a generous dab of avocado purée on each square, top with 1 scallop, sprinkle with salt and fold nori over scallop. Repeat with remaining scallops. Serve radishes alongside, dotted with any remaining avocado purée.



TURN ON THE BITE A simple side of radishes tossed with lemon and salt provides a crunchy counterpoint to the luscious steamed scallops.

OFF DUTY

Seasonal Accessorizing Disorder

Design pros offer remedies for common summerhouse decorating gaffes

SAIBOATS GALORE," said Vanessa Deleon. "Sailboats on front window sills like candelabras for the holidays." Such hokey touches are the sort of missteps folks make when kitting out weekend houses, said the New York interior designer. She suggests welcoming, flower-filled window boxes instead—especially if none of the home's occupants owns even a dingy. Here, summerhouse dcor goofs that make designers wince, and recommended alternatives.

Overly Urban Outfitting "Clients tend to reproduce what they have in the city," said Montreal-based designer Richard Ouellette. "They buy matching end tables from the mainstream or city-furniture stores."

The Fix "Make a run for the flea markets and antiques shops near your weekend house," he suggested. "Find colorful old boxes and stack them to make the best end table, or find old wicker chairs and have them repainted."

Excessive Bead Board "This was the Victorian era's version of Formica, a way to hide imperfections," said New York designer Kati Curtis, who notes that the material has become a country-house cliché.

The Fix "If you have it already, paint it white and try to make it disappear," she said. "If not, and you want to add texture and warmth in a modern way, use a grass-cloth wallpaper."

A Dearth of Plants No reason to abandon indoor greenery just because you might be away for weeks at a time. "Bringing nature inside is absolutely key," said London designer Kelly Hoppen.

The Fix She recommends neglect-

abiding succulents and cactuses. They also complement the textures of white linen and gray seersucker, among her summer favorites. Dallas designer Michelle Nussbaumer adds that orchids, which don't require much water, can also thrive.

Theme Dreck Filling a mountain house with pine and antlers, or a beach house with shells and purely decorative surfboards, borders on tacky. "It's redundant," said Baton Rouge designer Rachel Cannon.

The Fix "Nod to the location through texture, finishes and color," said Ms. Cannon, who recommends using Sherwin-Williams's ColorSnap app to match paint colors to nature. Ms. Curtis incorporates subtle beachy inflections like a mirror with mother-of-pearl inlay, while New York designer Ghislaine Viñas makes over-the-top dcor palatable by simplifying it. A "hideous" mermaid lamp became an agreeable wink to the seaside when the New York designer painted it white.

Staged Produce Using only green apples or lemons in a fruit bowl looks unnatural, said designer James Duncan, based in Key Biscayne, Fla.



ANCHORS AWAY In a Wistow Island, Ontario, cabin, Toronto designer Anne Hepfer forwent nautical dcor and instead left the basswood walls bare. She upholstered the seating in unpredictable chartreuse and raspberry.

The Fix "Try mixing in summer vegetables with odd shapes and strong colors," he said. "Think intriguing still life rather than a boutique hotel from the '90s."

Blue-and-White Mania "Just because you're near the water doesn't mean everything has to be the color of it," said Ms. Curtis.

The Fix "Warm colors like reds and oranges complement the outdoors," she said. "Adding contrast can actually enhance the views by day and be more interesting at night."

Errant Towels "Who wants to go searching for towels or see piles of sandy, wet ones?" said New York designer Harry Heissmann.

The Fix He recommends a hard-to-miss wicker basket of rolled-up towels by the pool or at the door, accompanied by a wicker hamper so guests can easily grab and/or drop.

Dismal Detritus "Summer homes can become catchalls for the pieces that didn't work in the primary home," said Ms. Nussbaumer. "But if something wasn't working in your main house, it probably isn't going to in your weekend retreat either."

The Fix "Purchase things appropriate for the space," she said. "You can find reasonably priced pieces from online retailers like Chairish

and One Kings Lane. And of course, there's always IKEA."

Unchecked Clutter Never a good thing, visual static is especially egregious in a handsome setting. "It takes away from the beauty of the environment that surrounds you," said Ohara Davies-Gaetano, an interior designer in Corona Del Mar, Calif.

The Fix Simplify, simplify, simplify. "Allow the design to be open and expansive so your eye can rest on the landscape that defines your locale," she said.

Chintziness "I've noticed a lot of homeowners choose low-cost, poorly made products for their summer and weekend homes," said Nashville designer Chad James. "But in a weekend house, everything from entertaining to dragging in sand wears on walls, flooring, linens and towels."

The Fix Choose quality products so that they last more than just a season, suggested Mr. James. Added Dallas-based designer Jean Liu, "Summers and weekends are entirely too short for uncomfortable couches, lumpy beds and dorm-room dcor."

Wall-to-Wall Beds "People tend to cram as many beds as possible in

all bedrooms," said Charleston, S.C., designer Tyler Hill. Fearing guests might not be accommodated, hosts furnish their homes like hostels.

The Fix "Air mattresses, believe it or not," said Mr. Hill. "They're easy to assemble and store." Another option: "Makeshift bedrooms, such as an alcove off a main room, which a bed can transform into a little sleeping nook."

Misguided Sophistication "The idea of creating a chic, elevated, hotel-room experience in a vacation home is a wonderful goal, but it's certainly not memorable," said New York designer Tamara Eaton.

The Fix "Create eclectic rooms with lots of personality," said Ms. Eaton, "slightly unkempt and relatively simple—rooms that don't take themselves seriously."

Flimsy Materials "I find clients averse to weightier fabrics at the beach," said New York designer Charlie Ferrer. "But there is such a thing as too much Belgian linen."

The Fix Country weather can get cold and wet. "Fine wools and luxurious cashmeres make those moments cozy," said Mr. Ferrer. "And these materials stay much cooler in the heat than many expect."

—Catherine Romano

LACQUERED UP

Designers embrace the glossy ancient-Asian finish, laboriously crafted by hand (though you'd never guess it)

"IT'S QUITE SURPRISING to people that these could be handmade objects," said Philippe Nigro, one of the many designers who have recently turned to the millennia-old technique of lacquering. For his collection of darkly glittering pieces, from vessels to tables, he partnered with Japanese craftsmen skilled in *urushi*, the process of layering on tree sap, drying and polishing it after each of more than 20 coats. Mr. Nigro's ziggurat-like vases come apart to accommodate lacquering inside and out. The craft determined the shapes, he said.

Layers of lacquer add high-gloss polish to Madeline Weinrib's fabric-enveloped trays, and the labor-intensive approach also ennobles Pentreath & Hall's brightly colored mirror frames. German designer Sebastian Herkner's richly reflective room dividers resemble nearly 6-feet-tall Chicklets—proof that, even in a manufactured world, human hands can still produce a delectably flawless finish. —Tim Gavan



Screens, price upon request, Studio Sebastian Herkner 49-69-82368081

Tray, from \$495, madelineweinrib.com

Pentreath & Hall Mirror, \$395, thelacquercompany.com

Akita Ndà Vases by Philippe Nigro, price upon request, preorder through David Poletti at 39-338-3450824

OFF DUTY

The Priority Coast uses a belt drive instead of a traditional chain to keep maintenance to a minimum.



Placid Peddlers

Don't let the relaxed vibe of the latest beach cruisers fool you. These bikes have a lot more to offer than extreme comfort

BY JESSE WILL

WITH AN ULTRA-RELAXED seating position, handlebars that you don't have to reach too far to grip, and big tires that can comfortably roll over a boardwalk's uneven planks (or the speed bumps of a condo parking lot), the beach cruiser has long been engineered for a very particular ride: short trips (its frame design lets you easily hop on and off) over flat land (no need for lots of gears)—which applies to seaside pathways and city streets alike.

Schwinn may have introduced the cruiser way back in the 1930s, but that doesn't mean this classic summer cycle has been too laid back to evolve in the decades since. Gone are the hefty two-wheelers that you could barely carry up to the beach-house deck. Also a thing of the past: the sluggish handling response that made you feel like you were steering a cement mixer.

These new iterations are lighter, sure, but they're also more comfortable and easier to ride. Some sport the easy-rolling 29-inch wheels that are all the rage in mountain biking now. A few are even clad with "fat-bike" tires, which are an almost comical 4 inches in width (or more), for going where few beach cruisers, despite their name, had gone before: over sand.

But you don't have to ride near the shore to take full advantage of a beach cruiser. The only requirement is the right mind-set: comfort over speed, which feels just right for summer.

FOR MINIMAL CARE **Priority Coast**

The Coast is engineered to be especially low-maintenance and weather-resistant, brushing off exposure to the beach's constant winds and corrosive sea spray. Instead of relying on a traditional steel chain, which is prone to rust, the Coast uses a Gates Belt Drive—a belt that's infused with carbon-fiber cords. Impervious to sand-clogging, the belt drive offers another key benefit: You'll never have to grease it, ever. While similar chain-free systems were first introduced on high-end commuter bikes several years ago, they're rarely seen on models as affordable as the Coast. Likewise, this bike's aluminum frame and fork resist rust—and help keep the overall weight under 27 pounds. Two one-size-fits-most frames are offered: the diamond-style frame you see here (good for riders from 5-foot-5 to 6-foot-5)—and a step-through frame with a lower down-tube, good for riders from 5-feet to 5-foot-11. The mail-order bike comes with its own tools and a kickstand. Our test unit took about a half-hour to set up, but you can delegate that

chore to a bike shop, if you want to stay true to the bike's low-maintenance roots. \$449, prioritybicycles.com

FOR SMOOTH ROLLING **Linus Rover 3**

Based in Venice, California—a beach-cruising mecca if there ever were one—bike maker Linus should know a thing or two about riding near the shore. The Rover 3 is its best offering for coastal towns, since its big 29-inch wheels and wide, puncture-resistant tires travel comfortably over curbs, train tracks and the gravel in the lot where your favorite lobster-roll truck is parked. The Rover 3's steel frame provides a smoother ride than stiffer aluminum frames (at the expense of a slight increase in weight). The medium-size bike is built to fit riders from 5-foot-8 to 6-foot-3—no other sizes are offered. This model offers three speeds, shifted with a twist of the handles, as well as caliper brakes, which are less prone to skidding than more traditional coaster brakes. Internal gearing at the rear, sealed bearings up front, an aluminum head-

set and stainless-steel hardware all help combat rust. But you'll still want to store it indoors. As seasoned beach bikers will tell you, that's the only way to win the fight against corrosion on the coast. \$629, linus-bike.com

HIGH SPEED, LOW EFFORT **Electra Townie Commute Go! 8i**

So let's say your weekend place or summer rental isn't oceanfront or ocean-view but more ocean-bikeable—if you're-really-in-the-mood. How can

you pedal miles and miles to the beach, feeling the wind in your hair, without arriving drenched in sweat? Get a battery-powered boost. The Commute Go 8i takes Electra's popular Townie model—among the best-selling bikes in the U.S.—and adds an electric motor that will increase your pedaling efforts to speeds of up to 20 mph. The 250-watt battery is mounted mid-frame, and is good for anywhere from 20 to 100 miles per charge, depending on the terrain and how white-knuckle you want to ride (four modes of assist give you vary-

ing degrees of boost). The added power is seamless and silent, especially compared with e-bikes of just a few years ago, and cruising along on "Turbo" mode is addictive. The frame's crank-forward geometry enables you to put your feet flat on the ground when you stop (no more teetering on your tippy toes). The Commute also comes kitted out with racks and lights at both front and rear, and integrates a lock into the frame, so no one will make off with your e-ride while you're neck-high in the surf. \$2,999, electrabike.com



Too tired to pedal hard?
Engage the supersmooth
and very quiet electric
motor on the Electra
Townie Commute Go! 8i.

Big, 29-inch wheels on the Linus Rover 3 make for easy rolling over varied terrain.



The Compact Lock

Abus Bordo Granit X-Plus 6500 Folding Lock

Hardcore U-locks are great at foiling thieves, but they're bulky. The Granit X-Plus offers comparable protection, but its 5.5mm bars fold up into a compact package that fixes to a bike tube via Velcro straps. A silicone coating prevents the lock from scratching your frame. \$180, abus.com

PEDAL PARTNERS

Three must-have accessories for your beach cruiser—or any other two wheeler



The Ventilated Helmet

Bell Annex MIPS-Equipped Helmet

Although designed for commuters, the Annex pairs robust protection with enough ventilation that you won't mind wearing it for a purely recreational ride in the heat of summer. A sliding vent opens to let in the breeze, while the integrated visor ensures you can enjoy the view despite the glaring sun. \$125, bellhelmets.com



The No-Nonsense Bell

Spurcycle Bell

This is a bell that rings with purpose—you're not going to be mistaken for the ice cream man. The tiny brass-and-steel Spurcycle, available in raw or black finishes, emits a loud, path-clearing ring with a quick flick of your thumb. Its mounting system (a simple metal strap) adapts to any handlebar. \$49, spurcycle.com

OFF DUTY

RUMBLE SEAT DAN NEIL



Jaguar F-Type SVR Coupe: Speed Has Its Limits

ANOTHER 200-MPH sports car doesn't rank very high in the needs of a troubled world. And reasonable minds might ask, *To what end?* After all, there are only a handful of places in the world where any automobile, in the best of circumstances, can touch those speeds. Let me take you to one:

Nevada State Highway 447, between Nixon and Gerlach. Imagine John Ford landscapes and Bob Wills on the radio. You are looking down an asphalt road 50 feet wide and 50 miles long, as straight as the Department of Transportation could make it, descending the slope of Pyramid Lake toward the inconceivable flatness of the Black Rock Desert. Otherwise known as Burning Man Highway.

You can see for miles. No cops. Wouldn't that be nice? Oh God, trust me, it is. And it would take such a road to verify the Jaguar F-Type SVR's claimed 200-mph top speed, the company's fastest-ever series production car. I would also require diplomatic immunity and a set of X-rayed, Bibendum-approved Michelin. Failing these circumstances, the SVR's Vmax will remain theoretical and unobservable.

Let's confront the absurdity head-on: Jaguar knows none of its customers will attempt 200 mph in this car. No racetrack is straight enough, or long enough. And on open roads such a pass would be a highly fraught exercise, which so little a thing as a ground squirrel could bring to a fireballing end. Top speed claims are purely for the convenience of materialistic men comparing their inseams. We call them connoisseurs.

Which isn't to say such claims are false, just hard to prove. And yet Jaguar is obliged to build every F-Type SVR car as if it were going to be trucked directly from the showroom to Nevada State Highway 447 and the sunburned brow of Pyramid Lake.

I marvel at the disconnect, the



ACCELERATED DEVELOPMENT

With a top speed of 200 mph, the F-Type SVR Coupe is Jaguar's fastest series production car.

distance between can and will, at the effort and technology expended by auto makers to offer customers none-other-than-theoretical top speed. Jaguar is by no means alone invoking the deuce. All the exotics now go faster than 200 mph: Ferrari, Lambo, Aston Martin, McLaren. Two-hundred mph is the new black in limited-edition supercars, too, from Dodge Hellcats and Bentley sedans to now this barely holstered phallus of a car.

Does a 200-mph top speed automatically make a car better? In the day to day, often not. Loud, rough,

stiff—and that's just the SVR's 200-mph-approved Michelin, with special heat-dissipating properties. The car's chassis is yet stiffer and more vivid, with new lightweight die-cast rear knuckles, revised spring/damper rates and tuned anti-roll bars. I love taking a drive in the country and returning with blood in my pee.

Two-hundred mph certainly makes things hella expensive. Built by the company's Special Vehicle Operations (SVO) department, the SVR retails for more than double the price of the F-Type V6 Coupe (\$62,350).

Howza bit of background, guv'nor? The F-Type is a front-engine, rear- or all-wheel drive two-seat luxury sports coupe/convertible, with all-aluminum construction and a decent little boot of 14.3 cubic feet. Weekend-getaway size. The F-Type is available with either the eight-speed automatic—and a fine piece it is, too—or a six-speed manual, on some models.

Even after five years on the market, the F-Type makes a fairly pronounced mate-selection display, on par with a horny tropical bird you can hear for miles. You drive up to the horse show in one of these and you could easily find yourself in a hayloft with a stranger.

By the time the SVO folks are done with it, it practically needs a restraining order. Balled up in the SVR's wheel wells are the 20-inch forged alloys, wrapped in the be-speckled Michelin. Behind them, the optional canary-yellow brake calipers gripping carbon ceramic rotors the diameter of Imagine Dragons' taiko drums. These lighter brakes take a whopping 46 pounds out of the car's unsprung mass, which is critically important at top speed—

which, to reiterate, no one will ever see.

The SVR multiplies torque with the eight-speed automatic, paddle shifted at will, with feistier-than-usual shift calibrations. The SVR also gets the rear-biased all-wheel-drive system, with an mechatronic rear differential distributing torque fore and aft and across the rear axle, abetted by brake-based torque vectoring and some very driver-flattering dynamics software. I sampled a version of this system in the Project 7 car on a racetrack in Portugal last year, when I dubbed it Sir Drifts-a-Lot.

Under the torpedo nose, behind extra-large body openings for breathing and cooling, is the same lionheart as in the Project 7: a supercharged 5.0-liter, direct-injection V8 summoning 575 hp at 6,500 rpm and 516 lb-ft at 1,500

headers is beyond belief, a bright, battering song of violently disseminated hydrocarbons that could rouse a smile out of Sean Spicer. But they are not there merely to tantalize your reptilian regions. The titanium exhaust cuts 35 pounds off vehicle weight. At the rear of the car, the exhaust tracts feed into two silencers instead of one big one, as they do in the F-Type R.

Now you might assume the SVR's plumage of rear wing with end-plates is there to add downforce (air pressure holding the car to the road) at 200 mph. Sorta. To hit top speed the car has to lower its wing to reduce form drag. In the lower position, the wing reduces lift by 20—not nothing, but still.

And here we meet the edginess of things. I've been over 200 mph in road cars a dozen or so times. It's not all that pleasant. You don't want to hang out there for long. Because road cars must have sufficient ground clearance to negotiate the real world, at high speed air piles up beneath them, lifting them. There are also lifting effects associated with automobiles' winglike section, flat on the bottom and curved on top, but the big issue is ride height.

Most exotics that attempt such speeds use adaptive ride-height systems to lower the car to the ground. The SVR has very competent adaptive damping, but, with a static ride height of 4.2 inches, sits rather high for a 200-mph car, big wing notwithstanding. I bet it's right on its tiptoes.

I would like to shake the hand of the test driver who hit that mark, because that was some derring do, dude.

Can it go 200 mph? It probably can. You first.



2017 JAGUAR F-TYPE SVR COUPE

Price, as tested \$126,945

Powertrain Supercharged direct-injection 5.0-liter DOHC V8 with variable cam phasing; eight-speed automatic transmission; rear-biased, on-demand all-wheel drive with rear torque vectoring.

Power/torque 575 hp at 6,500

rpm/516 lb-ft at 1,500 rpm

Length/weight 176.0 inches/3,759

pounds

Wheelbase 103.2

EPA fuel economy 15/23 mpg, city/highway

Luggage capacity 14.3 cubic feet

Jaguar knows none of its customers will attempt 200 mph in this car. No racetrack is straight enough, or long enough.

rpm. That's enough *raus* to send the car to 60 mph in 3.5 seconds, and it would be even quicker except for the sky-high 2.56:1 final drive ratio.

The SVR has been fitted with a fabulously exotic titanium exhaust system from the headers all the way to the twin silencers, which, when you push the active-exhaust button on the console, become the twin loudenators.

The juiciness of these Inconel

THE FIXER MICHAEL HSU



Outdoor Solar Lights That Really Shine

Q I want to install outdoor lighting in our garden and patio, but I'd like to avoid an elaborate and costly installation. I was considering getting solar lights—but I've heard terrible stories about them. Do they really work?

A It's true solar outdoor lights have a reputation for flakiness and an eerie light quality. That said, I've been experimenting with various versions for years, and am a fairly passionate supporter. The lights turn on automatically at dusk and stay lit until their batteries die down into the night. The best ones I've tested manage to stay illuminated for hours come twilight, even on cloudy days. Plus they're bright enough to serve as accent lighting and install easily.

My only complaint: Many solar fixtures cast a cold, bluish glow. At night, you crave warm light. But without seeing a light in action, you can't assess its color temperature; I've ordered models labeled as "warm" that turned out to be cool.

One spotlight-style solar light that lives up to its warm-light promise: MicroSolar's \$27 "SP2-WARM" (not to be confused with the SP2; search Amazon for "MicroSolar warm 24 LED solar spotlight"). You can

spike its light into the ground up to 16 feet away from its (particularly sturdy) solar panel; a detachable wire connects the two. I prefer this design to lights topped by a solar panel, because you can position the solar panel in direct sun and the light fixture nearly anywhere you wish. Additional wire is available for \$6, should you need to place the light farther away.

Inno Tech's "8 Mode Decoration 200 Solar String LED Lights" (\$13 on Amazon) also impressed me. Similar to Christmas tree lights, this 72-foot-long string chains 200 tiny, warm-white LEDs.

One drawback to solar lights: Over time, the battery that stores all the solar-generated power eventually loses its mojo. The lights won't stay lit as long, no matter how much sun they're exposed to. When this happens, simply replace the rechargeable battery, located inside the solar panel. MicroSolar sells replacement batteries for its unit. The Inno Tech string light uses a standard AA NiCd rechargeable battery, accessible by removing four screws.

Have a problem that a gadget might solve? E-mail us: thefixer@wsj.com



KIERSTEN ESENPREIS

MANSION

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

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THE WALL STREET JOURNAL.

*If I fished only to capture fish,
my fishing trips would have
ended long ago.'*

—Zane Grey

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How the Rich Fish

In their quest for the best fishing, avid anglers are spending \$200,000 to \$750,000 to create and stock personal streams with computer-controlled conditions.



JANIE OSBORNE FOR THE WALL STREET JOURNAL

LUXURY REEL ESTATE In Jackson Hole, Wyo., Don and Jenny Felsinger spent about \$16 million to build a home on 15 acres with man-made ponds and streams. The couple hired Case Brown, shown fishing, to help create their trout habitat, located in the 3 Creek Ranch gated community. Four homes in the development are currently on the market, priced between \$4.1 million and \$19.8 million.

BY AMY GAMERMAN

SOME AVID ANGLERS travel thousands of miles to fly-fish for trout in the rivers and streams of the Rocky Mountains. Don Felsinger can cast a line from his patio. Over 2 acres of man-made ponds and streams stocked with native cutthroat trout surround the 8,000-square-foot home that Mr. Felsinger and his wife, Jenny, built on 15 acres in Jackson Hole, Wyo., in 2015. "When I only have an hour or two, I will just walk off on my porch and fish my own water," said Mr. Felsinger, 69, the retired chairman and CEO of Sempra Energy who spent about \$16 mil-

lion to create his home and trout redoubt at 3 Creek Ranch—a gated community with a Rees Jones-designed golf course, 3 miles of private trout streams, and a full-time fishing coordinator. "My passions in life are playing golf and fly fishing, and I get to do both."

To lure home buyers hooked on fly-fishing, developers are creating luxury ranch resorts that offer blue-ribbon trout streams along with exclusive amenities. Some anglers are even designing their own private fisheries, with help from a cadre of biologists, stream restoration specialists and water-rights consultants that has grown to meet the rising demand for luxury angling properties.

"When we've surveyed clients through the years, the No. 1 critter that is sought after is trout," said Alex Maher, president and co-founder of Live Water Properties, a ranch-brokerage company based in Jackson Hole, Wyo. "Great fly-fishing properties are rarer than great hunting properties—it's a more finite resource. A lot of the trout water in the West is public, so when you have private trout water it's pretty special."

In the quest for private trout water, some will spend six-figure sums to improve or repair degraded creeks and streams. "The people we work for are wealthy," said Scott Davis, a fisheries biologist and a principal of Pond and Stream

Please turn to page W12

IN LONDON, LOOKS ARE DECEIVING

Behind the facades of these Victorian-era palaces is a bevy of cozy apartments, built when elevators were the hot new technology; now these spaces are considered some of the most desirable homes in London.

BY RUTH BLOOMFIELD

FOR BUYERS WITH mansion tastes on apartment budgets, London offers an attractive compromise: the mansion block.

Located in some of the capital's most exclusive neighborhoods, these red-brick palaces—called mansion blocks because of their size and the fact that they look like a family home—are actually apartment buildings with towering front doors guarded by uniformed doormen. And although the concept initially proved a hard sell in Victorian London, mansion blocks today are among the most desirable homes in London.

"They have great proportions, they are rock solid with nice thick walls, good ceiling heights, and they are not just a carbon copy, cookie-cutter new build," said Simon Tollit, director for central London sales at Sotheby's International Realty. "I think they have got a lot of character."

One of the most spacious mansion apartments for sale is a 3,840-square-foot, three-



MONTPELIER HALL, a mansion block in Knightsbridge.

bedroom, three-bath apartment in Montpelier Hall, a redbrick mansion block in Knightsbridge. The property, which has an 80-foot frontage, is listed with Strutt & Parker for about \$18 million.

It is this generosity of scale that attracts buyers, said Andy Shepherd, managing director of Dexters estate agents.

For Felicity Walker, sales manager of Foxtons estate agents in South Kensington, who has lived in a mansion apartment herself, another great advantage is the presence of a porter, or doorman, who often lives on site. As well as offering security, these porters carry out myriad small tasks for residents, from delivering mail and collecting trash, to changing lightbulbs and making minor repairs.

Mansion blocks were born of necessity in the late 19th century, said architectural historian Melanie Backe-Hansen. London's population was exploding, and new building sites were in short supply. Apartment buildings, aimed for the first time at wealthy buyers, seemed an obvious solution to specula-

tive developers.

"At first people really did not like the idea," said Ms. Backe-Hansen. "People did not like the idea of all sorts of different classes sharing the same front door."

To overcome these snobbish reservations, developers rebranded their apartment buildings as mansion blocks and hired fashionable architects to create lavish-looking buildings with hotel-style lobbies. They also installed the latest technology—like elevators—and provided doormen to greet residents as they came and went.

One of the earliest mansion blocks is Albert Hall Mansions, which stands beside the Royal Albert Hall in the upscale Knightsbridge neighborhood. When celebrated architect Richard Norman Shaw designed the building in 1879, he created a sumptuously grand affair in red brick—in vogue at the time—featuring an impressive 15-foot tall lobby.

Albert Hall Mansions contained family apartments that had balconies overlooking the adjacent Kensington Garden and were large

Please turn to page W12

HOUSE OF THE DAY
wsj.com/houseoftheday



New York

A Victorian home by the water in Sea Cliff, N.Y.



Hawaii

A contemporary Honolulu getaway

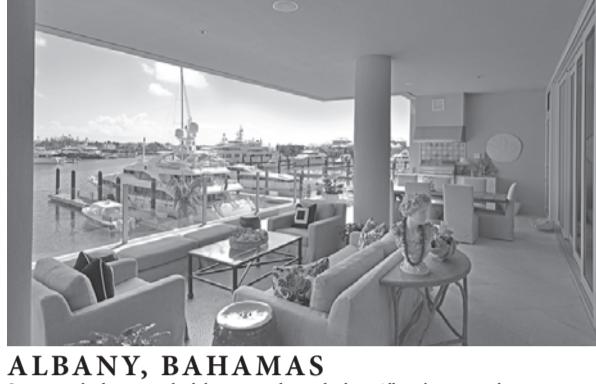


Connecticut

A gentleman's farm in Litchfield County

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INTERNATIONAL REALTY

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ALBANY, BAHAMAS

Stunning 5 bedroom, 5.5 bath luxury condo overlooking Albany's mega-yacht marina. Spanning 6,299 sq. ft. with media room, Crestron Smart Home system, and designer furnishings. Resort amenities. WEB: 4ZV66Y. \$7,250,000 US.

Lana.Rademaker@SIR.com

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ST. BARTH, CARIBBEAN

St. Barth's most spectacular estate. Nine bedrooms including a caretaker residence. Panoramic views including, the islands of Saba and Statia and year round sunsets. Private five bedroom main residence, two bedroom guest house, and two pools. \$46,000,000. tom@stbarth.com

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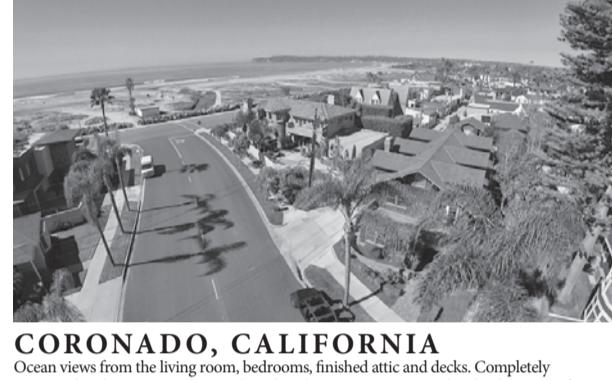


BELVEDERE, CALIFORNIA

Imagine living between sky and sea, where enveloping views of San Francisco and the Golden Gate Bridge greet you at dawn and captivate you at sunset, and glass, steel and stone anchor you while floating above an azure horizon. \$7,900,000.

Bill Bullock and Lydia Sarkissian.

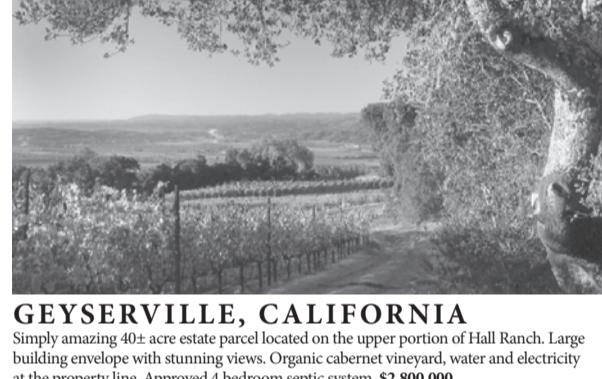
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CORONADO, CALIFORNIA

Ocean views from the living room, bedrooms, finished attic and decks. Completely renovated with majestic indoor and outdoor living spaces. Coronado Island is one of a kind community with gorgeous beaches, gentle surf, and sparkling sand. 6 bedrooms, 4,650 sq. ft. \$4,750,000. Scott Aurich.

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GEYSERVILLE, CALIFORNIA

Simply amazing 40± acre estate parcel located on the upper portion of Hall Ranch. Large building envelope with stunning views. Organic cabernet vineyard, water and electricity at the property line. Approved 4 bedroom septic system. \$2,800,000.

Carole Sauters and Eric Drew.

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MUIR BEACH, CALIFORNIA

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Alex and Karin Narodny.

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SAN DIEGO, CALIFORNIA

Newly constructed coastal Mediterranean masterpiece, uniquely positioned on the southernmost waterfront lot in Del Mar, neighboring Torrey Pines State Reserve, providing unparalleled, unobstructed ocean views. \$25,900,000. Eric Iantorno and Lindsay Dunlap.

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SAN DIEGO, CALIFORNIA

Situated in an exclusive gated community on the sand, this spectacular oceanfront estate offers unobstructed ocean views, private courtyard with pool/spa and an expansive oceanfront deck spanning 50 ft. \$19,000,000-\$23,000,000.

Eric Iantorno and Clinton Selfridge.

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SAN DIEGO, CALIFORNIA

Del Mar coastal contemporary masterpiece redefines ultimate style and luxury. Extraordinary architecture, design and high quality material matched with the finest technology to embrace modern living. \$18,000,000-\$22,500,000.

Eric Iantorno and Clinton Selfridge.

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WOODSIDE, CALIFORNIA

Post-modern masterpiece, designed by Italian master Ettore Sottsass, in the heart of the Silicon Valley. Built to challenge your sense of convention yet still provides an intimate and functional dwelling. 4.93 acres, including main home, guest house and state-of-the-art equestrian facilities. \$14,995,000. Michael Dreyfus.

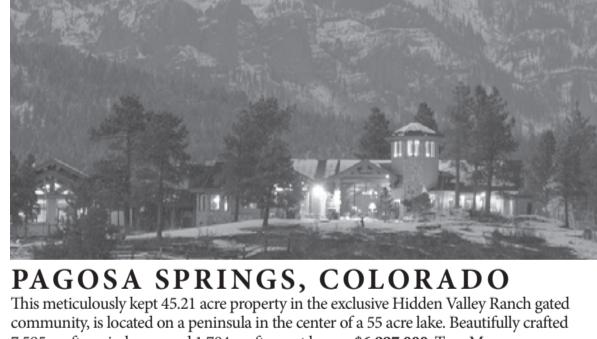
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DURANGO, COLORADO

This estate has 35 acres of the most captivating, unblemished views in a very private, secure and pristine setting. Turnkey 11,700 sq. ft. home with everything imaginable ready for your comfort and entertaining in style. \$11,750,000. Zach Morse.

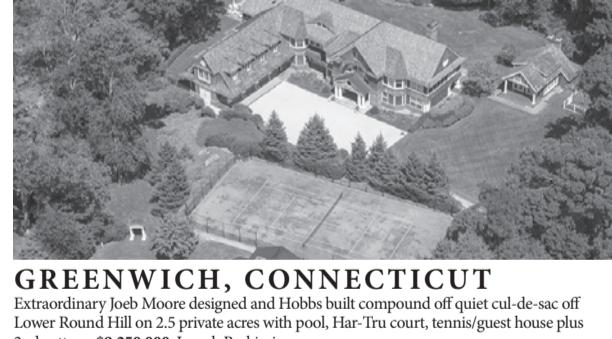
Legacy Properties West Sotheby's International Realty
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PAGOSA SPRINGS, COLORADO

This meticulously kept 45.21 acre property in the exclusive Hidden Valley Ranch gated community, is located on a peninsula in the center of a 55 acre lake. Beautifully crafted 7,595 sq. ft. main house and 1,784 sq. ft. guest house. \$6,997,000. Tom Morse.

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GREENWICH, CONNECTICUT

Extraordinary Joeb Moore designed and Hobbs built compound off quiet cul-de-sac off Lower Round Hill on 2.5 private acres with pool, Har-Tru court, tennis/guest house plus 2nd cottage. \$9,250,000. Joseph Barbieri.

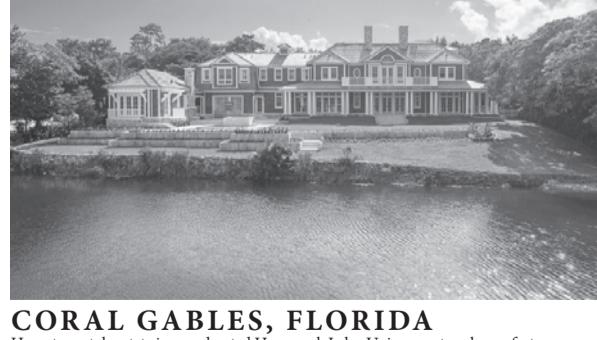
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GREENWICH, CONNECTICUT

Beautifully restored English Tudor Manor on nearly 3 park-like acres. Banquet-sized dining room, 5 fireplaces, south wing addition family/media room with wet bar. Heated swimming pool, tennis court, generator and attached 3-car garage. \$5,995,000. Joseph Barbieri.

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CORAL GABLES, FLORIDA

Hammocks style estate in guard-gated Hammock Lake. Unique custom home features unparalleled lake views in almost every part of the home. Theatre, 3-car garage, pool, Jacuzzi, generator, elevator, and guest house. \$9,250,000. Dennis V. Carvalja.

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ATLANTA, GEORGIA

Built in 1940, this almost 6-acre estate is rich in history. The privacy this home affords is a rare find in Atlanta's Buckhead community. A true entertainer's delight with lush gardens, pool and guest house. \$3,800,000. Ally May. ally@atlantafinehomes.com

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Your California retreat in the Chicago suburbs. First floor master suite overlooks 3 acres with gorgeous pool and spa. Elevator, grand entertaining spaces, pro-sized home gym, multiple guest suites, gated home. Darcy Bonner design. **\$7,900,000.**
Eileen Campbell and Tim Salm.

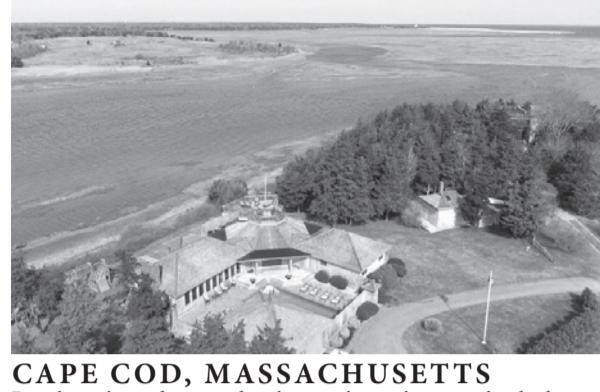
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BOSTON, MASSACHUSETTS

Spacious 2 bedroom, 2 bath unit at the Four Seasons Residences. Expansive entertaining area and an oversized master bedroom with a custom walk-in closet and spa bath. 1 valet garage parking space and storage are included. **\$3,495,000.**
Michael L. Carucci.

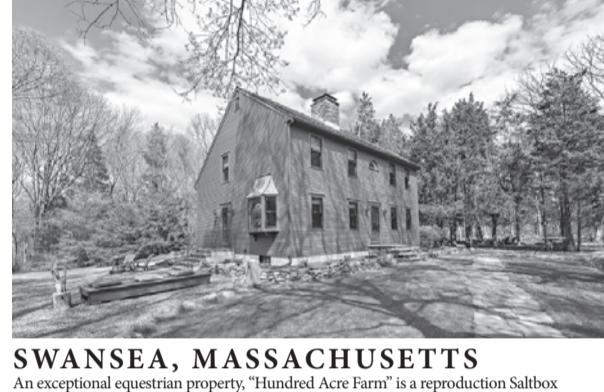
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SWANSEA, MASSACHUSETTS

An exceptional equestrian property, "Hundred Acre Farm" is a reproduction Saltbox Colonial with a 5,500 sq. ft. heated horse barn with 12 ft. ceilings. Features include center fieldstone fireplace, lower level rec area with wood stove. **\$1,395,000.**

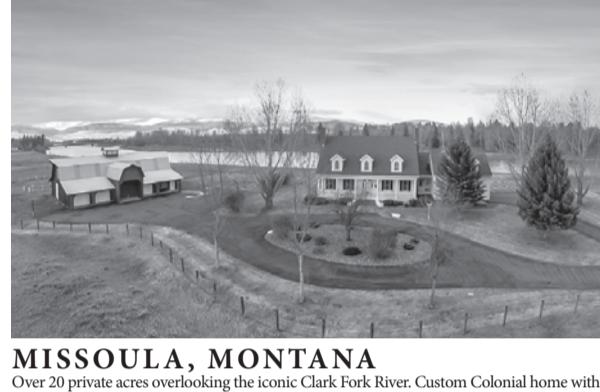
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Dawn Maddux.

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NEW YORK, NEW YORK

35 ft. width townhouse with architecturally significant neo Georgian façade. Features 35 ft. drawing room, 5 bedrooms, 12 ft. ceilings, 6 fireplaces, and a wide, lush garden. **\$26,800,000.** Louise C. Beit. Louise.beit@sothebyshomes.com

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BROOKLYN, NEW YORK

Boasting breathtaking views of the Manhattan skyline and Brooklyn Bridge Park, 5B is a 2,495+ sq. ft. 3-bedroom, 3.5-bath unit featuring an oversized foyer, kitchen, and dining space. **\$5,450,000.** Karen Heyman and Alan Heyman.

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NEW YORK, NEW YORK

The dramatic double story living room with 18 ft. ceilings has north and west exposures, a gas fireplace, 15 ft. window with open city views, dining room, 3 masters and 2 baths. **\$5,250,000.** Lois Nasser. lois.nasser@sothebyshomes.com

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NEW YORK, NEW YORK

Located in the heart of SoHo, this tastefully renovated, 2 bedroom, 2 bath pre-war loft features a key-locked elevator, oversized windows, soaring ceilings, exposed brick and beautiful hardwood flooring. **\$3,295,000.** Jeremy V. Stein.

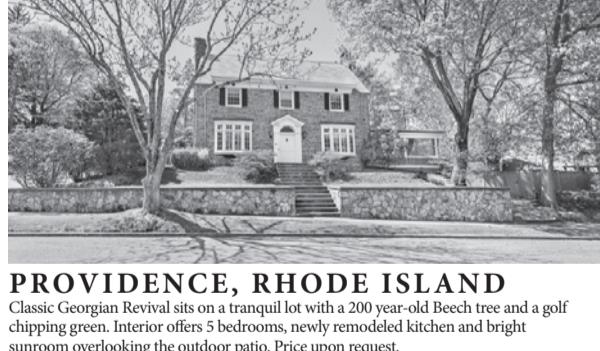
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SOUTHAMPTON, NEW YORK

Legendary Gin Lane. Magnificent and meticulously detailed 9 bedroom, 9.5 bath home is sited on 2 acres of magical, park-like grounds with beautiful gardens, heated pool and tennis. WEB: 0056940. **\$17,000,000.** Patricia Petrillo. Pat.Petrillo@sothebyshomes.com

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PROVIDENCE, RHODE ISLAND

Classic Georgian Revival sits on a tranquil lot with a 200 year-old Beech tree and a golf chipping green. Interior offers 5 bedrooms, newly remodeled kitchen and bright sunroom overlooking the outdoor patio. Price upon request.

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CHARLESTON, SOUTH CAROLINA

This European style estate with lake views and alluring classical design offers incredible custom amenities. Gothic features are tastefully combined with modern technology including a media room, outdoor kitchen and smart home capabilities. **\$5,900,000.**
Daniel Ravenel.

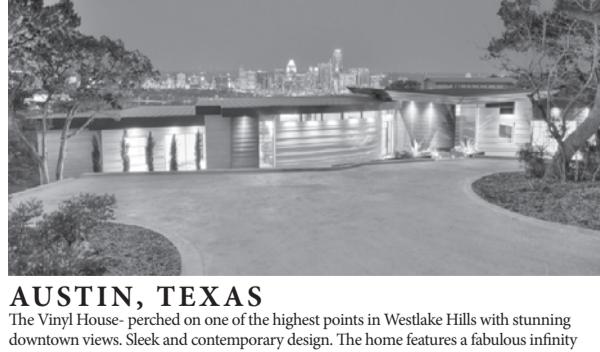
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AUSTIN, TEXAS

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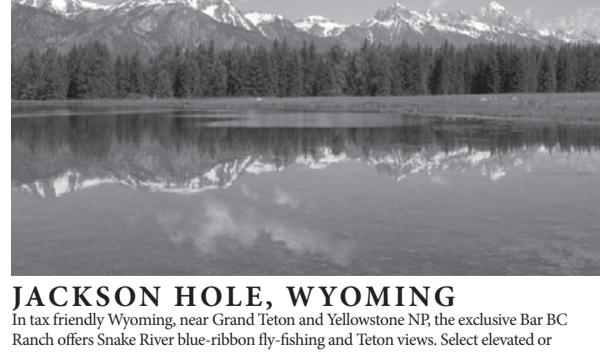
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AUSTIN, TEXAS

Located in prestigious Pemberly Heights, this timeless Santa Barbara style estate has it all. Modern updates and thoughtful details throughout. Stunning landscape with a privacy wall, pool and outdoor dining. **\$3,995,000.** kumara@sothebysrealty.com

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JACKSON HOLE, WYOMING

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MANSION



COMFORTS OF HOME The kitchen, top left, and open-plan great room, above, of Don and Jenny Felsinger's fishing retreat in Wyoming. At left, the property has a water wheel that helps aerate the water on hot days.

AVID ANGLERS BUY LUXURY REEL ESTATE

Continued from page W9
Consulting, based in Bozeman, Mont., who charges between \$10 to \$50 per foot of water frontage for stream reparation. "We can turn a basically fishless mud stream that has no recreational value other than shooting ducks in hunting season, into something that supports thousands of fish."

At Mr. Felsinger's home, four computer-controlled pumps regulate the temperature and flow rate of his ponds and recirculating streams. A redwood water wheel made by their home builder, Schlauch-Bottcher Construction, aerates the water; on very hot days, an air compressor pumps in extra oxygen. Undercut banks planted with wetland grasses shelter the trout from eagles and attract tasty bugs.

Gravel beds provide a spawning habitat during the spring runoff season, when rivers and streams in the Rockies swell with snowmelt—or in this case, when Mr. Felsinger taps a touch-screen panel to release a gush of cold groundwater from a dedicated well.

"The whole concept was to make the fish think they are in the Snake River," said Mr. Felsinger, who practices catch and release. The fishery is biologically self-sustaining, although Ms. Felsinger, 52, occasionally tosses the trout extra treats. "I call all the fish my boys—I check on them a couple times a day," she said.

Creating a large trout fishery from scratch can run from \$200,000 to \$750,000, according to Case Brown, whose Clearwater Restoration built the Felsingers' fly-fishing idyll, collaborating with Verdone Landscape Architects on the design. Mr. Felsinger declined to disclose the cost.

If he ever tires of his own trout, he can fish 3 Creek Ranch's exclusive trout streams, tributaries of the nearby Snake River. The Felsingers' homeowners association fees—about \$20,000 a year—support continuing maintenance of the fisheries, and entitle them to private fishing trips.

Sale prices for large lots at 3 Creek Ranch are now meeting or surpassing pre-recession levels, according to Todd

spring creek on the property that had been turned into a drainage ditch. "It will flow year-round into the Yellowstone, and at certain times of the year that hopefully will allow the fish to come back and spawn," said Mr. Gattle.

When the Gattles don't have time to fly to Montana, they drive about 5½ hours to their fishing preserve in Arkansas' Ozark Mountains, which they co-own with two other couples: Madison and Suzanne Murphy and Danni and Bert Jones. The couples acquired a 750-acre property on Big Creek, a tributary of the Buffalo National River, for about \$400,000 in 1994 and have been adding to it ever since; the retreat now encompasses about 1,450 acres. The group declined to disclose the cost of the property, but public records indicate that their limited liability company has spent over \$1 million on land acquisitions since 2015.

"It's very pristine," said Mr. Jones, 65, a former NFL quarterback who owns a lumber company in Louisiana. "You can cast into a riffle with the intention of catching a rainbow, and catch a smallmouth bass—and then throw right back into the same riffle and catch a rainbow."

After roughing it for over 15 years in an old cabin with no electricity or running water, the three couples spent over \$1 million to build and furnish a spacious five-bedroom house in 2010.

In Meeker, Colo., the 50 member families of Elk Creek Ranch have exclusive access to 25 miles of the White River and its tributaries. The six currently available ranch lots are priced between \$1.1 million and \$1.7 million. Homesites are small—about ¼ an acre—but are essentially tickets to an elite fishing club.

"When you want to go fishing, your guide will be there, and when you get back your favorite bottle of wine will be there," said Ken Mirr, who owns a Denver-based ranch-brokerage firm.

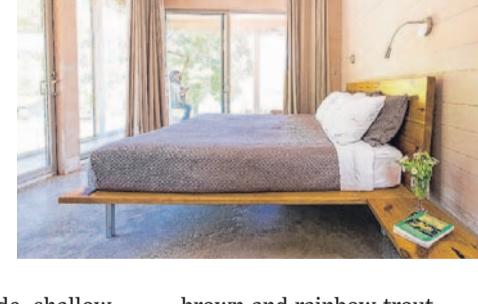
Scott Asbury, a 45-year-old Dallas real-estate developer, spent about \$4 million to build a 3,715-square-foot riverfront home in Elk Creek in 2010, as well as \$2 million for two additional lots. He pays annual fees of about \$30,000 per lot, which go toward the management of the 2,850-acre preserve and its support staff.

Mr. Asbury has listed the home, which he built, in part, as an investment property, for \$5.25 million. But he plans to hold on to at least one of his lots, since his annual dues entitle his family to stay in one of the ranch's six well-appointed guest cabins. Members also have access to a clubby lodge restaurant and bar, a gym—and a fly shop.

"You don't come here if you don't want to go fishing, because other than eating and drinking, there's nothing else to do," Mr. Asbury said.



THE BACKYARD Edna and Tom Gattle spent almost \$1.4 million to build a fly-fishing retreat in Montana. Mr. Gattle, above, can go fly fishing in the Yellowstone River, which runs through his land.



WATER WORLD In addition to their Montana retreat, the Gattles co-own a fishing preserve in Arkansas' Ozark Mountains with two other couples. The three couples spent over \$1 million to build and furnish a spacious five-bedroom house in 2010. At right, the kitchen and a master bedroom.

Domenico, owner of the development's real-estate company, who said the ranch currently has 81 homes with another 17 under construction; four homes are on the market, priced between \$4.1 million and \$19.8 million, along with 15 remaining lots.

Over a mile of the Yellowstone River flows through Tom and Edna Gattle's 220-acre property near Livingston, Mont., a former cattle ranch that they purchased for about \$550,000 in 2014.

"It's not the Yellowstone in its widest spot...but what was really exciting is there is so much character in the river—a lot of shoals, a lot

of riffles"—wide, shallow stretches—"that really makes it a better place to fish," said Mr. Gattle, 65, president and co-owner of Terral River Service, a Lake Providence, La.-based river-transportation company.

The Gattles cleared dilapidated ranch buildings from the property and built an 1,885-square-foot contemporary farmhouse on the footprint of the old farmhouse. The three-bedroom home—built with salvaged timbers, corrugated metal and frontier sandstone—sits just 140 feet from the river bank. Mr. Gattle can grab a fly rod and wade straight in to cast for

brown and rainbow trout whenever he chooses.

"That house was created for fly-fishing," said Reid Smith, the Gattles' architect. "We specifically designed the back porch to scoop the sounds of the small section of riffles to the east, while creating shelter from the prevailing westerly breezes."

Transforming a cattle ranch into a fly-fishing retreat has been a continuing project for the Gattles, who have invested \$1.4 million in the property to date. In addition to stabilizing about 1,000 feet of riverbank and planting native grasses, they are restoring a natural

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A hidden gem on historic wooded site 25 minutes from dwntn Minneapolis. Stunning Sarah Suzanka design. 4436 sq ft; 3 beds; 4 baths; 2 car garage. Striking westerly views from all rooms across end of Carson Bay, Yacht Club + lower lake. Access to entire lake. 191 ft of lakeshore + dock. Exquisite sleeping porches. Mature gardens. Diverse wildlife.

\$3,295,000 <http://dehaventeam.com/3980WaldenShores/>

Coldwell Banker Burnet
Ellen DeHaven
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KIAWAH ISLAND, SOUTH CAROLINA

With 5,022 square feet, 5 bedrooms, and 5 1/2 bathrooms, 161 Flyway Drive is just steps from a boardwalk leading to the Atlantic Ocean and 10 miles of uninterrupted beach. The shingle-style home is bright and airy, with natural light streaming through the windows. Take a virtual tour online! A Kiawah Island Club Membership is available.

\$3,795,000

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ORLANDO, FLORIDA

Twin Lakes is now selling homes from the \$200s in the Orlando Area. Here residents will enjoy a magnificent 20,000 sq. ft. clubhouse with amenities that are usually reserved for fine resorts. The outstanding views and location are only surpassed by our cutting edge home styles and luxurious included features that are an upgrade to other builders. Twin Lakes is a 55+ Active Lifestyle Community.

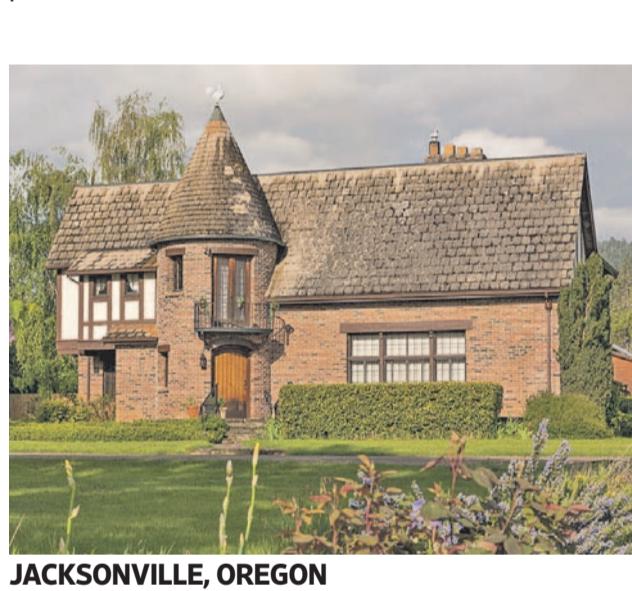
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