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NASDAQ 6207.92 ▼ 1.80%

NIKKEI 20013.26 ▲ 0.52%

STOXX 600 390.39 ▲ 0.32%

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GOLD 1268.50 ▼ 0.61%

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Business & Finance

Uber's chief business officer is planning to resign as soon as Monday, which would worsen the leadership problem at the ride-hailing firm. The board was considering the possibility of the CEO taking a leave of absence. A1

♦ Post-IPO offerings of additional shares are accelerating from companies eager to take advantage of rising U.S. stock prices. A1

♦ Investors are scouring Labour leader Corbyn's economic and business policies following the U.K. election, amid worries of state intervention in companies. B1

♦ Luxury brands are plowing money into digital ad campaigns, turning away from glossy magazines and sidestepping powerful fashion editors. B1

♦ German grocer Aldi is expected to unveil plans to invest \$5 billion to open nearly 900 stores and remodel hundreds more in the U.S. B3

♦ Glencore offered over \$2.5 billion for a major piece of Rio Tinto's Australian coal business, disrupting a deal with a Chinese firm. B1

♦ Qatar said it remains committed to OPEC's oil cuts despite the severing of ties with Saudi Arabia and the United Arab Emirates. B7

♦ Boeing moved closer to completing a sale of jetliners to an Iranian airline. B3

♦ The EU antitrust regulator said Qualcomm's bid to acquire NXP Semiconductors faces scrutiny. B4

World-Wide

♦ The U.K. was facing the prospect of prolonged political uncertainty after last week's election cast doubt on May's ability to stay in office or govern effectively. A1

♦ EU and British officials are scheduled to meet Monday to discuss the timeline of Brexit talks. A3

♦ Macron's centrist party won the first round of French parliamentary elections, positioning him to wield a commanding majority. A3

♦ Mixed messages and a lack of details have led to confusion over when Congress needs to lift the debt ceiling. A5

♦ Trump criticized ex-FBI Director Comey's decision to leak details of their conversations to the media. A7

♦ Khuram Butt, one of the London attackers, was openly trying to draw others to his radical view. A3

♦ Senate Republicans plan to strip federal funding from Planned Parenthood and add other abortion restrictions to their health-insurance overhaul bill. A5

♦ U.S. Special Forces are supporting Philippine troops battling a militant group connected to Islamic State. A4

♦ Trump is set to make expansion of apprenticeship programs the center of his labor policy, aimed at filling a record level of open jobs. A7

♦ Beijing is working to keep climate-change cooperation with the U.S. alive after Trump's decision to withdraw from the Paris climate accord. A4

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Macron's Party Emerges From Election in Powerful Position



STRONG SHOWING: French President Emmanuel Macron, right, and wife Brigitte leave polling booths in northern France after voting in the first round of the country's legislative elections. Mr. Macron's party won handily, positioning it to gain an overwhelming majority. A3

In U.K., Uncertainty Rules

Criticism rains on May as her top aides resign and majority partner plays down alliance

By JASON DOUGLAS

LONDON—The U.K. was facing the prospect of prolonged political uncertainty after an inconclusive election cast doubt on Prime Minister Theresa May's ability either to stay in office or govern effectively, as her Conservative Party prepares to form a minority administration propped up by Northern Irish lawmakers.

A weekend of drama cost

Mrs. May her two closest aides as criticism mounted of the prime minister's missteps in an election she had hoped would strengthen her parliamentary authority before looming Brexit talks with Brussels.

Senior Conservative Party figures called for a more collegiate approach to government after her tightknit inner circle failed to deliver an expected victory.

In a sign of confusion at the very top of government, Mrs. May's office late Saturday had to backtrack on a statement that it had reached a deal with Northern Ireland's Democratic Unionist Party over forming a loose

alliance to support a new government. The DUP said instead that talks centered on a so-called confidence-and-supply arrangement, a weaker and potentially more unstable partnership than a formal coalition.

All the while, the clock has been counting down toward the start of divorce negotiations with the European Union slated for June 19, which European leaders say they expect will go ahead.

"We're ready to roll," Irish Foreign Minister Charlie Flanagan said Sunday in an interview with U.K. broadcaster ITV.

Yet in Brussels, European officials preparing for talks on

the timeline of the negotiations with their U.K. counterparts on Monday were wondering how meaningful talks can be. Mrs. May's failure to win an outright majority in a national election Thursday has cast doubt on her future as prime minister.

Boris Johnson, the flamboyant, pro-Brexit foreign secretary beloved by party activists, on Saturday dismissed as "tripe" newspaper reports that he was already

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♦ Market takes new look at Labour..... B1

Uber's Turmoil Is Likely To Grow

By GREG BENSINGER

Uber Technologies Inc. Chief Business Officer Emil Michael is planning to resign as soon as Monday, a departure that would further worsen an already dire leadership problem at the ride-hailing company, according to people familiar with matter.

Uber's board on Sunday was considering the future of Mr. Michael and other executives, including the possibility of Chief Executive Travis Kalanick taking a leave of absence, the people said.

An Uber spokesman declined to comment, and Messrs. Kalanick and Michael didn't respond to requests for comment.

The possible exit of Mr. Michael, who has been acting as a No. 2 to Mr. Kalanick and is also a personal friend of the co-founder, follows the departure of Uber's head of communications, a senior vice president of engineering, vice president of product and growth and its head of finance, among others. Uber recently fired the head of its self-driving car development, Anthony Levandowski, and is seeking a chief operating officer and chief financial officer.

It is unclear whether Mr. Michael's resignation is related to a report prepared by former U.S. Attorney General Eric Holder and his firm, Covington & Burling LLP, regarding Uber's workplace culture. The report is expected to have unearthed damaging information about inappropriate behavior at Uber including sexual harassment, retaliation, bullying and other matters.

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BRITAIN'S CURRENCY CONUNDRUM

When a country's currency falls, export growth is supposed to follow—until now

By CHRISTOPHER WHITTALL AND MIKE BIRD

For decades, economics textbooks argued that suddenly weaker currencies are a boon to growth, because they make a country's exports more competitive or profitable on the global stage, which in turn boosts domestic production and employment.

What if that theory no longer holds? Economists and government officials are increasingly wondering if that effect is diminishing, especially among advanced Western economies with shrinking manufacturing capacity and supply chains increasingly interwoven with the rest of the world. The new idea is that much of the benefit from a falling currency is offset by the higher prices paid for components imported from overseas.

The U.K. is emerging as a test case for whether globalization has diminished

4.9%

The increase in U.K. import volumes in the six months through April from the year-earlier period, compared with a 3.1% increase in exports

ished the effect. Although its currency has been battered by the financial crisis, the Brexit vote to leave the European Union—which took place a year ago June 23—and the country's fresh bout of political uncertainty, its exporting power hasn't responded as textbooks might suggest.

Chemicals made at Chemoxy International Ltd.'s factory in Middlesbrough are worth about 20% more in the export market after last June's fall in sterling,

given the beefed-up value of the currencies used to buy those goods overseas. Higher costs for imported materials, however, all but erased that advantage.

"We have a huge interdependency on international markets," says Chemoxy Chief Executive Ian Stark. The company exports more than 60% of its products and imports about 85% of its chemical raw materials. A weaker pound, he says, "isn't revolutionary."

British businesses ranging from car makers to food processors to lumber mills are discovering the same thing.

Adam Posen, president of the Peterson Institute for International Economics, and a member of the Bank of England's rate-setting monetary policy committee between 2009 and 2012, says the effects of currency moves on exports have faded over time. After the financial crisis in 2008, a big sterling depreciation

Please see POUND page A6

The King of Clay Reigns Once More



STILL GOT IT: Rafael Nadal won his 10th French Open singles title, his first major since 2014. A2

First Rule of Dismantling a Nuclear Power Plant: Check the Exits

* * *
Business is booming for a demolition firm with a slate of toxic jobs

By MONICA HUSTON-WAESCH

On paper, it was just another factory demolition job.

But when engineers at German utility E.ON took a look inside the Würgassen plant, they knew they had a problem.

Looming over them were 320 tons of radioactive steel covered by a lid that was way bigger than any of the factory's doorways. "We were stumped," said engineer Andreas Ehler.

"If we got it in somehow, there had to be a way out."

The only way to get it out would be to use a robot to slice it up like a cake, releasing radioactive particles and gases.

No pressure!

E.ON's nuclear unit is one of the leading players in the industry of nuclear power-plant demolition, which is undergoing a boom. As the atomic age hits retirement age, more than half of the roughly 450 nuclear power plants world-wide are nearing the end of their planned lives.

Unfortunately, the people who built these plants didn't leave instruction manuals for taking them down. And even when they did remember to pass on useful information, odds are it was stored on outdated computer programs or written in Russian.

That makes powering down,

Please see NUCLEAR page A6

After IPOs, U.S. Firms Hurry Back to Cash Taps

BY CORRIE DRIEBUSCH

Newly public companies, eager to take advantage of rising U.S. stock prices, are returning to the market faster than ever to sell additional shares.

It is the latest sign that public markets have regained appeal for companies and their owners after the slowest year for initial public offerings in more than a decade. Major U.S. stock indexes are hitting records, volatility has been low and shares of companies that have launched IPOs recently have generally performed well—fertile conditions for selling more stock.

The average number of days between a company's IPO and its next stock sale, also called a follow-on offering, is on pace for a record low this year, according to Dealogic data through Thursday that goes

Following Faster

The average number of days between a company's U.S.-listed IPO and its first follow-on offering is on pace to fall this year.

2,000 days

1,500

1,000

500

0

1995 2000 '05 '10 '15

Note: 2017 figure is through June 8

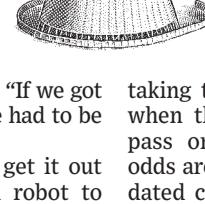
Source: Dealogic

THE WALL STREET JOURNAL

back to 1995. U.S.-listed companies launching their first stock sales in 2017 are doing so roughly 500 days after their IPOs, the data show, compared with an average of more than 900 days since the start of the data.

That pace tends to fluctuate with the performance of the broader stock market: The average number of days between IPOs and follow-on deals ballooned during the dot-com bust of the early 2000s, and

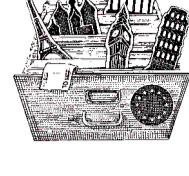
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WORLD NEWS

Election Result Hinders May's Path to Brexit

**EUROPE FILE**

By Simon Nixon

First it was Austria, then the Netherlands, France and now the U.K.: The outcome of last week's election in Britain should be seen as the latest installment of the anti-populist backlash that has been sweeping Europe this year. As in those other elections, voters turned against narrow nationalism.

Prime Minister Theresa May's misjudged gamble in calling a snap general election failed because liberal voters in many of the most dynamic parts of England turned against her hard-line Brexit agenda.

She was only able to cling to power because of a similar backlash in Scotland, where tactical voting

by opponents of the Scottish Nationalist Party's plans for a second independence referendum gifted Mrs. May's Conservatives 12 Scottish seats.

Of course other factors were important. Mrs. May ran a dreadful campaign, her mirthless repetition of banal sound bites contrasting with the unexpected charisma of Labour's Jeremy Corbyn. Her manifesto also succeeded in alienating many of her target voters while Mr. Corbyn's extravagant promises to shower public money on popular causes appealed to voters tired of austerity.

But what sealed Mrs. May's fate was an average 7% swing to Labour in constituencies that backed remaining in the European Union in last June's referendum by more than 55%. Thus was delivered to Labour previously unimaginable victories in areas such as the wealthy London neighborhood of Kensington and the university town of Canterbury. An expected landslide for Mrs. May turned into a net loss of 13 seats.

What happens now to Brexit is anybody's guess.

Although the Conservatives lack a parliamentary majority, Mrs. May has been able to stay in office thanks to the promise of support from Northern Ireland's Democratic Unionist Party. But it is not clear whether this will be sufficient to deliver Brexit. Thanks to what now looks like a reckless decision to trigger Article 50 of the Lisbon Treaty just days before calling the general election, the clock is now counting down on the two years allowed to negotiate an exit deal.

Yet with negotiations due to begin next week, Mrs. May finds herself without a mandate for her Brexit plan, which would take the U.K. out of the EU's single market and customs union and end the right of EU citizens to live in the U.K. As a result, she may struggle to secure the parliamentary support to deliver the highly contentious legislation—known as the Great Repeal Bill—needed to put in place the legal and regulatory frameworks to ensure British businesses can trade post-Brexit.

Even if Mrs. May no longer has a mandate to carry out her threat to crash out of the EU without an exit deal, there is still a risk that the U.K. ends up with a chaotic Brexit because it has been unable to negotiate a deal in what time remains or because it has been unable to put the necessary

rule-maker into a rule-taker, an unsatisfactory and likely unsustainable situation for an economy of the U.K.'s significance. The U.K. would be effectively obliged to continue to allow the free movement of EU citizens, respect the judgments of the European Court of Justice and pay into the EU budget, crossing all Mrs. May's red lines. It would also require the consent of both the EU and other EEA countries, which can't be guaranteed.

If this version of Brexit had been on the ballot, it would almost certainly have been rejected—which is why it was rejected by the official Leave campaign. Yet it may now be the only version of Brexit that is deliverable in the time available. The best bet is that Brexit still will go ahead, not least because both major parties committed to it in their manifestos. Still, it is possible for the first time since the referendum to imagine two scenarios in which Brexit doesn't happen.

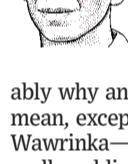
Under the first, the political turmoil in the Conservative party—caused by what appears to

be an inevitable challenge to Mrs. May's leadership before the two years is up—makes it impossible to negotiate a deal in the time available, prompting the U.K. to ask for a delay to the deadline. It is possible the EU might refuse under those circumstances, insisting instead that the U.K. withdraw its Article 50 notification. That would end the process until a new prime minister received a new mandate from parliament and the voters to restart it.

Under the second scenario, the Brexit process becomes so chaotic that the British political leaders conclude that the only way to hold the political parties together and secure the parliamentary support for the Great Repeal Bill is to agree to a second referendum on the terms of any Brexit deal. In today's political climate—with the Tory Brexiteers damaged, the economic consequences of Brexit becoming clearer as the U.K. economy slows and with the EU itself now debating wider reform—it is just possible that a second vote would deliver a different result.

SPORTS | By Jason Gay

Rafael Nadal and the French Open's Perfect Romance



Paris Isn't this the perfect, pretty ending that tennis so wanted? Isn't this presumably why anybody watched? I mean, except for Stan Wawrinka—though Stan had a really sublime view.

There he was, once again: Rafael Nadal, flat on his back in Paris, caked in red clay, triumphant again at the French Open, for an astonishing 10th time.

It's ridiculous, no? A Nadal victory at the French is as familiar and seemingly assured as anything in sports, even misery and a high draft pick for the Cleveland Browns. The 31-year-old from Spain and this precious ivy-covered clay-court major tournament are intertwined like no other athlete and event. It's become a beautiful romance in a city that owns a patent on them.

fearless new competition, would not wait. Nadal managed to return for the Summer Olympics in Rio and the U.S. Open, but the wrist was still a problem, and he was not himself. When Nadal hosted his rival Roger Federer at a benefit for Nadal's academy in Mallorca, the two were too banged up to play even a casual friendly, what pros call a hit & giggle.

If they couldn't hit, how could they giggle? Aging is undefeated. It gets everyone, even legends.

Now it is one year later, and the clock has been spun in reverse. A brilliant tennis geezer renaissance is at hand. In January, Federer prevailed over Nadal in five sets to win his first major in almost a half decade. And Sunday here on Court Philippe-Chatrier at Stade Roland Garros, Nadal won his 10th in spectacular fashion, routing Switzerland's Wawrinka, 6-2, 6-3, 6-1.

crazy, he lost only 35 games—35 games!—in seven matches. His 10 titles are the most any singles player has won in one major in tennis' Open era, and there's also this: Nadal now has 15 majors—second only to Federer's recently-added-upon 18.

They've put the band back together, Rafa and Roger. Who saw that coming?

But let's stick to Rafa, because this is was his day, and this is his tournament—Federer passed on Roland Garros altogether, preferring to rest up for Wimbledon. This is the part of the story where I'm supposed to tell you that age and injury have created a different Nadal, a less grinding and physical version who does not play with the aggressiveness of his muscle-shirted, Captain-panted youth.

Ha! This isn't the case. Nadal is still a terrifying saw blade. Ask Wawrinka, a 30-something handful himself, a French winner in 2015 who closed out world No. 1 Andy Murray in Friday's semifinals. Wawrinka has some of tennis' beastliest strokes, and yet Nadal punished him from the start. Maybe Wawrinka had some fatigue from five sets from Murray, maybe not—either way, Sunday was less a match than it was smothering.

Late in the second set, a frustrated Wawrinka cracked a racket across his leg. It was petulant, but understandable. Stan saw what we all saw: Nadal is back to being Nadal, and nothing less.

"You were too good," a Wawrinka said to Nadal at the trophy presentation.

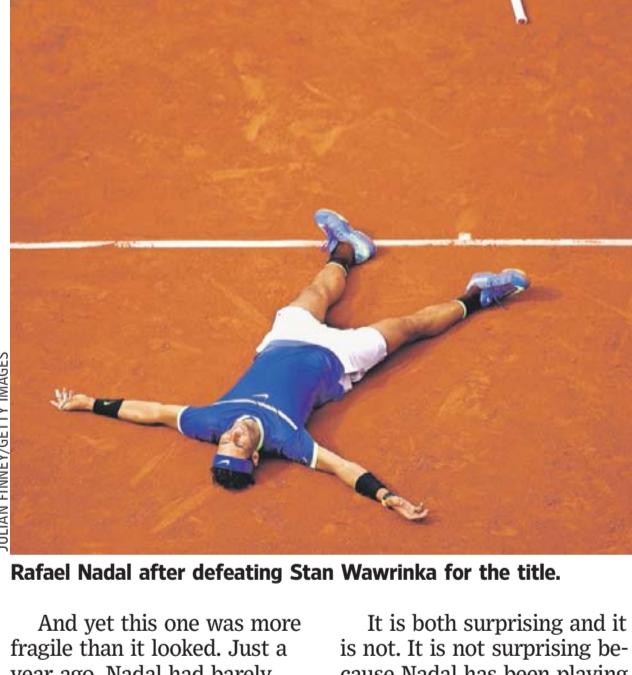
In total, the final lasted 2 hours and 5 minutes. Two-oh-five! In men's Grand Slam tennis, that's barely an appetizer.

Even before he got his mitts on the trophy, Nadal was asked to contextualize his victory, to declare if his 10th French title was the sweetest, better than his first as a teenager in 2005, or the third, or the sixth, or the eighth, or the whatever. He wasn't ready. He would cop to this: To Nadal, Roland Garros was special, singular, unto itself. "The most important event in my career, without a doubt," he said, underlining the obvious.

Then they gave him the trophy, and he held it aloft, and he did that thing where he bites the wing of the trophy for the photographers. He took the stadium microphone and praised Wawrinka, as well as the event organizers, his coach and uncle Toni, and finally the magical city that embraces him as one of their own.

"You're going to always be in my heart," Nadal said.

It was the kind of blushing line that Paris has heard a zillion times, and yet it sounded passionate and true.



Rafael Nadal after defeating Stan Wawrinka for the title.

And yet this one was more fragile than it looked. Just a year ago, Nadal had barely been able to bring himself to watch the French Open finale on TV. He'd abandoned the 2016 tournament with a wrist injury he feared could be career-altering, glumly departing for the Spanish coast and his slick yacht called Beethoven, along with his girlfriend, Xisca Perello, and a worrisome blue cast over his left forearm.

"I was trying to forget a little bit about tennis," Nadal admitted the other day.

Nadal had stared down crises like this before—his physical, swashbuckling style of play had proven to be punishing to his body, and yet he'd clawed back. In 2013, he'd returned from a long layoff to win both the French and U.S. Open, a revival he called the highlight of his career.

But Nadal had now crossed into his 30s. Tennis, full of



Emil Michael, above in 2015, stirred up a storm of controversy in 2014 after allegedly suggesting that the company should spend millions of dollars to investigate journalists who were critical.

UBER

Continued from Page One
people familiar with the matter said.

Uber's board of directors was set to meet Sunday to vote on Covington's recommendations and discuss a possible leave of absence for Mr. Kalanick, who is still reeling from the death of his mother last month in a boating accident that also left his father seriously injured. The Covington report likely makes recommendations for new human-resource processes and trainings.

On Tuesday, Uber is expected to release a summary report of the Covington report to employees and the media, provided the board approves its recommendations.

Mr. Michael helped oversee broad strategy initiatives including mergers and acquisitions and fundraising. He joined Uber in 2013 from Klout Inc., which rates users' online reputation, and had worked as an adviser to technology companies.

Mr. Michael stirred up a storm of controversy around Uber after allegedly suggesting in November 2014 to a BuzzFeed editor at a party that the company should spend millions of dollars to in-

vestigate journalists who were critical. His comments were condemned at the time by Mr. Kalanick, who called them "terrible" and "a departure from our values and ideals."

He also was aware the company's head of Asian operations, Eric Alexander, had obtained the medical records of a rape victim in an Uber car in India while pursuing a theory that local competitor Ola had pushed the story to damage Uber's reputation, according to people familiar with the matter. Mr. Alexander was fired this week after reporter inquiries.

Uber has been scrambling to repair its image after a former software engineer, Susan Fowler Rigetti, wrote a blog post alleging sexual harassment and sexism at the company. In her blog post, Ms. Fowler Rigetti claimed a supervisor propositioned her for sex and human-resources officials transferred her to another team instead of addressing her complaints. She said she was told she could either work for another group at the company or risk getting a poor performance review.

Ms. Fowler Rigetti also claimed the company discouraged her from making complaints to human-resources officials. Managers changed her positive performance review to a poor one to deny her a promotion, she wrote.

Mr. Kalanick, 40 years old, condemned the behavior, which he said he was unaware of, and immediately called for a probe of Uber's practices, hiring Mr. Holder and Covington, his firm, and Perkins Coie LLP to investigate the specifics of Ms. Fowler Rigetti's claims, among others.

Uber is also grappling with other scandals: a lawsuit from Google parent Alphabet Inc. over allegedly stolen self-driving-car trade secrets; a federal probe into its business operations; and the company's admission it erroneously withheld tens of millions of dollars from New York City drivers over more than two years.

Uber recently told employees that more than 20 workers had been fired as a result of the Perkins Coie probe and that others were reprimanded or ordered to undergo additional training.

It has taken other actions to shore up its image, including hiring two prominent women, Harvard Business School professor Frances Frei and Apple Music executive Bozoma Saint John.

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CORRECTIONS & AMPLIFICATIONS

After briefly detaining Youssef Zaghba at the Bologna airport, Italian authorities posted information about him on the Schengen Information System, the main database that European security services use to share terror threats across borders, an Italian official said. A World News article on Wednesday about intelligence sharing among European police forces incorrectly said Italy didn't share information about the London Bridge assailant on the Schengen database.

Dmitry Mints is chairman

of O1 Properties, one of Russia's largest office-building landlords. An International Property article on Wednesday about Russia's commercial real-estate market incorrectly identified him as chief executive, and the article and image credit incorrectly called the company O1 Properties.

Genius, a website that annotates lyrics, was incorrectly noted by its former name, Rap Genius, in a Page One article in the Friday-Sunday edition about currency references in hip-hop songs.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com.

WORLD NEWS

Macron's Party on Track for a Majority

BY WILLIAM HOROBIN

PARIS—Emmanuel Macron's upstart centrist party won the first round of parliamentary elections Sunday, positioning the new French president to wield a commanding majority at home and push for change on the European stage.

Mr. Macron's La République en Marche won 32.2% of the vote nationwide, according to projections by polling firm Ipsos Sopra-Steria based on a partial count of votes. The center-right Les Républicains and its allies came in second with 21.5% of the vote.

The first-round vote puts Mr. Macron's party on track to win a majority of 390 to 430 seats in the 577-seat National Assembly in the second-round vote a week from now, Ipsos Sopra-Steria said.

The top two vote-getters in each district on Sunday advance to the second round, as well as candidates who garner support from more than 12.5% of registered voters, though reaching that threshold may be difficult given low turnout on Sunday. More voters are expected to switch in the second round to candidates from La République en Marche, as a centrist party, than to candidates from parties on the right or the left, polling firms said.

Such a landslide would deliver a coup de grace to France's political establishment, giving Mr. Macron a strong mandate to implement policies he says are needed to



missions and earn extra speaking slots at the Assembly. In past elections, voters have coalesced behind candidates opposing the National Front in the second round.

Mr. Macron's first order of business is loosening France's rigid labor code. In July, his government will seek the backing of parliament to give companies more power to negotiate working conditions with employees and reduce uncertainty for employers making layoffs.

The French president is betting that such overhauls will strengthen his hand to push Germany and other wealthy Northern European nations to share the burdens of weaker eurozone members.

That kind of deal, Mr. Macron says, is key to "refounding Europe" as a bloc of countries that protects citizens rather than leaving them vulnerable to the competition of global markets.

"We've gotten used to managing Europe. If we continue just managing it, it will fall apart," Mr. Macron said in May on his first trip to Brussels as president.

Germany, Europe's biggest economy, has long been leery of French calls for more sharing of resources in the eurozone, seeing that as a veiled demand for German money. But Ms. Merkel has signaled she wants to work closely with Mr. Macron on deeper European integration, even though proposals that smack too clearly of fiscal transfers are likely to be off limits.

President Emmanuel Macron greets supporters in Le Touquet on Sunday after casting his ballot in the first of two rounds of voting.

stir the sluggish national economy and overhaul the European Union.

In little more than a year, the 39-year-old Mr. Macron has founded his own political party; populated it mostly with political neophytes; and persuaded voters to hand him what is shaping up to be a large majority in the Assembly.

The French election has been closely watched in Germany, where Chancellor An-

A commanding legislative victory would also cement Mr. Macron's stature among European leaders, indicating voters are ready to rally behind politicians who run on a pro-Europe message rather than catering to nationalist constituencies.

The French election has been closely watched in Germany, where Chancellor An-

gela Merkel is seeking reelection in September. British Prime Minister Theresa May's decision to call an early election in a bid to expand her parliamentary ranks and strengthen her hand in Brexit negotiations badly backfired on Thursday when voters deprived her of a majority.

The National Front of far-right leader Marine Le Pen is

likely to increase its number of seats in the Assembly from one to between 3 and 10, according to projections by Ipsos Sopra-Steria. But that is a far cry from the numbers her party was seeking to mount a robust opposition to Mr. Macron.

The National Front needs a minimum of 15 seats to secure posts on parliamentary com-

Uncertainty Shrouds Brexit Meeting

BY VALENTINA POP

BRUSSELS—European Union and British officials are scheduled to meet Monday to discuss the timeline of Brexit talks amid skepticism in the EU capital that a swift deal can be reached given political uncertainty in London.

The meeting, which will be conducted at civil-servant level, is the first encounter between the EU and U.K. since last week's U.K. election, with British Prime Minister Theresa May failing in her attempt to bolster her Conservative party's parliamentary majority.

The meeting originally was planned to set the date and topics to be discussed in the first round of formal negotia-

tions, which EU Brexit negotiator Michel Barnier had tentatively scheduled for June 19.

EU officials are wary whether the meeting will bring much clarity beyond the U.K.'s wish to open talks soon.

A spokesman for the U.K. government said that "we have been clear that we want to make a start on negotiations and we continue to engage with official counterparts in the EU and Brussels ahead of the talks commencing."

With a weakened prime minister in London, whose leadership could soon be open to challengers from within her Conservative Party, EU officials wonder how meaningful the talks can be, even if they were to start as planned.

"Uncertainty about how

long she will stay in power and whether she can deliver on a compromise is the key question," said one senior EU official dealing with Brexit.

A second official said that while the EU had "no choice" but to negotiate with London, it wasn't under any illusions about the possibility that the entire exercise might be "a waste of time" if there is a change in government.

"The civil servants will have to do the work. But I personally do not see May's signature under the final Article 50 deal," said the second official, in reference to the EU treaty article spelling out the conditions for leaving the bloc.

Mrs. May's position ahead of the election was that Brexit talks should focus both on the

divorce and on the future relationship with the bloc, which she defined as a broad free-trade agreement with provisions for cooperation on security and other issues.

But the EU's position is that talks can turn to the future relationship only after "sufficient progress" on the divorce matters, an assessment that needs the approval of all 27 EU leaders.

Dutch Foreign Minister Bert Koenders said Friday in The Hague that the British election "created uncertainty and uncertainty is not good seeing as the clock is ticking. This requires a clear negotiation mandate."

—Laurence Norman
in Brussels
contributed to this article.



Theresa May and her husband, Philip, attend church in Sonning.

U.K.

Continued from Page One
planning a bid to unseat Mrs. May. A survey of more than 1,000 U.K. adults by polling firm Survation published Sunday found 49% thought Mrs. May should quit.

Jeremy Corbyn, leader of the main opposition Labour Party, said that he is ready to fight another election and expects one to be called either later this year or in early 2018.

In broadcast interviews Sunday, senior Conservative lawmakers said that now isn't the right time for a leadership challenge, given the added uncertainty it would cause as Brexit talks get under way.

"The last thing we need is further political upheaval," said Chris Grayling, an ally of Mrs. May who served as transport secretary before the election.

But some said such a contest may need to happen soon. Nicky Morgan, a former education secretary who has clashed with Mrs. May, said that she didn't think the prime minister should lead the party into another election and that a leadership contest should be considered this summer, or ahead of the party's annual conference in October.

"I think Theresa May is ultimately going to take responsibility," she said, referring to the election result.

Defense Secretary Michael Fallon on Sunday said that, meanwhile, Mrs. May's cabinet expects to have a greater say in government following the resignation of her two top aides, Nick Timothy and Fiona Hill. The two had played a central role in driving government policy and strategy and oversaw the botched election.

"We are going to see I hope much more collective decision-making in government," he said in an interview with the British Broadcasting Corp.

George Osborne, who served as Treasury chief in the administration of Conser-

vative former Prime Minister David Cameron, was highly critical of Mrs. May. "Theresa May is a dead woman walking—it's just how long she's going to remain on death row," he said on the BBC.

As well as calling into question Mrs. May's future, Thursday's election raises doubts about the party's ability to deliver on its legislative platform.

The DUP's 10 seats in Parliament are enough to give the Conservatives, with 318, a slender majority in the 650-seat assembly. But the deal being discussed between the two sides falls short of a formal pact that would allow the Conservatives to rely on DUP support on every vote. That raises the prospect that Parliament could defeat or amend the Conservatives' plans on everything from Brexit to welfare and education.

Jeremy Corbyn said he expects another election called this year or in early 2018.

London Attacker Didn't Hide His Views

LONDON—Khuram Butt, one of the knife-wielding terrorists who killed eight in a rampage last weekend, wasn't a silent

plotter blending unseen into immigrant neighborhoods. He was out and about, openly trying to draw others to his radical view.

Near a carpet shop on a side street in east London, the Ummah Fitness Centre bills itself as a spot for Muslims to box and lift weights. Men and women exercise separately, there are prayer breaks, and sayings from the Quran line the walls.

For Butt, the gym was a place to trumpet extremist opinions and, amid the punching bags and barbells, look for like-minded friends.

He would say "very surprising things," said Fahad Khan, a cousin of Butt's wife who uses the gym. He would say "ISIS is doing a very good thing."

The Saturday-night assault and two others in the U.K. in under three months have exposed the difficulty authorities face in keeping tabs on threats.

The attacks also pose a conundrum for governments that honor liberty and free speech:

How should they fight on an amorphous battlefield where conservative religious beliefs can shade into fanatical rhetoric and ultimately into terrorism?

Butt made no secret of his ideology. He can be seen in a television documentary, "The Jihadis Next Door," praying with well-known Islamist preachers.

He publicly confronted Muslim leaders he considered too mod-

erate. He proselytized in parks. Some who came into contact with Butt reported him to the police for expressing extremist views or, in one case, for trying to radicalize their child. Others, in a place where conservative religious beliefs are commonplace, shrugged off his words.

Police said Butt was known to them but they had no evidence he was plotting violence.

The three attackers—Butt, a Pakistan-born British citizen; Youssef Zaghba, a dual Italian-Moroccan national; and Rachid Redouane, a 30-year-old Libyan-Moroccan pastry chef—spent their final months living humdrum lives within miles of each other in east London.

Zaghba taught gymnastics to children at a sports center. In May, Butt and Redouane attended male-only swimming sessions at a public pool.

Days before the assault, the attackers met outside the Um-

ah gym. Just after midnight, they embraced each other and parted, camera footage shows.

The working-class areas around Barking and nearby Ilford have been transformed by immigrants. Barking's main street serves African food and has a Romanian convenience store.

Butt remained popular with some of the locals. The weekend before his attack, he held a barbecue that was attended by 20 people.

Jean Morrison, a neighbor who was invited, said she didn't see his preaching as unusual. "Others do that too," she said.

Last Saturday, a neighbor invited Butt to come over and watch a soccer match on TV. He declined. Just after 9 p.m., a white van screeched away from the apartment complex. An hour later the killing began.

—Mike Bird, Saabira

Chaudhuri and Riva Gold

contributed to this article.

metropolitan police/associated press

metropolitan

WORLD NEWS

Mosul, Split by War, Risks Lasting Divide

BY TAMER EL-GHOBASHY
AND ALI A. NABHAN

MOSUL, Iraq—In eastern Mosul, the bomb-cratered streets are gone. Work crews in blue coveralls plant trees and fix downed wires. At least three liquor stores have reopened since Islamic State militants were ousted from that part of the city in January. Advertisements for women's lingerie and mobile phones—other products banned by the extremists—are visible again.

The picture is different across the Tigris River. In western Mosul, Iraqi forces are still battling Islamic State street by street. Airstrikes by the U.S.-led coalition have flattened neighborhoods and knocked out all five bridges linking east and west, which the militants were using as supply lines.

The stark differences are adding urgency to the fight to fully recapture Mosul, Iraq's second-largest city. The long struggle for western Mosul risks creating lasting divisions and feeding resentment in a city that once offered Islamic State, and al Qaeda before it, a fertile recruiting ground, officials said.

"If it takes that part of the city a long time to be back to a functioning level, we can expect to have very difficult social tensions to manage," said

Lise Grande, the United Nations humanitarian coordinator for Iraq.

Less than 10% of western Mosul is still under Islamic State control, according to Iraq's military. Explosions and plumes of smoke rising in the west can be seen by families in the east when they are out strolling through parks and lining up for ice cream on warm evenings.

"It's a dark future for us and for Mosul," says Ahmed al-Obaidi, a 45-year-old gold merchant who left his shop in western Mosul behind when he sought safety in the east, and now sits idle, waiting for a chance to return. "This city will be divided."

Basma Baseem, the head of the City Council, has been pushing for additional funding to rebuild parts of western Mosul that have been liberated already.

"People from the west have started to feel like second-class citizens," she said. Residents of western Mosul, she added, "blame us for not helping their side, compared to how quickly life got back to normal in eastern Mosul."

That feeling in western Mosul has historical roots, Ms. Baseem and others in the city said. People in western Mosul have been traditionally less prosperous than their neighbors.

bors and have been seen by many Iraqi military and government officials as sympathetic to extremists, dating back to the U.S.-led invasion in 2003. Ms. Baseem said she fears such stereotypes could color how the recovery of western Mosul is prioritized.

Prime Minister Haider al-Abadi of Iraq has said coordination between the federal government and the Nineveh provincial government, of which Mosul is the capital, has been a challenge because it is the largest area that has been wrested back from Islamic State. Mr. Abadi recently assigned a general coordinator to oversee the rehabilitation process.

The Iraqi government's goal is to rebuild Mosul and to restore the city to its pre-Islamic State population of about 1.5 million, which is seen as critical to its effort to reunite the country. Islamic State launched a drive in 2014 that ended up with the militants in control of about one-third of Iraq, and with Mosul their de facto capital in the country.

At the beginning of the operation to reclaim Mosul, the population of the entire city was estimated by Iraq's government to be 1.2 million.

Having endured the brutality of Islamic State, many in western Mosul are eager to re-



Omar Salim, 33 years old, uses his phone while sitting at a park in the eastern side of Mosul.

join the Iraqi state. Reconciliation with the nation, they say, will depend on how quickly their lives return to normal.

But peace in western Mosul is a ways off. Last month, Iraqi forces began the final push into Mosul's Old City, considered the most difficult phase of the battle because the streets are narrow and the cornered militants are putting up a ferocious fight.

Nashwan al-Maadi, a goldsmith who is 45, estimated that he and his brothers have lost \$200,000 in income and equipment since fleeing western Mosul in December. He said they can't afford to reopen in the east.

"We feel like strangers here," he said.



Relatives carry a body at a cemetery in western Mosul.

WORLD WATCH

IRAN

Tehran Sends Aid To Isolated Qatar

Iran has sent hundreds of tons of food to Qatar in recent days, Iranian officials said, the first significant sign the Islamic Republic is trying to insert itself into the political break between some of the U.S.'s closest Middle Eastern allies.

The food was meant to help relieve Qatar from its economic isolation after Saudi Arabia, the United Arab Emirates, Bahrain and Egypt severed diplomatic ties with Doha and closed their air, sea and land borders to the tiny Persian Gulf country, where the U.S. has its largest military base in the Middle East.

Iran has sent at least four plane loads of fruits and vegetables to Qatar since the Arab nations' rift with Doha last week, Iran Air said, the semi-official Fars News Agency reported.

The four countries that cut ties accused Qatar of harboring terrorists and meddling in their affairs.

—Gordon Lubold in Washington contributed to this article.

Iran Says Planner Of Attacks Is Killed

Iranian authorities on Saturday said they killed the alleged planner behind unprecedented Islamic State-claimed terror attacks this week.

Intelligence Minister Mahmoud Alavi didn't provide the suspect's name or the full details of his death other than to say the intelligence service of one of Iran's allies cooperated with the authorities. He said 42 or 43 alleged terrorists connected to the attacks were arrested as part of a dragnet following the attacks, in which 17 victims and five assailants were killed.

—Arese Ebqali and Asa Fitch

BRAZIL

Judge Sees Potential Crime by President

The chief justice of the Supreme Court said an "extremely grave crime" would have occurred if a magazine report is accurate that President Michel Temer ordered the intelligence service to spy on the judge overseeing a sprawling corruption probe.

News magazine Veja reported on Friday that Mr. Temer allegedly told ABIN, the Brazilian Intelligence Agency, to learn details about the life of Supreme Court Justice Edson Fachin with the aim of looking for information that could compromise him.

Mr. Temer, who is under investigation by the Supreme Court for his alleged role in the Car Wash scheme, denied the report. The Wall Street Journal couldn't verify Veja's report.

—Samantha Pearson

U.S. Backs Philippine Fight Against Militants

BY JAKE MAXWELL WATTS

U.S. Special Forces are supporting Philippine troops battling a militant group connected to Islamic State that has occupied the southern town of Marawi, where fierce fighting has killed more than 200 people.

The U.S. involvement, made public Saturday, shows Manila's continued reliance on Washington's military prowess despite a surge of anti-American sentiment from Philippine President Rodrigo Duterte since he came to power last year.

The battle in Marawi began when authorities tried to arrest Islamic State's designated leader of a self-styled caliphate in the predominantly Muslim southern Philippines, touching off some of the worst fighting in years. The armed forces are trying to dislodge fighters from the extremist Maute clan from their last defenses in the town and free as many as 200 possible hostages.

The U.S. Embassy in Manila said Saturday that U.S. Special Operations Forces are providing



Smoke rose following airstrikes by the Philippine Air Force in Marawi city on Sunday.

support to the Philippine military in Marawi, but wouldn't discuss specifics. "As we have in the past, we routinely consult with our Filipino partners at senior levels to support the Duterte administration's counterterrorism

efforts," the embassy said.

A Philippine military spokesman confirmed Saturday the U.S. is providing technical support and intelligence.

Mr. Duterte last year threatened to cancel a longstanding

U.S. military deployment in the Philippines, saying it hadn't helped resolve long-running conflicts.

The fighting in Marawi prompted Mr. Duterte to declare martial law in the main

Afghan Kills Three U.S. Servicemen

BY HABIB KHAN TOTAKHIL AND JESSICA DONATI

KABUL—An Afghan commando turned his weapon on U.S. forces in eastern Afghanistan, killing three American soldiers and wounding one who is in critical condition, Afghan and coalition officials said on Saturday.

The shooting took place in Achin district of Nangarhar province, where a joint U.S. and Afghan operation to dislodge Islamic State fighters from their stronghold in the mountains there has been under way for months.

Several U.S. and Afghan soldiers have been killed in the push to drive Islamic State out of villages it had occupied in the area years previously. Fleeing Islamic State fighters are holed up in the mountains there, where the U.S. military in April dropped the largest non-nuclear weapon in its arsenal ever on an Islamic State cave-and-tunnel complex.

The Pentagon issued a brief statement that confirmed the casualties and said the incident is under investigation.

The U.S. military in Afghanistan didn't respond to a request for comment. A coalition official said the U.S. soldiers belonged to the 101st Airborne division.

The Taliban issued a statement claiming to have killed four U.S. soldiers in the same area in an "insider attack."

Beijing Sidesteps Trump on Environment

BY BRIAN SPEGELE

BEIJING—China's government is working to keep climate-change cooperation with the U.S. alive after President Donald Trump's decision to withdraw from the Paris climate accord, even if that means sidestepping the White House to seek closer ties with U.S. states.

Meetings in Beijing during the past week showed the competing agendas in U.S. energy politics and deep frustration inside China's government over Mr. Trump's decision to abandon what had been a rare platform for unity in the U.S.-China relationship.

China rolled out the red carpet for California Gov. Jerry Brown, a critic of Mr. Trump's decision who arrived in China the first weekend of June to take part in an international clean-energy forum and meet provincial officials. It was Mr. Brown that President Xi Jinping later welcomed to Beijing's Great Hall of the People; U.S. Energy Secretary Rick Perry, also in town for the forum, was received by a vice premier.

Chinese officials expressed dismay with Mr. Trump's decision. "I am so deeply disappointed," said Xie Zhenhua, China's special envoy for climate change, during a gathering with Mr. Brown.

Since Mr. Trump's decision, a coalition of a dozen U.S. states, including California, have committed to uphold America's pledge to cut emissions 26% to 28% compared

with 2005 levels.

For Beijing, working with U.S. states could burnish the image the country has sought to cultivate as an emerging global leader on climate issues. Some states can also share emissions-cutting expertise that leaders here are eager to acquire.

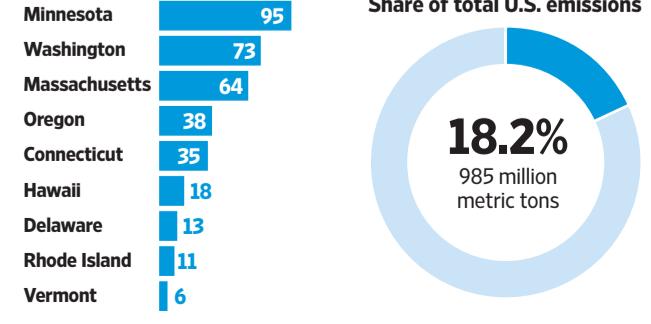
Mr. Xi sent perhaps the strongest signal that he hopes to see more local-level cooperation by meeting Gov. Brown.

Among the agreements Mr. Brown's office announced during the week included plans to coordinate emission-reduction programs with China's Ministry of Science and Technology and to set up a joint climate-research institute between California and China's Tsinghua University.

States of Play

After President Trump said he would pull out of the Paris accord on climate change, 12 states, accounting for nearly one-fifth of U.S. emissions, have pledged to abide by the accord.

Carbon-dioxide emissions from fossil fuels, 2014



Source: U.S. Energy Information Administration

China is encouraging "all relevant parties to implement the Paris agreement," Foreign Ministry spokeswoman Hua Chunying said on Friday when asked about Mr. Brown's visit.

Local U.S.-China cooperation has limits: National governments are needed to negotiate deals keeping world leaders marching in the same direction. Lacking a U.S. commitment, Mr. Xie, the Chinese climate envoy, used a gathering at Tsinghua University to urge U.S. and Chinese scientists and business leaders to step up cooperation.

Mr. Brown said he hopes more states and cities will join him in opposing Mr. Trump's stance. "With Trump saying

no, it's up to states and localities to say yes—and they're doing that," he said.

Mr. Perry said he supported the rights of states to choose their own paths. "My hat's off to Gov. Brown for the work that he does to promote California," he said in Beijing on Friday. He said he faced no pressure from those he met for the U.S. to change its mind about leaving the Paris deal.

Mr. Perry's arrival in China early in the week was preceded by the surprise announcement last Monday by the top U.S. diplomat in China, David Rank, that he was quitting to protest Mr. Trump's climate position. Mr. Rank, who was chargé d'affaires, had been expected to accompany Mr. Perry in meetings with Chinese officials.

Mr. Perry explained the Trump administration's position on energy as an effort to balance growth with cleaning up the environment. He expressed support for fossil fuels, including coal and natural gas—both of which are abundant in the U.S. and could be sold to China in greater quantities.

The Trump administration says the U.S. has done more to reduce emissions than other top emitters, including China, outside agreements under the Paris accord. The White House didn't respond to a request to comment on the China-California talks.

China and other major emitters said they would follow through on their commitments despite Mr. Trump's decision.

The chief justice of the Supreme Court said an "extremely grave crime" would have occurred if a magazine report is accurate that President Michel Temer ordered the intelligence service to spy on the judge overseeing a sprawling corruption probe.

News magazine Veja reported on Friday that Mr. Temer allegedly told ABIN, the Brazilian Intelligence Agency, to learn details about the life of Supreme Court Justice Edson Fachin with the aim of looking for information that could compromise him.

Mr. Temer, who is under investigation by the Supreme Court for his alleged role in the Car Wash scheme, denied the report. The Wall Street Journal couldn't verify Veja's report.

—Samantha Pearson

U.S. NEWS

Congress Lacks Clarity on Debt-Ceiling

Treasury secretary has urged action, but hasn't said when cash is expected to run out

By KATE DAVIDSON

U.S. lawmakers face a big unknown six weeks before they leave Washington for summer recess: The government could run out of cash before they get back or soon after their return, but the Trump administration isn't saying when.

Mixed messages and a dearth of details from the administration have led to confusion on Capitol Hill and in markets over when exactly Congress needs to lift the debt ceiling.

The Treasury has been unable to raise additional cash from securities sales since the government hit the \$20 trillion debt ceiling in mid-March. Since then, Treasury has been using extraordinary measures, such as redeeming certain investments in federal pensions programs and suspending new investments in those programs, to raise cash. At some point in the coming months, the Treasury will exhaust those measures and run too low on cash to make all of its payments in full and on time unless the debt limit is raised and it can once again sell bonds.

Lack of clarity complicates the administration's efforts to convince lawmakers to raise the debt limit sooner rather than later. "Congress is going to need to know what the deadline is, because until they actually focus on a specific date, it's going to be hard to come up with a strategy to get the increase done," Goldman Sachs political economist Alec Phillips said.

Treasury Secretary Steven Mnuchin urged lawmakers last month to deal with the debt ceiling before they leave for the summer on July 28, but stopped short of saying when the government will run out of cash. On Friday he told report-



ANDREW HARRER/BLOOMBERG NEWS

U.S. Treasury Secretary Steven Mnuchin spoke at the U.S.-China Business Council meeting in Washington on June 6.

ers "we will be fine" if Congress doesn't raise the ceiling before August.

"This is not an issue, but I don't want to leave any doubt we have plans, and backup plans, for funding the government," he said. Asked to elaborate, he said, "They are Treasury secretary super powers," a phrase he has used in the past to refer to the extraordinary measures.

Mr. Mnuchin's remarks Friday suggest Treasury doesn't see those measures running out before lawmakers return from their recess on Sept. 5. A Treasury spokesman didn't respond to a request seeking further clarification. The comments

could be interpreted by Congress as a reason to delay action until then, despite Mr. Mnuchin's earlier entreaties to act sooner.

Lawmakers will likely try to pin him down this week when he testifies on Capitol Hill three separate times, starting Monday afternoon, on the president's budget.

Typically, the Treasury secretary provides details about timing in a letter to Congress several months in advance of a potential debt-ceiling breach. In 2011, for example, Treasury Secretary Tim Geithner notified Congress on April 4 that Treasury expected to run out of room to meet obligations

around July 8. In 2015, Secretary Jacob Lew told Congress on July 29 that extraordinary measures would last until the end of October or shortly thereafter.

Mr. Mnuchin sent letters to lawmakers in March detailing the extraordinary measures Treasury had begun using, but didn't say when he expected to run out of room to pay the government's bills.

The Bipartisan Policy Center, a Washington think tank, is expected to release a new analysis Monday showing Treasury will exhaust its extraordinary measures in October, in line with their earlier projections.

One uncertainty surrounding

forecasts is that government revenues have been lower in recent months than previously expected, possibly due to individuals and businesses delaying tax payments in anticipation of GOP tax cuts. If the trend continues, it could cause Treasury to run out of room sooner, analysts have said.

The Congressional Budget Office said last week that federal government receipts fell short of expectations for the second month in a row.

Although government receipts are up \$29 billion during the first eight months of the fiscal year from the same period a year earlier, the CBO said they continue to be about \$60 billion

to \$70 billion, or 3%, smaller than what CBO predicted at the beginning of 2017.

The Treasury Department is expected to report similar results Monday.

"We'll know a lot more in the first week of July when we get the next monthly update," said Wrightson ICAP chief economist Lou Crandall, who still sees extraordinary measures lasting until October.

Adding to the confusion were comments from White House budget director Mick Mulvaney, who said last month the lower tax receipts could cause the government to run out of room to meet its obligations "a couple weeks" sooner than expected. Though Mr. Mnuchin has acknowledged receipts are running low, he hasn't said Treasury's estimates of the deadline have changed.

The two officials have also expressed different views on whether lawmakers should raise the ceiling with no conditions attached—Mr. Mnuchin's preference—or tie it to spending cuts or other legislative changes, a strategy Mr. Mulvaney has pushed since he was a House lawmaker.

The administration sought to dispel the confusion last week when President Donald Trump told GOP leaders Mr. Mnuchin is the point-person on the matter.

GOP staffers have requested a point-forecast estimating when Treasury believes the government will hit its so-called "x-date," according to a Senate aide.

House Speaker Paul Ryan said Thursday it would be possible for the GOP to assemble a package of spending cuts to pair with a debt-ceiling increase before August to satisfy the party's more conservative members.

Meanwhile, House Minority Leader Nancy Pelosi said Friday she hoped lawmakers would pass a clean debt-limit increase by the end of July "because this may come due in August."

"Even if it's September we want to be ready," she said.

STOCK

Continued from Page One
widened again during the financial crisis.

The compressed schedule also is a symptom of the shrinking stock market. Private fundraising opportunities and mergers and acquisitions have translated into fewer investment opportunities for public investors in recent years. That has created pent-up demand for new stock from young companies and is helping to accelerate follow-on deals, some bankers, portfolio managers and analysts say.

Jeld-Wen Holding Inc., a maker of doors and windows, announced its first follow-on offering in mid-May, 109 days after its late-January IPO. Earlier this year, oil-field-services

Firms going public last year have gained an average of 35% from their IPO prices.

company Smart Sand Inc. sold additional shares 90 days after its November IPO, the quickest return to the stock market for a newly public company since 2014, according to Dealogic.

Newly public companies controlled by private-equity firms are among some of the quickest returnees to the stock market. So-called financial-sponsor-backed IPOs often have lockup periods of 180 days after their IPOs before their owners can sell more stock. During that period, existing shareholders are required to hold the stock.

If the stock is performing well and if investors want more shares, underwriters can waive the lockup period for these companies and they can sell more shares sooner. If the stock market is soaring and the company's shares are near highs, it makes sense to try to waive the lockup and sell out more rapidly, bankers say.

It typically takes at least two to three years for a private-equity firm to completely sell out of a company it brings

public, according to bankers who work on such deals.

This year's batch of IPOs traded at an average of 14% above their offering prices through Thursday's close, according to Dealogic. Companies that went public last year have gained an average of 35% from their IPO prices. The S&P 500 has risen 8.6% so far this year.

"Given that stocks are trading at such high valuation levels and some of these financial sponsors have held on to these companies for a longer period of time before they recently went public, it makes sense to see faster follow-on offerings," said Frank Mastro, vice chairman of equity capital markets for the Americas at UBS Group AG.

In another sign of demand for new shares, private-equity firms also are taking smaller discounts when they sell. Typically when follow-on offerings are announced, a company's stock sells off in anticipation of a flood of new shares into the marketplace. From the start of 2017 through Thursday, shares of private-equity-backed companies pursuing follow-on offerings have fallen an average of 4.2% from the time the deals were announced to when they were priced, Dealogic data show. The average decline going back to 2000 is 5%.

Jeld-Wen's stock sold in its follow-on offering at a 4.3% discount to its price before the deal was announced, while Smart Sand's stock fell 3.6%, according to Dealogic. Jeld-Wen didn't respond to a request for comment.

For its follow-on offering, Smart Sand said underwriters waived its lockup period in order for shareholders, including private-equity owner Clearlake Capital Group, to sell more stock. The company had sold shares at \$11 apiece in its IPO. Clearlake didn't respond to a request for comment.

"In February, the stock was above \$17 a share, and that was really the driver going sooner than we typically would," said Lee Beckelman, chief financial officer at Smart Sand. "You have to be opportunistic."

Since then the stock has struggled; it ended Friday at \$8.90.

GOP Targets Planned Parenthood

By MICHELLE HACKMAN

WASHINGTON—Senate Republicans plan to strip federal funding from Planned Parenthood Federation of America and add several other abortion restrictions to their health-insurance overhaul bill, creating another potential concern for centrist GOP senators who are considering whether to back the legislation.

Republican leaders believe they have the votes to keep the defunding measure in any final Senate bill, people familiar with the discussions said, though they still could remove it should that be the deciding factor in the bill's passage.

Defunding Planned Parenthood has long been a priority for conservative lawmakers and antiabortion groups, and they see the health bill as a rare opportunity to do so. Republicans plan to use a procedural maneuver to pass the bill with a simple Senate majority rather than the 60 votes usually required, giving the antiabortion groups a potential opening.

By law, Planned Parenthood can't use federal dollars to pay for abortions. But anti-abortion activists say any federal backing helps the non-profit group stay in operation and continue performing the procedures, while abortion-rights groups say the money is used for unrelated exams and screening that are crucial to women's health.

Antiabortion groups such as the National Right to Life Committee, which maintains an influential scorecard for members of Congress based on their abortion and related votes, say inclusion of the defunding measure is a condition for their support of the broader health bill.

"We have the votes in the Senate to pass this language now," said Carol Tobias, president of the group.

These groups have also been pushing lawmakers to insert provisions in their bill that would bar people from using tax credits and money put into health-savings accounts to pay for abortions

and some contraceptive coverage.

The Senate parliamentarian has warned those lawmakers that attaching abortion restrictions to either measure could make them ineligible for inclusion in the bill, under Senate budget rules, forcing lawmakers to either excise the abortion language or remove the tax credits and health-savings accounts from their bill altogether.

The push, coming from groups such as National Right

and some contraceptive coverage.

"It's not the only issue in this huge bill, but I certainly think it's not fair and it is a mistake to defund Planned Parenthood," she said.

If the provision is included, Ms. Collins plans to introduce an amendment excising it from the bill, a move that Ms. Murkowski is expected to support. Their votes to remove the funding cutoff would likely leave the Senate at a 50-50 stalemate, assuming no

Should Mr. Heller signal to GOP leaders that he is hesitant to vote against Planned Parenthood, that would likely kill the defunding provision.

"While he doesn't have a problem with many of the health-care services Planned Parenthood offers to women, he is opposed to providing federal funding to any organization that performs abortions and is supported by taxpayers' dollars," said Megan Taylor, a spokeswoman for Mr. Heller. "He has a long record that reflects his position."



Planned Parenthood's federal funding could be removed in a bill making its way through the Senate.

to Life and the Susan B. Anthony List, has angered some centrist GOP senators, who are looking to broaden the tax credits and health-savings accounts to benefit low-income people. But the groups say that without the language included, they would be forced to oppose the entire bill.

Coupling the Planned Parenthood measure in particular with the GOP's Affordable Care Act repeal legislation threatens to drive away at least two centrist Republican senators, Susan Collins of Maine and Lisa Murkowski of Alaska. "I don't think that low-income women should be denied their choice of health care providers for family planning, cancer

Democrats vote for the de-funding measure, forcing Vice President Mike Pence to cast a tie-breaking vote.

A wild card could come in the form of Nevada Sen. Dean Heller, a Republican who is considered one of the chamber's most vulnerable lawmakers in the 2018 midterm elections.

At an April town-hall meeting, Mr. Heller told constituents, "I have no problems with federal funding for Planned Parenthood"—a statement his office later walked back.

People close to the senator say he feels squeezed on the issue and believes it could have political consequences for his campaign.

Senate leaders for now are looking to use the House's defunding language, which would bar Planned Parenthood from receiving Medicaid funding for one year. According to the nonpartisan Congressional Budget Office, such a measure would cut off the organization from about \$178 million in federal funds.

About 60% of Planned Parenthood's patients receive services through Medicaid and other federal programs.

Congressional leaders can't include a permanent ban on Planned Parenthood under the Senate's special budgetary rules, because the CBO has estimated such a ban would cost the federal government extra money in increased births.

IN DEPTH

POUND

Continued from Page One
tion didn't result in the pickup in exports "we would have expected," he says.

"You just don't get as much bang for your pound as you used to," said Mr. Posen.

Whether or how the relationship between a currency's strength and economic growth still holds has ramifications for international politics. In the U.S., manufacturers have long complained about the impact of a strong dollar. President Donald Trump has accused Japan and China of keeping their currencies artificially low, hampering U.S. exports.

In 1992, the pound fell by around 11% between September and the end of that year after the U.K. crashed out of the European exchange rate mechanism—a precursor to the euro that required a stronger pound than the government could sustain. The U.K. economy then went on an export tear, which turned a trade deficit into a five-year surplus and jump-started a recovery.

The pound fell by nearly 25% against the currencies of its major trading partners between 2007 and 2010 and never recovered, sparking optimism in government that exports would rise. In 2012, then-U.K. Treasury chief George Osborne targeted an increase in exports to £1 trillion by 2020, from £499 billion that year. By the end of 2016, exports had risen to just £547 billion.

When the currency took another beating after the Brexit vote, the impact was similarly muted. Car maker Aston Martin, which exports 80% of its vehicles, helps show why. Before Brexit, when the pound traded at \$1.50, sports cars sold in New York for \$150,000 would bring home £100,000. With the pound now at \$1.27, such sales bring an extra £18,000. But over half the car's components must be bought from abroad, blunting the effect.

"During the past decade, a lot of auto suppliers have moved offshore," says Aston Martin Chief Executive Andy Palmer. "In consequence, you don't get the benefits."

In recent months, sterling has recovered from its post-Brexit lows and is currently down 15% against the dollar and 13% against the euro. Analysts remain pessimistic about the currency as Britain heads for divorce from its largest trading partner, the European Union. The pound fell 1.7% on Friday after Prime Minister Theresa May's ruling Conservative Party failed to secure enough seats in a snap general election to alone form a government.

Global economists are debating how much exchange rates affect trade for developed nations. Two recent papers, from the World Bank and the Organization for Economic Cooperation and Development, found movements in exchange rates had a declining impact on trade

Is a Declining Pound Good for the U.K.?

The post-Brexit decline in the British pound has fueled inflation. Economists believe an export-related boost to the economy is unlikely to materialize.

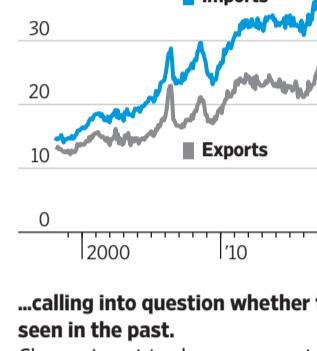
The British pound has fallen since the Brexit vote...

Pound vs. the dollar



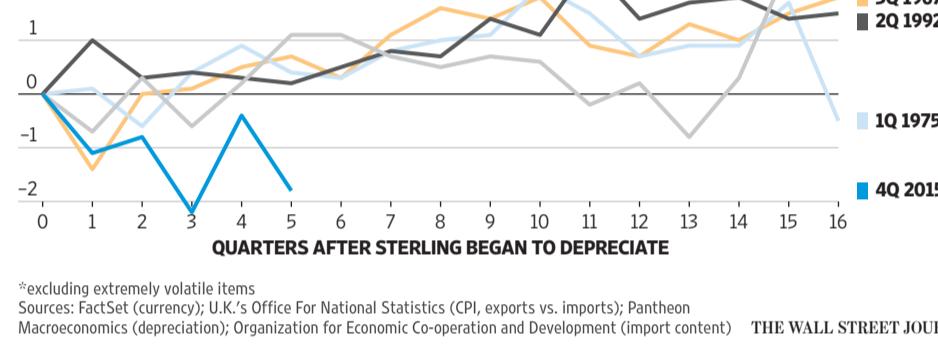
Exports have risen, but so have imports...

Total trade in goods*



...calling into question whether the U.K. economy will see the kind of sterling-related bounce it has seen in the past.

Change in net trade as a percentage of GDP after past sterling depreciations



*Excluding extremely volatile items

Sources: FactSet (currency); U.K.'s Office For National Statistics (CPI, exports vs. imports); Pantheon Macroeconomics (depreciation); Organization for Economic Co-operation and Development (import content)

...leading inflation to begin increasing.

Consumer price index



Shipping containers on the docks in Corringham, east of London.

ISABEL INFANTES/AP/GETTY IMAGES

surplus that grew to 5.4% of GDP at the end of last year. For London's huge financial sector, sterling's tumble has little benefit because business is often denominated in other currencies and demand for service industries tends to be less price sensitive.

Trade in goods, however, is an entirely different story. The U.K. deficit in that area has ballooned from 1.6% of GDP in 1995 to 6.4% last year. It has kept rising despite imports becoming more expensive and exports more competitive. This year's goods deficit, through April, is £42.8 billion, excluding oil and particularly volatile items such as aircraft.

Some economists have long been skeptical of the idea that trade can be shifted by currency depreciation in the longer term. As a currency weakens, the price of imported goods rises, raising inflation. Also, they say, structural problems, such as weak productivity and competitiveness, are often causes of trade deficits, which depreciation cannot address and may even prevent a country from tackling.

"Don't believe that Britain is going to depreciate itself out of its current account imbalances," says Willem Buiter, chief economist at Citigroup Inc. and a former member of the Bank of England's rate-setting committee.

To make matters worse, Britain, like other developed economies, has become so reliant on imports to stock its stores that a weaker pound has increased inflation, making life more expensive and curbing consumer spending.

Britain now imports more than 60% of its fish. The pound's fall triggered a 15% overnight jump in prices for the crates of cod and haddock that Mike Woods buys from the docks of Grimsby, in northern England. That cost his food processing company, Albert Darnell Ltd., an additional £15,000 a week.

Like other food manufacturers, Mr. Woods is passing on that increased cost to consumers. Fish and chips have become more expensive at the St. James Fish Restaurant in the center of Grimsby. "We get people complaining now," says waitress Eve Barrow.

Retail prices of cars, shoes

and potato chips all have risen. Last October, an increase in the price of Marmite, a sticky yeast spread beloved by the British, triggered front-page headlines. Economic growth in the U.K. slowed in the first quarter of the year, with higher prices hurting consumer spending.

While more expensive imports should present opportunities for British manufacturers and suppliers to step in, it will take time for industry to adjust.

Around 80% of the timber used in U.K. construction is imported, mainly from Scandinavia, according to the Timber Trade Federation. It isn't easy for Britain's construction industry, which is responsible for around 7% of GDP, to shift quickly to domestic suppliers.

Keith Ainslie of James Jones & Sons Ltd., the U.K.'s largest sawmill, says the company's main plant in Lockerbie, Scotland, is already "working full tilt." Processing more logs would mean building another sawmill, a roughly £60 million project that would take around three years to get up and running.

Britain has become so reliant on imports that a weaker pound has increased inflation.

Nature also acts as a limit. "We're constrained by the availability of trees," says Mr. Ainslie. It takes 40 to 55 years to grow a crop of trees to maturity.

Still, some companies see the pound's fall as an opportunity to expand. Mark Driver is setting up Rathfinny Wine Estate on England's southeastern coast. The price of equipment he needs to import, such as wine presses and bottling machinery, has increased since Brexit.

Nevertheless, the former hedge-fund manager thinks the pound's decline is good news. By 2025, he says, he aims to be producing around one million bottles of sparkling wine a year and sending half of that overseas.

A "weaker pound helps us," he says. "Long term, I think it's really positive."

NUCLEAR

Continued from Page One
decontaminating and dismantling these plants extremely difficult—and costly. Expunging a nuclear power plant can cost \$1.5 billion, experts say. In Europe alone, the cleanup bill for around 90 shut plants will top \$100 billion.

Only 17 nuclear plants have ever been decommissioned and completely cleaned up. Roughly 160 more sit idle, awaiting demolition, according to the International Atomic Energy Agency.

When Andreas Ehlert and his team of 15 engineers at E.ON's PreussenElektra GmbH donned their hard hats and filed into the Würgassen plant in Beverungen, what they saw sent their minds racing.

Perched atop a nuclear reactor pressure vessel was a 74-ton lid 20 feet in diameter. To maneuver it into the elevator shaft and down to ground level, Mr. Ehlert and his team would have to smooth the edges of the corridor leading to the elevator. But even if that worked, they wouldn't be able to move the lid through the hallway to the decontamination rooms because the path was blocked by concrete pillars.

It turns out when the facility was erected, workers installed the hulking pressure vessel and lid first and built the plant around them.

The team ordered a high-powered jet that shoots sand-laden water with enough force to cut through steel, convinced regulators it could slice cleanly through the thickest part of the lid, and went to work.

First the engineers enveloped the vessel lid with suction tent to keep any dangerous waste from escaping. Using a remote-controlled robot arm that was attached to the jet, they began carving up the lid "like a cheesecake," Mr. Ehlert said. After each cut, the arm had to be recalibrated manually and the sand swept and removed. Chopping it up took six weeks.

Once outside, workers used a sandblaster to clean the metal that had sat just 30 feet from the toxically radioactive reactor. "You could have made normal frying pans out of it," says Mr. Ehlert.

In all, the project took a year, he says, and helped to prompt the company to change its approach to dismantling.

"We now have a look inside the pressure vessel," spokeswoman Almut Zwyer said.

Much of the work demolishing a nuclear power plant is little different from destroying, say, a sugar refinery, since radiation is limited to a small portion of the facility. But because nothing is very far from dangerous radiation, potential hazards can crop up almost anywhere.

Workers cleaning up the Maine Yankee nuclear plant

outside Portland, Me., once discovered contamination on the carpeting of the visitors' center. It was irradiated by a piece of uranium ore used in demonstrations, according to an official decommissioning report. How the carpet was exposed remains unclear.

"Technically, it's very exciting to dismantle a plant," says Thomas Volmar, project manager at Germany's closed Mühlheim-Kärlich plant. "My engineer's heart beats faster."

Inside the Mühlheim-Kärlich reactor, workers are gradually stripping the plant down to naked walls for precise contamination readings and cleaning in a process that is equal parts high- and low-tech.

Staff each day don protective clothing, hard hats and radiation dosimeters for safety. In cleared areas, the

walls have become scratch-pads, covered with freehand schematic drawings and phone numbers scrawled in black marker. Silver duct tape Xs cover nail holes to prevent radiation from seeping into the walls. Cement blocks painted in yellow and black stripes flag hazards.

Many workers are being asked to tear down plants that they spent years maintaining, which can be unsettling. "It's like owning a vintage sports car that you care for meticulously, only to be told to demolish it," says Mr. Ehlert.

When teams from Siempelkamp Engineering and Services GmbH were hired to help dismantle the massive Zion nuclear plant near Chicago, some engineers wanted to slice the gargantuan steel pressure vessels enveloping

the cores using a torch with a powerful vacuum system to suck up dust and gases. The company had used the tool in Germany, but it had never been used in the U.S.

Other staff from Siempelkamp, a family-owned company founded in 1883 to make textile presses, questioned the speed of the instrument. Engineers wagered on how long the cuts and other milestones would take. "A few greenbacks changed hands among colleagues," recalls Siempelkamp Managing Director Christian Jurianz. The tool worked.

Problems occasionally arise when engineers discover that early blueprints weren't updated, says Ralf Borchardt, director of project management at EWN Entsorgungswelt für Nuklearanlagen GmbH, a company created by Germany's government to dismantle Soviet-built plants in former East Germany.

At Germany's Obrigheim reactor south of Frankfurt, he had to improvise a tool to remove a neutron-density monitor because old schematics were useless.

Most reactors were built before personal computer technology. That means files are often stored on archaic media like first-generation floppy disks, and conversion is "fraught with things that can go awry and suck up lots of time," says Larry Boing, decommissioning expert at Argonne National Laboratory outside Chicago. He recalls col-

leagues trying to access a technical drawing from an old computer system. "No one had the password anymore," he says.

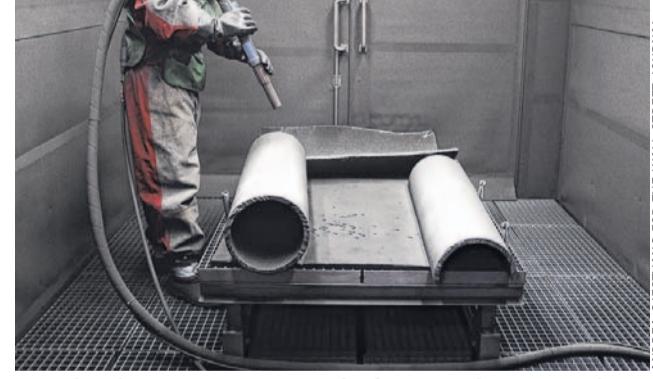
Language can pose another problem, particularly in parts of the former East Bloc that shook off Soviet hegemony but never translated documents. Unlike earlier generations, "younger engineers may not speak or read Russian," says Mr. Boing.

Waste that is too radioactive for treatment gets sealed for safekeeping, and the containers redefine strength. They must last at least 50 years and be able to survive a drop-test from three stories up. The canisters, made from cast metal or heavy concrete, can cost more than \$1 million apiece.

Once decontamination and demolition work are done on a reactor, regulators must certify a site as safe for conventional commercial or public use. Interim storage facilities remain off-limits.

Years can pass without efforts being visible from the outside. Yet as more reactors go offline, public interest in dismantling projects is rising, says Mr. Boing at Argonne.

Attention has some upsides. Mr. Ehlert at E.ON says that in years past, when he told people he worked in the nuclear industry, "they were so quiet you could hear a pin drop." Now when he tells people he dismantles plants, they smile, he says. "Almost everyone likes to talk about tearing things down."



A worker decontaminates parts of a former nuclear power plant.

ANDREA GJESTVANG FOR THE WALL STREET JOURNAL

U.S. NEWS

THE OUTLOOK | By David Harrison

Fed Fails to Tame Markets

The Federal Reserve and financial markets are dancing out of step: The Fed is trying to lead but markets refuse to follow.

Fed officials, trying to prevent the economy and markets from overheating, are slowly raising short-term interest rates and moving to shrink their large portfolio of Treasury and mortgage bonds. But while the Fed tries to take fuel out of the financial system, stocks are rallying and bond yields are falling, developments that could prompt more borrowing, faster economic growth and more market speculation.

The tech-heavy Nasdaq Composite stock index is already up 17% as it nears the midyear mark and the S&P 500 index a robust 9%. Yields on 10-year Treasury notes have dropped to their lowest levels since November, meaning borrowing costs are falling for many households and businesses even as the Fed tries to raise them.

Broad financial conditions are as accommodative now as they were in early 2015, the point of maximum Fed stimulus, according to a closely watched Goldman Sachs index, which measures the combined impact of movements in interest rates, stock prices and the value of the dollar.

All this, even though the Fed has raised interest rates three times since December 2015 and will likely announce another increase at its June 13-14 meeting. Officials are also working on a mechanism to unload some of the Treasury and mortgage securities they bought in the aftermath of the recession.

Easy financial conditions create a risk the market could overheat and then snap back, sending yields soaring and choking off lending, said Torsten Slok, chief international economist at Deutsche Bank Securities. "The rubber band is stretching out here."

In theory, financial condi-

Out of Step

The Federal Reserve has been raising short-term interest rates, but financial markets have gotten frothier...

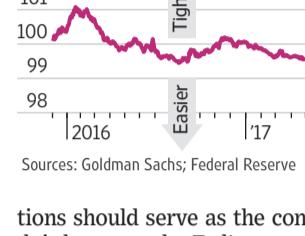
Federal-funds rate target

Dec. 2015-present



Goldman Sachs financial conditions index

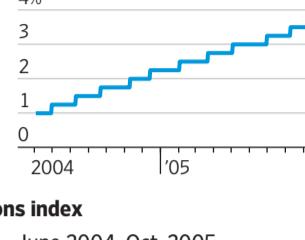
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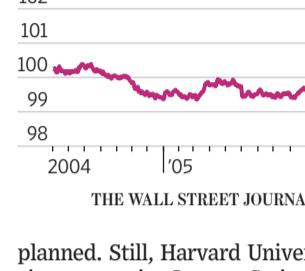
Sources: Goldman Sachs; Federal Reserve

...which resembles a similar sequence of events after the Fed started raising rates in 2004.

June 2004-Oct. 2005



June 2004-Oct. 2005



THE WALL STREET JOURNAL

tions should serve as the conduit between the Fed's monetary policy and the real economy. When the Fed lifts short-term rates, long-term rates should rise also and financial conditions should tighten.

The fact that the central bank and Wall Street are moving in opposite directions suggests limits to the Fed's influence over the economy. If it persists, it could also prompt the Fed to shift its strategy. If your dance partner doesn't follow, you might hold that person tighter.

"If we decide that we need to tighten financial conditions and we raise short-term interest rates and that doesn't accomplish our objective, then we're going to have to tighten short-term interest rates by more," New York Fed President William Dudley told The Wall Street Journal last year.

It is still too early to say whether officials will raise rates more aggressively than

planned. Still, Harvard University economist Jeremy Stein, a former Fed governor, said because financial conditions are so loose after three rate increases, the Fed is less likely to back away from its plan to keep raising rates, even in the face of low inflation.

Markets could be underestimating the Fed's willingness to pursue its stated path of raising rates twice more this year. Investors are broadly split over whether the Fed will manage more than one additional move in 2017, according to CME Group data.

Fed officials note it takes time for their policy moves to translate through to markets and the broader economy. That lag makes it difficult for them to perfectly engineer financial conditions.

Today's disconnect is reminiscent of the 2004-2006 period, when financial conditions stayed loose even as the Fed raised its benchmark interest rate by 4.25 percentage points. Former Fed Chairman Alan Greenspan called it a

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LIFE & ARTS

BOOKS

A New Dive Into Cops and Corruption

With his latest book, 'The Force,' California transplant Don Winslow returns to New York City



BY RICHARD TURNER

WHEN DON WINSLOW was interviewing police officers for his new novel, "The Force," he recalls some of the cops telling wild stories and laughing till they cried. Other memories would make them weep.

"When you talk to them in the wee hours of the morning," Mr. Winslow says, "you really get how much they care."

But in "The Force," Mr. Winslow's tale of police corruption, cops on the job display the more familiar veneer of cynicism and detachment. He says it's a defense mechanism for the rigors of their work.

Critics and crime-writing royalty have anointed his 496-page opus, which will be published June 20, an epic summer read. According to Lee Child, "The Force" is

"probably the best cop novel ever written." Stephen King's take: "Think 'The Godfather,' only with cops." Mike Lupica wrote in the New York Daily News: "It isn't just one of the great New York City cop novels ever written. It is one of the great New York City novels."

Mr. Winslow's protagonist, Denny Malone, is a swaggering New York City detective, a "hero cop" in tabloid parlance. Malone cares deeply about the safety of the people on his turf, stretching north from Manhattan's Upper West Side to the Bronx line. He and his partners in an elite unit take some shortcuts, but they get results.

"That was their job and their passion and their love," Mr. Winslow writes, "and if that meant they worked the corners of the plate and put a little something extra on the ball now and then,

that's what they did."

"A little something extra" can become a lot more. After reading Mr. Winslow's manuscript, one veteran cop told the author that Malone "is a piece of shit, but I like him." No one wants dirty cops, Mr. Winslow says, but citizens want to be protected, and they don't necessarily want to hear the details.

One type of corruption, Mr. Winslow says, ranges from comped meals at the local diner to bribes from the mob. Another type includes coddling drug-dealing informants, manhandling suspects or planting evidence, even in the service of nailing a criminal.

"The free sandwich is one thing, because it's financial," the author says. "The procedural kind of corruption is much more seductive and much more insidious because you have guys out there trying to do

good. And by far most of them are."

Police stories are often riddled by stereotypical overworked characters beset with drinking problems, fractured marriages and adrenaline addiction—living in an insular culture of cops-only-talk-to-other-cops.

Another fixture: bad cops. While researching the book, the 63-year-old Mr. Winslow says, he talked to many cops who resent the current outcry about police shootings, but who privately rage about rogue colleagues who feed their brittle egos with bullying and abuse.

"They're guys who don't have enough personal power, so they feel that putting on that uniform gives them a little brief authority," in Shakespeare's terms, he says. That has always been this way. "You could write the story in Latin."

Mr. Winslow recognizes these

clichés. "But they're true," he points out. "I'm aware of them, but they take you where they take you." It's a question of execution.

Mr. Winslow and his wife have lived in Southern California for more than two decades. He was born in Staten Island, N.Y., raised in Rhode Island and spent years off and on in New York until the early 1990s. While New York may have inspired 1,000 episodes of "Law & Order," Southern California has a richer history of crime fiction.

For more than 20 years, his subjects were Orange County drug dealers, Mexican cartels and surfing detectives in San Diego County. Among the 20 books he's written since 1991, the best known are "Savages" and "The Cartel," a 2015 best seller that is the second in a planned trilogy about drug lords. The former shows off Mr. Winslow's profane, crackling wit, the latter his insights into dangerous, closed-off cultures. He points out that until recently, editors and bookstore owners said they couldn't "brand" him and lamented, "We don't know if you're hard-boiled or soft-boiled." "I don't know either," he confesses.

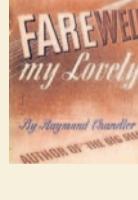
Much has been made over the years about a perceived contrast between policing in New York and Southern California. Mr. Winslow says it's bunk. The stereotype was that some New York cops may be friendly, but often are on the take—from shady lawyers, corrupt politicians or the mob. By contrast, some Southern California police officers were stereotyped as crew-cut clean—and also violent and racist. New York was portrayed as the land of "Kojak" and "NYPD Blue" while Los Angeles and its environs were imagined as "Dragnet" and "CHiPs."

New York and L.A. have different cultures as cities, but cops are basically cops, no matter where they are, Mr. Winslow says. Corruption scandals in the LAPD and police shootings in the NYPD have blurred the images. Blurring the boundaries further are national issues such as video cameras and a shift in resources from fighting traditional crime to terrorism.

Mr. Winslow says he is pro-cop, but his book doesn't spell out any conclusions about corruption. "It's a novel, not an op-ed piece," he says. "The Force" is dedicated to 178 law-enforcement personnel murdered in the line of duty during the year and a half he spent sitting down to write the book. When talking to current and former police officers, the author says, he was struck by how emotional they became when talking about crime victims. "The difference between them and us," he adds, "is that they deal with the victims every goddamned day, and they have to go to the families and tell them, 'Your father is dead, your husband isn't coming home.'"

Southern California or New York City? A Reader's Guide to the Shady Side

Los Angeles and its surroundings comprise a patchwork of jurisdictions, from the LAPD to county sheriffs to small municipalities, all jumbled together in a bountiful landscape for crime writers. New York City, with about 35,000 NYPD officers, is more confined—and cop stories have to share the spotlight with the Mafia. A sampler:



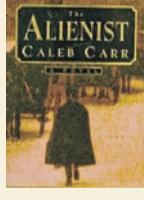
RAYMOND CHANDLER
"It was a blonde. A blonde to make a bishop kick a hole in a stained-glass window."
Farewell, My Lovely (1940)



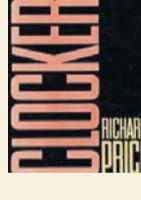
T. JEFFERSON PARKER
Since his debut "Laguna Heat" (1985), the two-time Edgar Award winner has chronicled the coast from Los Angeles to the Mexican border.



MICHAEL CONNELLY
This former crime reporter for the L.A. Times has been a bestseller since 1992 with cop Hieronymus "Harry" Bosch and lawyer Mickey Haller.



CALEB CARR
His breakout book "The Alienist" (1994) is about pursuing a serial killer in 1896, when Theodore Roosevelt was New York City police commissioner.



RICHARD PRICE
Since "The Wanderers" and "Bloodbrothers" in the '70s, he has prowled New York's netherworlds. No matter that "Clockers" (1992) is technically set in the urban projects of northern New Jersey; his acclaimed work with Steve Zaillian on last year's "The Night Of" on HBO goes deep into the NYPD. —R.T.

FILM REVIEW | By Joe Morgenstern

DID SHE OR DIDN'T SHE?

THE PLEASURES OF "My Cousin Rachel" begin with sumptuous images that suggest a stately story, classically told. Yet Roger Michell's lush psychological thriller, starring Rachel Weisz and Sam Claflin, is more intricate, and interesting, than it first seems. It's a modified Gothic take on the Daphne du Maurier novel about a young Englishman, Philip, who plans to take revenge on his older, mysterious cousin for killing his beloved guardian, then falls madly in love with her and can't decide, any more than we can, whether she's guilty of murder or as innocent as she is beautiful.

The novel, published in 1951, was brought to the screen the following year, with Olivia de Havilland and Richard Burton in the leading roles; that black-and-white production, currently available through streaming services, is worth watching after you see the new film, which is in elegant color. There's no reason why color can't convey a Gothic tale, of course—Cary Joji Fukunaga proved that in "Jane Eyre," with Mia Wasikowska in the title role, and this remake of "My Cousin Rachel,"

shot by Mike Eley, remakes the point. The same goes for a wider spectrum of sexual energy. The earlier film was relatively decorous, with semi-brided passions that befit the story and the era in which it was filmed. Now the lovers let loose, or at least loosen, but wittily as well as ardently; Ms. Weisz and Mr. Claflin, superb performers individually, make an electrifying couple on screen.

But what is a contemporary adaptation to do with the more conspicuous plot devices and melodramatic excesses of the Du Maurier novel? Mr. Michell and his stars choose to wink at them—not so subtly that we don't notice, but not so blatantly that we're completely distanced from the essence of the drama. We are, if truth be told, partly distanced from several deep-purple passages, but at those times the film functions as a sort of modern interactive museum. Here, it is saying in effect, are old-fashioned conventions that still have life in them, but to appreciate them we need to approach them playfully. That worked for me, from the understated start to the overwrought finish.

LIFE & ARTS

WHAT'S YOUR WORKOUT? | By Jillian Berman

The College Rodeo Cowboy

Staying on a bucking horse for eight seconds requires a full day's work for a young Utah cowboy competing for Weber State



Braxten Nielsen warms up, above, at a rodeo in Herriman, Utah, below. Mr. Nielsen's workout routine also includes up to two hours of running or biking. He took up the sport just over two years ago.

BRAXTEN NIELSEN takes the advice to get back on his horse literally.

In the relatively short time since Mr. Nielsen first tried rodeo, that attitude has served him well. After just over two years in the sport, he's representing Weber State University in the College National Finals Rodeo in Casper, Wyo., which started on Sunday. And unlike most college athletes, there's a chance Mr. Nielsen, ranked fifth nationally among collegians in his event, bareback riding, could win some prize money. The **National Intercollegiate Rodeo Association**, which governs college rodeo, isn't part of the National Collegiate Athletic Association, so student-athletes aren't required to compete as amateurs. Last year, some of the highest-earning competitors at the finals brought home around \$4,000 in prize money.

The 24-year-old Mr. Nielsen took a winding route to his college rodeo career. He'd once hoped to earn a college football or basketball scholarship. But when the offer to play basketball at a junior college came with a requirement to sit out his first season, Mr. Nielsen balked. "I was a little punk," he says.

Instead, he traveled to Morristown, N.J., serving a two-year mission for the Church of Jesus Christ of Latter-day Saints, which included helping to rebuild following Hurricane Sandy. After the mission, Mr. Nielsen returned to his home state of Utah, putting off college to make some money working in oil fields. There, he made friends with Shad Feild. Shad's brother, Kaycee, is a four-time world-champion bareback rider.

Shad regularly ribbed Mr. Nielsen about how his small stature—he's 5-foot-8—would make it difficult for him to earn a living as a basketball or football player. "He



said, 'You'd be a fantastic bareback rider and I know somebody who can help you,'" Mr. Nielsen recalls.

And so Mr. Nielsen began working with Kaycee Feild, ultimately quitting his job so he could train more intensely with the rodeo star. "I had never seen someone so natural so fast. It was unbelievable," Mr. Feild says. Before getting on a horse in competition for the first time, Mr. Nielsen rode Mr. Feild's spur board—a wood contraption that mimics the motions of a bucking horse—and practice horses that are "less bucky," as Mr. Nielsen puts it.

"That first time getting on and actually riding a bucking horse

was more of a mental game than it was anything else," Mr. Nielsen says. But it requires plenty of physical strength, too.

The Workout

Bareback rodeo riders must stay on their horses for at least eight seconds while holding on with only one hand. They are also judged on their technique. Maintaining control while the horse is bucking requires effort from almost all parts of the body.

Mr. Nielsen typically begins his day at about 6 a.m. He gets in a cardio workout, usually a run or bike ride through the mountain ranges near his home in Logan,

Utah, for up to two hours. Then he comes home and rides his spur board for about 20 minutes to lock in his muscle memory for competition. The spur board is part of a larger gym Mr. Nielsen set up in his garage. Mr. Nielsen got most of the weight equipment secondhand from a local high school.

Mr. Nielsen eats breakfast and then heads to Ogden, Utah, for a couple of hours of classes at Weber State, where he studies business communication. A rodeo scholarship brought Mr. Nielsen, who began his career on the professional circuit, to the school.

After class, he heads back to his garage gym for about two hours.

After dinner, Mr. Nielsen goes for a 20- or 30-minute swim about two to three times a week.

Mr. Nielsen also practices with his college team once a week. During these sessions he hops on two to three practice horses and then reviews the footage with his coaches. "Then I go home and dream about it," he says.

The Diet

Mr. Nielsen sticks mostly to lean proteins and vegetables. Every morning after his cardio workout, he usually has a spinach omelet with a protein shake and potatoes. For lunch he often packs chicken and avocado to eat between classes. Dinner is a salad paired with chicken, fish, beef and even elk meat.

The Gear

Mr. Nielsen estimates he spent about \$4,000 to buy all of the gear he uses to compete. That includes chaps, wrangler pants, boots, boot straps, a protective vest, cowboy hat and a rigging, the handle bareback riders use while they're on the horse.

The Playlist

Mr. Nielsen says he listens to motivational speakers, including James Tarantin and Eric Thomas, while he works out. That's part of Mr. Nielsen's broader strategy that combines meditation, visualization and other tools to ensure he has the mental toughness to stay on the horse every time he gets into the ring.

"When I'm not at a rodeo, I really picture myself being at the rodeo ground," he says, adding that he likes to imagine "how I'm going to look on the horse and then visualize winning. When I win it's not a surprise, I've already been there and done that."

part of the piece sounded out of tune,' but it sounded normal to you," says Dr. Bradley, who works with singers facing voice and upper-airway issues. Music teachers may remark that a child needs very little coaching to play an instrument or sing in tune.

Until recently, no evidence of an adult acquiring perfect pitch had been documented. But a 2013 study published in *Frontiers in Systems Neuroscience* showed adults could gain the trait with the help of valproic acid, a drug used to treat seizures and migraines.

"The evidence suggests the medication restores the brain's plasticity to that of a child, and then adults can train to learn perfect pitch," says Dr. Bradley. It is unknown whether the effects are lasting once people come off the drug, he adds, "and the medicine has its fair share of side effects," such as hair loss and dizziness.

Music to Their Ears

Even with years of training, not everyone can learn to identify an A4 note from a G4, says Dr. Bradley, "but almost anyone can learn to hear if a note is in or out of tune."

Some people seem to be at an advantage. At least one study has shown that native speakers of tonal languages—such as Mandarin or Vietnamese, in which changing pitch alters the meaning of the same sounds—who also train in music at a young age, can translate the precision they hear in spoken sounds to musical ones.

In that study, published in the *Journal of the Acoustical Society of America* in 2006, 60% of Beijing natives who began taking music lessons before age 5 passed a test for perfect pitch, while only 14% of Americans did. But because all the participants were ethnically Asian, says Dr. Bradley, "the evidence doesn't clearly point one way or another whether the trait is genetic or learned."

It might be both. "The fact that these native Chinese speakers learned to recognize tonal nuances at the same time as they were learning music and going through a period of extreme neuroplasticity may all be related," he says.

Whether learning a tonal language as an adult can lead to acquiring absolute pitch has yet to be proven. "It's a fascinating idea," he says, "but even if you don't have perfect pitch, you can still enjoy music."

BY HEIDI MITCHELL

BURNING QUESTION CAN PERFECT PITCH BE LEARNED?



Meryl Streep as Florence Foster Jenkins in the 2016 movie that portrayed the soprano as having more ambition than vocal talent.

with a look at neuroplasticity and the upside of speaking Mandarin.

The Signal and the Noise

Everyone hears the same sounds, but not with the same acuity. What differs is how a person's auditory cortex of the brain processes that sound after it moves from the inner ear, Dr. Bradley says. People with perfect pitch can identify as little as a 6% difference in frequency.

Being able to distinguish an out-of-tune note or a subtle shift in tone can help professional musicians improvise better and compose complicated pieces more easily, or even play or sing in two different keys simultaneously. For the rest of us, having a "great ear" might make music sound more beautiful and allow us to more strongly connect sounds to experiences.

But while many people believe they have a good ear, few actually do. The professor himself is a trained singer, and took a test online to check his pitch—"which was worse than I thought, given my music background," he says.

Name That Tune

Studies have shown that perfect pitch is at least in part linked to genetics, Dr. Bradley says. Early exposure to music and musical training are known to help tune the ear to hear subtle tonal shifts, especially if they occur around age 3 or 4 through about age 7, a period of extreme neuroplasticity when the brain is particularly pliable.

Most parents might not even pick up on signs that their child is born with perfect pitch, though the clues are there. "You might have a child that will say, 'Oh, that

RELATIVELY FEW PEOPLE in history—even musical virtuosos—have been known to possess perfect pitch, the ability to identify or reproduce any musical note without having another note with which to compare it.

Mozart was said to be one of those people. Ella Fitzgerald was another. The trait is so rare, it is estimated that only 1 in 10,000 people can tell an F-sharp from a B-flat in Western cultures, where the gift has been widely studied.

But can perfect pitch, also known as absolute pitch, be learned?

It's complicated. One expert, Joseph P. Bradley, an otolaryngologist and assistant professor at the Washington University Voice & Airway Center, sounds out the question,

OPINION

REVIEW & OUTLOOK

Britain's Lesson for Conservatives

Theresa May ran a re-election campaign on the theme of "strong and stable" leadership. Instead the Prime Minister looked weak, and British voters on Thursday chose a period of instability by electing a hung Parliament. This is what happens to parties of the right when they abandon growth economics.

Mrs. May over the weekend neared a deal with a Northern Irish unionist party that would allow her to keep power, but this makes her humiliation only somewhat less severe. The Tories lost 12 seats in the House of Commons compared to their 2015 win under David Cameron and at 318 fell short of the 326 needed for a majority. Mrs. May didn't have to call an election until 2020 but did so to capitalize on Labour Party disarray under leader Jeremy Corbyn. Instead she squandered a 20-point lead, and the recent terror attacks weren't politically decisive.

Much of the blame goes to campaign malpractice. Mrs. May ducked televised debates and issued a policy manifesto that offered little for voters. She should have known better. Surprise victories for the British exit from the European Union and Donald Trump last year demonstrated that voters across the West are rebelling against politicians who take support for granted.

The outcome is also a rebuke to Mrs. May's wing of the Conservative Party. This contingent argues that the Tories need to shed the "right-wing ideology" of the Margaret Thatcher era. Mrs. May embraced ideas like a cap on household energy prices that were lifted from old Labour manifestos, railed against business, and delivered speeches about "the good that government can do."

Despite his own ideological malleability, Mr. Cameron and his Chancellor George Osborne rebuilt a Tory majority by lifting the economy from its post-financial crisis mess. They cut tax rates to boost growth and moved toward a balanced budget. Mrs. May temporized about raising taxes. The strategy was to break into traditional Labour strongholds, but that failed as young people came out in big numbers for Mr. Corbyn's promise of free tuition.

Mrs. May has now succeeded in entrenching the radical Mr. Corbyn as opposition leader. Moderate Labourites' best hope for dislodging him was a thumping defeat, but his brand of socialism will be around at least through the next election.

James Comey's Passion Play

James Comey's first post-FBI appearance in front of the U.S. Senate on Thursday turned out to be a political anticlimax, with no major revelations about the alleged Trump-Russia nexus or the President's supposed attempt to derail the investigation. But nearly three hours of testimony did expose the methods of the highly political former FBI director.

To wit, Mr. Comey is trying to have it both ways. He worked to leave the impression that Mr. Trump had committed a crime or at least an abuse of power, even as he abdicated his own obligations as a senior law-enforcement officer to report and deter such misconduct.

Mr. Comey confirmed that Mr. Trump never tried to block the FBI's larger probe of potential Russian entanglement in the election and even encouraged the FBI, noting that "if some of my satellites did something wrong, it'd be good to find that out." Despite this probative evidence, Mr. Comey claims that in an Oval Office meeting in February Mr. Trump implored him to close the case on Michael Flynn, the National Security Adviser who had recently been fired for misleading the Vice President.

Mr. Trump, according to Mr. Comey, defended Mr. Flynn, saying "he is a good guy. I hope you can let this go." Mr. Comey explained that "I took it as a direction to get rid of this investigation."

But he wouldn't answer when Senators asked if such a direction was illegal. "I don't think it's for me to say whether the conversation I had with the President was an effort to obstruct," Mr. Comey said. "I took it as a very disturbing thing, very concerning, but that's a conclusion I'm sure the special counsel will work towards to try and understand what the intention was there, and whether that's an offense."

Mr. Comey also admitted that after he was fired he leaked his personal memos about his Trump conversations, via a cutout at Columbia Law School, "because I thought that might prompt the appointment of a special counsel." So Mr. Comey triggers Robert Mueller's new assignment and then tosses him responsibility while still intimating that Mr. Trump violated the law.

This legerdemain is an awfully convenient self-defense. The important question is whether Mr. Comey believed Mr. Trump was obstructing justice at the time, and Mr. Comey's behavior then doesn't confirm his Senate tale.

Mr. Trump had expressed the same sentiments about Mr. Flynn's bona fides in public and on Twitter, so his preferences were no secret. But if Mr. Comey really believed Mr.

Voters punish the Tories for ignoring the politics of economic growth.

Mrs. May's defenders say her 42% share of the vote is larger than Mr. Cameron's 37%, which is true but ignores that Britain returned in this election to two-party dominance. The centrist Liberal-Democrats lost votes even as they gained some seats, and the pro-Brexit U.K. Independence Party (UKIP) was all but wiped out. The

Tories made gains against the Scottish Nationalist Party, mainly by opposing a new independence referendum. The warning for Tories—and America's "reformacon" Republicans—is that welfare-state conservatism struggles to build an electoral coalition that can win a two-party race.

One question is whether Mrs. May can continue to govern for long, and the Tories will certainly want a better leader for the next election. Boris Johnson, the former mayor of London, is one front-runner. He'd bring a dose of charisma, though he's not obviously a Thatcherite on economics. Leaks over the weekend suggest senior Tories such as Chancellor Philip Hammond are demanding that the party's leader, whether a reformed Mrs. May or someone else, focus on economic growth and jobs instead of immigration restrictions.

That's the right idea, and by that standard the best option would be to recall Mr. Osborne, who chose not to run in this election but knows the policies needed to make Britain grow amid the uncertainty of Brexit negotiations. Another near-term election is possible, but without an economic agenda another vote would create more openings for Mr. Corbyn.

Britain may now ask the EU to extend the two-year deadline for Brexit talks to account for a hung parliament, and Brussels should consent. The EU has an interest in negotiating a deal that works for both sides. But the striking feature of this election is how little Brexit seemed to matter. Mrs. May pitched a tough "Brexit means Brexit" negotiating strategy, while Mr. Corbyn accepted Brexit while focusing more on British well-being.

Mr. Corbyn's policy solutions are wrong, but he did realize better than Mrs. May that voters are worried about the economic squeeze created by 3% inflation (caused in part by the falling British pound), slow wage growth and failing public services. With Mr. Corbyn's political influence growing, the Tories urgently need an economic strategy that can attract voters who otherwise might choose socialism by default.

Trump was trying to block the Flynn probe, then he had a legal duty to report Mr. Trump's conduct to his Justice Department superiors or the White House counsel. Obstruction of justice—intentionally attempting to impede an investigation—is a crime.

Mr. Comey said that he was "so stunned" that he lacked "the presence of mind" even to tell Mr. Trump

that his request was improper. But he was able to gain enough composure to write up the experience in the car after the meeting, and to discuss the meeting, by his own testimony, with his chief of staff, the FBI deputy director, the associate deputy director, the general counsel, the deputy director's chief counsel and the head of the FBI office of national security. But he never informed Attorney General Jeff Sessions, the Deputy AG or any other supervisor.

This abdication is especially remarkable for someone as experienced in the corridors of power as Mr. Comey. This is a government veteran who served three Presidents in senior positions and in 2004 pre drafted a letter of resignation as Acting Attorney General to threaten President Bush over wiretapping.

Quitting and going public after his meeting with Mr. Trump would have let the country know what was happening in Washington, as many other civil servants have done over the years. Yet in an exchange with Senator Tom Cotton, Mr. Comey averred that "I didn't find, encounter any circumstance that led me to intend to resign, consider to resign. No, sir." In other words, Mr. Comey thought he was serving a corrupt President but wanted to keep that news a close hold.

Mr. Comey's admirers want everyone to take this at face value. But an alternative reading is that Mr. Comey didn't resign or tell Mr. Sessions because he liked his job and wanted to keep it. He also knew he could write that memo and share it with his FBI comrades as a form of political insurance. As the fictional President says to Jack Ryan (played by Harrison Ford) in "Clear and Present Danger," "you've got yourself a chip in the big game now." Only after he was fired did Mr. Comey choose to share his moral outrage with the public, while setting up the President who dismissed him as a target for Mr. Mueller.

Mr. Trump acted like a bullying naif who doesn't understand the norms of presidential behavior, but Mr. Comey is no Jack Ryan. He's a government official motivated by political self-interest who should have resigned if he believed what he now says he did. That he failed to act at the time suggests his motive now is more revenge than truth-telling.

All About James Comey



POTOMAC WATCH
By Kimberly A. Strassel

What if all the painful drama over Donald Trump and Mike Flynn and Hillary Clinton and Russians wasn't really due to Donald Trump or Mike Flynn or Hillary Clinton or Russians? What if the national spectacle America has endured comes down to one man, James Comey?

It was certainly all about the former FBI director on Thursday, as he testified to the nation via the Senate Intelligence Committee. Mr. Comey didn't disappoint. He already had submitted pages of testimony detailing his every second with President Trump, complete with recollections of moments he felt "strange" or "uneasy" or "awkward." But on Thursday he went further, wowing the media with bold pronouncements: President Trump was a liar; the president fired him to undermine the Russia investigation; the president had directed him to back off Mr. Flynn.

Mostly he pronounced on what is—and is not—proper in any given situation: when handling investigations, interacting with the president, or releasing information. By the end, something had become clear. Mr. Comey was not merely a player in the past year's palya.

It was Mr. Comey who botched the investigation of Mrs. Clinton by appropriating the authority to exonerate and exonerate her publicly in an inappropriate press event, and then by reopening the probe right before the election. This gave Mrs. Clinton's supporters a reason to claim they'd been robbed, which in turn stoked the "resistance" that has overrun U.S. politics.

We now know it didn't have to be this way. Mr. Comey explained that he had lost faith in then-Attorney General Loretta Lynch's ability to handle the affair, in part

because she had directed him to describe the probe in public as a "matter" rather than an "investigation." That one of President Obama's political appointees outright directed the head of the FBI to play down an investigation is far more scandalous than any accusation aired about Mr. Trump. Mr. Comey said it gave him a "queasy" feeling. But did he call on Ms. Lynch to recuse herself? Did he demand a special counsel? No. Mr. Comey instead complied with the request. Then he judged that the only proper way to clean up the mess was to flout all the normal FBI protocols. *Vive la resistance.*

It was Mr. Comey who launched an investigation into Russian meddling last July and expanded it to look for possible collusion with the Trump campaign. That may well have been warranted. Yet before the election his FBI had leaked this to the press, casting an aura of illegitimacy on a new president and feeding

conspiracy theories based on, in Mr. Comey's words, "nonsense" reporting.

Mr. Comey could have spared us this by simply stating, as he acknowledged Thursday, that Mr. Trump wasn't under investigation. One could argue he had a duty to explain, given that he'd taken the unusual step of confirming the probe, and given the leaks from his FBI and the flood of fake news that resulted. But no. James Comey judged that (in this case, at least) it would be improper to speak out. So we've had all Russia all the time.

Moreover, it was Mr. Comey who had the discussions with President Trump that he now describes as compromising. On Thursday he claimed to have felt that Mr. Trump was directing him to end the Flynn investigation, even as he simultaneously admitted that Mr. Trump's words ("I hope") expressed no such order. He said he had been deeply uncomfortable that Mr. Trump wasn't following protocol for dealing with an FBI director.

What his Thursday testimony made clear is how much he has damaged the country.

If Mr. Comey truly had believed the president was interfering, he had a duty to report it or to resign. Instead he maintained Thursday it wasn't his role to pronounce whether Mr. Trump had obstructed justice. Really? This may count as the only time Mr. Comey suddenly didn't have an opinion on whether to render justice or to take things into his own hands.

And why did he agree to dinner with Mr. Trump in the first place? Why keep accepting the president's phone calls? Asked whether he, in those early meetings, ever told the president how things ought to go, he said no. Mr. Comey did nothing to establish a relationship he felt was correct.

Instead, he kept secret memos, something he'd never done before. He wrote them in an unclassified manner, the better to make them public later. He allowed Mr. Trump to continue, while building up this dossier.

When he was fired, he leaked to the media, through a "close friend," highly selective bits of his privileged communications with the president. And then he stayed silent and let the speculation rage. Thus, for the past month the nation has been mired in a new scandal, fueled by half-leaks. Thank you, yet again, Mr. Comey.

Yes, Russia interfered. Yes, Mr. Trump damages himself with reckless words and tweets. Yes, the Hillary situation was tricky. Yet you have to ask: How remarkably different would the world look had Mr. Comey chosen to retire in, say, 2015 to focus on his golf game? If only.

Write to kim@wsj.com.

The Spanish Left Years for Deconquista

By Charlotte Allen

The Great Mosque of Cordoba? That's what Unesco—the cultural arm of the United Nations—calls the 24,000-square-foot 10th-century structure visited by 1.5 million tourists a year. It was declared a World Heritage site in 1984, and rightfully so: The building's interior is a stunning example of Moorish architecture.

Yet this "mosque" is actually the cathedral of the Roman Catholic Diocese of Cordoba. In 1236, King Ferdinand III of Castile captured Cordoba from the Almohad Caliphate. He then had the building consecrated for Christian use. Or reconsecrated, rather, since underneath the mosque lay the demolished remains of a sixth-century church built by Spain's Visigothic rulers before the Muslim invasion in 711. The cathedral has been a Christian house of worship for centuries longer than it was an Islamic one.

The discordance greeting tourists is the result of more than 200 years of antagonism toward the Catholic Church by left-leaning Spanish intellectuals. They have used the cathedral's unique architecture essentially to de-Christianize it in the name of restoring its historical Islamic roots.

This secularist campaign began in the early 19th century but has gained new force in the past 20 years. Recent Islamic immigration to Spain has given the anti-clerical leftists new allies—Muslims demanding to worship in their "Great Mosque."

But that would require taking the building out of the Catholic Church's hands. In 2013 an organization called the Platform for the Mosque-Cathedral of Cordoba gathered more than 350,000 signatures on a petition calling for a public takeover. A year later, the Socialist-led coalition government of Spain's Andalusia region, which includes Cordoba, accused the diocese of "hiding" the building's history. In March the city council issued a report arguing that the diocese does not legally own the cathedral. "Religious consecration is not the way to acquire property," it said. The site's true owners "are each and every citizen of the world from whatever epoch and regardless of people, nation, culture or race."

The diocese worries that the leftists may be about to get their way. The bishop of Cordoba, Demetrio Fernández González, recently told me that outright

expropriation by the local government "would be impossible." But, as a European Union report on the mosque controversy pointed out, Andalusian law would permit expropriation if a court determined the diocese had failed properly to maintain and conserve the property. The bishop added that he already has obtained the pope's support should a legal battle arise over ownership.

Michele Lamprakos, an architectural historian at the University of Maryland, makes clear in a 2016 article for the journal *Aggregate* that during the *Reconquista* the Christians didn't simply plunk their own religious paraphernalia into an Islamic structure. They worked carefully to transform and hybridize it, adding Gothic stonework and constructing a transept to make the building into a cruciform. They also carefully incorporated some of its Moorish features into their own plans. The interior seems Islamic today only because during the 19th century secular architects stripped away layers of Christian stylings.

It has become fashionable on the left to romanticize Spain's Islamic past. The Catholics of the *Reconquista* are thought of as crude fanatics, whereas the caliphate is presented as a haven of tolerance and learning where Jews and Christians—never mind their second-class status—lived side-by-side with Muslims in happy *convivencia*. Barack Obama even cited Andalusia as an example of Islam's "proud tradition of tolerance" during his 2009 speech in Cairo.

Spain's Muslims began lobbying in the early 2000s to treat the Cordoba cathedral as a shared worship space. In 2010 two Muslim tourists, part of a larger group from Austria that had knelt on the cathedral floor, were arrested following a scuffle that seriously injured security guards. Muslim militants inside and outside Spain remain a solid constituency for the anti-Catholic left.

The issue ultimately is one of religious freedom: Can a government confiscate the property of a church that has held it and cared for it for nearly 800 years? The answer will indicate where an increasingly secular Spain is headed. Anyone concerned for religious freedom should watch Cordoba closely.

Ms. Allen is the author of "The Human Christ: The Search for the Historical Jesus" (Free Press, 1998).

OPINION

What Comey Told Us About Trump



DECLARATIONS
By Peggy Noonan

James Comey's written testimony outlining meetings and conversations with President Trump was telling and damning because believable. Whatever Mr. Comey's reputation, and it is mixed—an intelligent, accomplished professional who is plenty slick, state-of-the-art Beltway operator with an image of integrity, yet trailed by suspicions of slight smarm—he is a careful man. It is not strange for an official to take notes after a meeting or conversation with a president, and it is

The president has no understanding of the norms, rules and traditions of his job.

wholly understandable when the president is unusual, the circumstances heightened, the relationship potentially contentious. It begs credulity that Mr. Comey would have tapped out elaborate fictions in a one-man note-taking plot to bring down a president. And he must have known it possible the calls and meetings were taped, in which case the contents would be used to destroy him if he lied.

Mr. Comey first met with President-elect Trump in January. Afterward he broke with previous personal practice and documented the meeting in a memo. "To ensure accuracy, I began to type it on a laptop in an FBI vehicle outside Trump Tower the moment I walked out of the meeting."

On Jan. 27 he had dinner with the president at the White House. "It turned out to be just the two of us, seated at a small oval table in the center of the Green Room." The president asked if he wanted to stay on as FBI Director. Mr. Comey found this "strange," because Mr. Trump had already told him twice, earlier, he hoped Mr. Comey would stay. The director felt "the one-on-one setting, and the pretense that this was our first discussion about my position, meant the dinner was, at least in part, an effort to have me ask for my job and create some sort of patronage relationship."

Then: "A few moments later, the President said, 'I need loyalty, I expect loyalty.' I didn't move, speak, or change my facial expression in any way during the awkward silence that followed. We simply looked at each other in silence."

Near the end of the dinner Mr. Trump said he was glad Mr. Comey wanted to stay. "He then said, 'I need loyalty.' I replied, 'You will always get honesty from me.' [Mr. Trump] paused and then said, 'That's what I want, honest loyalty.' I paused and then said, 'You will get that from me.'

Thus ended "a very awkward conversation."

On Feb. 14 Mr. Comey met the president and other top officials for a counterterrorism briefing in the Oval Office. At the end the president said he wanted to speak to Mr. Comey privately. Attorney General Jeff Sessions lingered; the president said he wanted Mr. Comey alone.

"When the door by the grandfather clock closed, and we were alone, the President began by saying, 'I want to speak about Mike Flynn.'" The president said: "He is a good guy and has been through a lot." Referring to the Russia investigation, Mr. Trump said, "I hope you can see your way clear to letting this go." Mr. Comey agreed Mr. Flynn was a good



EUROPEAN PRESSPHOTO AGENCY

James Comey testifies Thursday at the Senate Intelligence Committee.

guy, but didn't say he'd let it go.

Mr. Comey thought the meeting "very concerning, given the FBI's role as an independent investigative agency." Later he told his boss, the attorney general, that it was "inappropriate" that Mr. Sessions was asked to leave the meeting and "it should never happen again." Mr. Sessions did not reply, Mr. Comey reports.

On March 30, the president phoned Mr. Comey at the FBI. He said the Russia investigation was damaging his ability to govern. "He asked what we could do to 'lift the cloud.'" Mr. Comey answered that they were investigating the matter as quickly as possible. Mr. Trump urged Mr. Comey to get out the word the president himself wasn't being investigated. "I told him I would see what we could do." He requested guidance from the Justice Department, which did not provide it.

Mr. Comey's testimony backs up Mr. Trump's assertion that the director told him he personally was not under investigation.

The worst part of the testimony is when the president pressed Mr. Comey for his personal loyalty. Presidents don't lean on FBI chiefs in this

way. It is at odds with traditional boundaries, understandings and protocols. It was embarrassing to read. It was the move of a naïf who's a cynic—*I know how the big boys play*. Actually it's not how the big boys play, it's how someone who learns about government by binge-watching "House of Cards" would play. It was bumptious with the special bumptiousness of those who think themselves savvy.

Still, as a Republican senator said after Mr. Comey's testimony was released, inappropriate does not mean illegal. Jonathan Turley, a law professor at George Washington University, wrote in USA Today that the desire for an indictable or impeachable offense by the president "has distorted the legal analysis" of the case "to an alarming degree." Mr. Turley's read on the testimony: Mr. Trump's conduct was "wildly inappropriate." Asking Mr. Comey to lay off Mr. Flynn was "wrong" and "grossly improper." But "the legal fact is that Comey's testimony does not establish a prima facie—or even a strong—case for obstruction [of justice]." This is not the first president "to express dissatisfaction with an investigation by the Just-

tice Department": Bill Clinton did the same. Nor was it a surprise he wished to see the investigations end: He'd said so publicly.

On Thursday Mr. Comey told the Senate Intelligence Committee that he had authorized leaks about his memos after the president had tweeted a warning: "James Comey better hope that there are no 'tapes' of our conversations before he starts leaking to the press." Mr. Comey realized there might be corroboration. Thursday he said, "Lordy, I hope there are tapes." (That was rather Comey, to pull out the "Lordy.") He asked if they exist that they be released.

In the end Mr. Comey appears to have done himself little or no harm, but he harmed the president by documenting, again and persuasively, that Mr. Trump does not understand the norms, rules and traditions of his job. As I watched, I wondered how many other appointees, officials and White House staffers are writing themselves memos.

Will all this damage the president with his supporters?

What consumes Blue America does not consume Red America.

The photojournalist Chris Arnade reported on Twitter what he was seeing in Mountain Grove, Mo., Thursday morning as Mr. Comey testified. The conversation at the local McDonald's: "1) Yard work/lawn mowers, 2) Danger of Bees, 3) Cardinals sucking, 4) Friend who died, 5) Church." He asked a middle aged man in a T-shirt if he planned to watch the hearings. Kirk said no: "I got a lot of yards to mow."

Then again, a conservative intellectual with small-town roots wrote, during the testimony, that he thought this might be a break point, a moment when Mr. Trump's supporters would listen close and think he's not so much like them, and not so different from the swamp he means to drain.

I myself don't know.

Three Days That Changed the World, Not That the World Noticed

By Joel Engel

History is in part the observation of consequential days, tragic and joyous. Americans celebrate July 4 and commemorate Sept. 11. We remember Dec. 7 and honor June 6. On those four days, major events bore consequences that changed the world.

But at no time in American history have there been three days like June 10-12, 1963, during which several unrelated events altered the nation's course as surely as had the attack on Pearl Harbor.

June 10, 1963, began with President John F. Kennedy's signing the Equal Pay Act, which required that women who perform the same jobs as men earn the same as men. The following day, three Buddhist monks waded into a busy Saigon intersection. One of them, Thich Quang Duc, assumed the lotus position. The other two doused him with gasoline. He then lit himself on fire and allowed the flames to consume him.

Hours later—still June 11 in the U.S.—Gov. George Wallace stood at a University of Alabama entrance and delivered his "Schoolhouse Door" speech in an attempt to prevent two black students from integrating the school. Assistant Attorney General Nicholas Katzenbach and a contin-

gent of federal marshals compelled Wallace to stand aside, and the students were escorted in—seven years after a court order had prohibited the public university from denying admission based on color.

That night, Kennedy addressed the nation to explain the moral imperative behind the civil-rights bill he planned to send to Congress. "Today we are committed to a worldwide struggle to promote and protect the rights of all who wish to be free," he said, citing Berlin and Vietnam. "But are we to say to the world and, much more importantly, to each other that this is a land of the free except for the Negroes?"

The elation African-Americans and all Americans of good will felt was short-lived. Early the next morning, June 12, Medgar Evers, a 37-year-old civil-rights activist, stepped onto his Jackson, Miss., driveway and was assassinated. A white supremacist, Byron De La Beckwith, fired the fatal shot from across the street with a deer rifle.

As legislation, the origin of the Equal Pay Act could be traced to a 1944 bill introduced by Rep. Winifred C. Stanley, a Republican from upstate New York. That legislation was defeated, and versions of it were introduced in every subsequent Congress until 1963, when a compromise

version—a clause inserted into the Fair Labor Standards Act of 1938—passed 362-9 (with Democrats casting all nine nays), and by voice vote in the Senate.

The bill's overwhelming passage gave women their greatest victory since suffrage in 1920. In countless ways it boosted the movement that would be called "women's lib" before becoming known as "feminism."

From Saigon to Mississippi to Washington, the events of June 10-12, 1963, were unusually consequential.

The Evers assassination would become a catalytic moment for civil rights in ways similar to the 1955 torture lynching of 14-year-old Emmett Till while he was visiting relatives in Mississippi. Till's mother, in Chicago, had opened her son's casket for all to see. She wanted mourners to be repelled by what her son had suffered at the hands of men who never paid the price legally. It was no coincidence that a year later came the successful Montgomery, Ala., bus boycott and the emergence of Martin Luther King as the leader

of a movement that needed one.

Now King speculated that Evers's martyrdom would "cause all persons of goodwill to be aroused," and awaken blacks "to rise up with righteous indignation."

Thich Quang Duc's protest suicide in Vietnam landed on American front pages and led the three network evening newscasts, thanks to the photo of the immolation shot by New York Times photographer Malcolm Browne. As JFK noted, "No news picture in history has generated so much emotion around the world as that one."

In the U.S., that emotion was primarily disgust. Americans wondered what could provoke a man to end his life in the most excruciating way possible. The answer was South Vietnam's longtime repression of Buddhists. Just a few weeks earlier, the brother of President Ngo Dinh Diem had ordered state security forces to fire into a parade celebrating Buddha's birthday. The celebrants' crime? Flying Buddhist flags.

That South Vietnam was essentially an American client, and Diem presumably a puppet whom the Kennedy administration had been propelling up for two years, made the sudden attention both domestically and geopolitically problematic. No longer was Vietnam out of sight and mind.

Journalists had already begun claiming, and Kennedy had already begun denying, that the U.S. was stuck in a quagmire.

Diem claimed that Communists were behind the protests and refused to comply with the Americans' reform demands. Violence escalated through the summer. Four more monks self-immolated, as did a nun. And when Diem declared martial law in August, Kennedy's men began plotting his overthrow.

The Nov. 1 coup, with a select group of Vietnamese officers replacing Diem, was not supposed to result in his death. But the next day soldiers shot and killed him and his brother. Political chaos ensued, making it much more difficult for the U.S. to accomplish its military goals cleanly or exit Vietnam gracefully—especially after JFK's assassination three weeks later made Lyndon B. Johnson the new commander in chief. Beloved by no one, LBJ was determined to avoid losing Vietnam to the Communists the way Truman had been blamed for losing China.

June 10-12, 1963: otherwise ordinary days that deserve to live in glory and infamy.

Mr. Engel is author, most recently, of "L.A. '56: A Devil in the City of Angels."

Why Trump Will Win on the Russia Probe

president's dubious relation with veracity, Mr. Trump was shown to be the source of important truths. Mr. Comey had indeed told him he was not under personal investigation in the Russia "collusion" matter. As Sen. Marco Rubio, not a big Trump fan, noted, this fact was remarkable for also being widely known among Senate colleagues and yet the one fact that never leaked to the media.

Mr. Comey made much of conflicting statements about why he was fired. But it was Mr. Trump who, bellying his own White House flackery, stated candidly it was because of the

"Russia thing." Even a non-Trump fan listening to the hearing could readily gather that Mr. Trump had reason to be frustrated that his administration was being hobbled by insinuations of treason for which there is zero evidence.

As a rule, when there is no evidence of a particular act, the FBI does not investigate. The FBI is investigating now only because Democrats and Trump opponents so filled the airwaves with unsubstantiated speculation.

Now here's a secret: Most Democrats understand the hunt will come a cropper. If a Trump associate brushed shoulders with a Russian-looking individual on the way to the men's room, it has leaked. The U.S. government sucks up and archives vast gobs of communication data.

Yet the earnestly desired evidence of collusion has not materialized, so Democrats have turned instead to charging "obstruction of justice," with many already baying for impeachment.

Here's another secret: Such "process" crimes don't impress voters when there is no underlying crime. If Mr. Trump leaned on his intelligence officials to remove the Russian cloud, this was ill-advised on the part of a president whose specialty is the ill-advised. But his behavior will also increasingly appear in a new light if it turns out Washington's tail-chasing has been partly driven by Russian fabrications.

The Washington Post and CNN reported late last month that the single

most shattering series of events for the Hillary Clinton campaign—the events that began with FBI chief Comey's intervention in the race—were partly influenced by planted Russian fake intelligence.

Likewise the dossier of repulsive Trump allegations, assembled by a retired British spy supposedly tapping his Russian intelligence sources, also

Will Robert Mueller investigate intelligence agencies for playing in domestic politics?

appears to have been a Russian plant and yet may have played a role in justifying the Obama administration's decision to launch an intelligence investigation of the Trump campaign.

Think about it: To the extent the fruitless hunt for collusion has been promoted by planted Russian intelligence, Russian fiddling is playing a bigger role in shaping our politics today than it did during the campaign.

By the way, we're not alleging supercompetence on Russia's part. Planting fake information is routine intelligence work. The World War II battle of Midway was won partly with fake information about water filtration on Midway Island.

Mr. Comey ducked questions on these subjects, saying he would address them only in classified briefings. President Obama's former na-

tional intelligence director, James Clapper, in Australia this week gave a speech that again put the question of Trump collusion, for which he admitted he had no evidence, at the center of investigation despite the multifarious ways Russia meddled for which there's actually evidence.

No surprise here: The FBI, CIA and NSA are eager to pose as scrupulous, disinterested arbiters of Russian meddling. They are not eager to be seen as victims and patsies of Russian meddling. To use Mr. Comey's phrase, the performance of our national intelligence directorate is the one rock that hasn't been turned over.

So here's a question for Special Counsel Robert Mueller, a former FBI chief himself. Will he accept the current framing that his Russia investigation is about *everything except* whether his former agency was semi-wittingly duped into some of its interventions by Kremlin danglelings—there's nothing to see here, move along.

Or will he have the courage to ask the requisite questions the FBI, CIA and NSA don't want asked about their own, perhaps, gullibility and overreagerness to play in domestic politics because of their dislike of Mr. Trump?

Washington's desire to get to the bottom of Russian meddling is probably less than you imagine. If not, the places to start are the Trump dossier and the role of Russian disinformation in promoting Mr. Comey's intervention in the Hillary Clinton email matter.



BUSINESS WORLD
By Holman W. Jenkins Jr.

Ex-FBI chief James Comey played well to the audience he cares about in Thursday's hearing, the media and bi-coastal elite. Donald Trump may well have scored a win among the audience he cares about, Trump's America.

Much was made of Mr. Comey saying he didn't trust Mr. Trump not to "lie" about what transpired in their private meetings. Yet despite our

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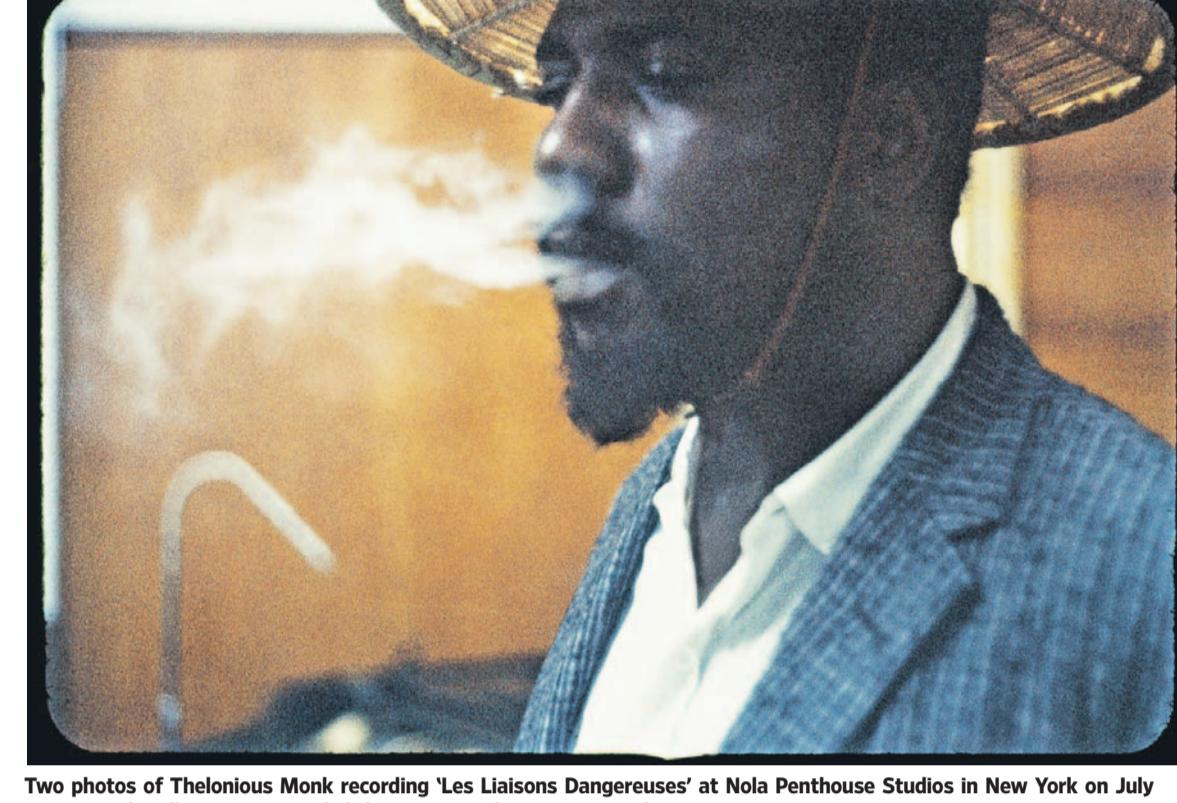
Monk's Little-Known 'Liaisons'

BY LARRY BLUMENFELD

PIANIST Thelonious Monk was born in Rocky Mount, N.C., on Oct. 10, 1917. The centenary of this moment will likely inspire a wave of celebratory concerts and recordings. Since Monk's death, in 1982, the influence of his compact body of compositions has grown with each passing decade; once considered radical, they are now as elemental to modern jazz as are Bach's to classical music. The characteristics of his piano playing—jarring rhythmic displacements, clotted chords, flat-fingered runs and spiky dissonances—still sound distinct even as they shape our ideas of contemporary music's possibilities.

The first commemoration of Monk's centenary comes early, a posthumous gift from the master himself. "Thelonious Monk: Les Liaisons Dangereuses 1960" (Sam Records/Saga), available as a deluxe double-CD or LP set, contains Monk's studio recordings for the soundtrack of Roger Vadim's French film of the same name. This music has never been available outside the context of the film. The master tapes of Monk's soundtrack were discovered in 2014, in the archives of Marcel Romano, the French promoter who introduced Vadim to Monk's music. Romano, who had brought Miles Davis to director Louis Malle to score "Ascenseur pour l'échafaud," also managed French tenor saxophonist Barney Wilen, who here joined Monk's quartet for several takes.

Vadim's adaptation of Pierre Choderlos de Laclos's 18th-century novel embraced a story of bourgeois infidelity and seduction as transposed to 20th-century France, with a jazz soundtrack. (Cocktail-party scenes featured Duke Jordan's tunes played by Art Blakey and the Jazz Messengers, later released on the Fontana label.) Though commercially successful in France, the film is memorable now



ARNAUD BOUDET PRIVATE COLLECTION (2)

Two photos of Thelonious Monk recording 'Les Liaisons Dangereuses' at Nola Penthouse Studios in New York on July 27, 1959. The album was recorded during a tumultuous time in the pianist's career.

mostly for its nudity and risqué tone. Monk's music—recorded in Manhattan, in the summer of 1959—is, however, timeless musical expression that documents a significant moment.

The list of classics recorded in 1959—as transformative a year as jazz has known—includes Miles Davis's "Kind of Blue," John Coltrane's "Giant Steps" and Ornette Coleman's "The Shape of Jazz to Come." It was also a heady time in Monk's career. Months earlier, he had played a landmark large-ensemble concert at Town Hall. His working quartet had just recorded a fine album with cornetist Thad Jones and, shortly before this soundtrack session, had played the Newport Jazz Festival to rave reviews. This quartet, excellent



though short-lived, included bassist Sam Jones, drummer Art Taylor and tenor saxophonist Charlie Rouse, who had just begun a decade-long association with Monk.

Yet as Monk's biographer Robin D.G. Kelley observes in an insightful liner note, Vadim had "approached Monk at the absolute worst time." A dizzying professional schedule along with some setbacks, especially the loss of his cabaret card following an unjust arrest, had left Monk in the grip of severe emotional instability. He was, as Mr. Kelley writes, "overcommitted, tired, and ill." Thus, Monk wrote no new compositions or arrangements; these tracks seem more the stuff of a jazz-club performance or record date than a movie score.

Still, Mr. Kelley writes, "Monk

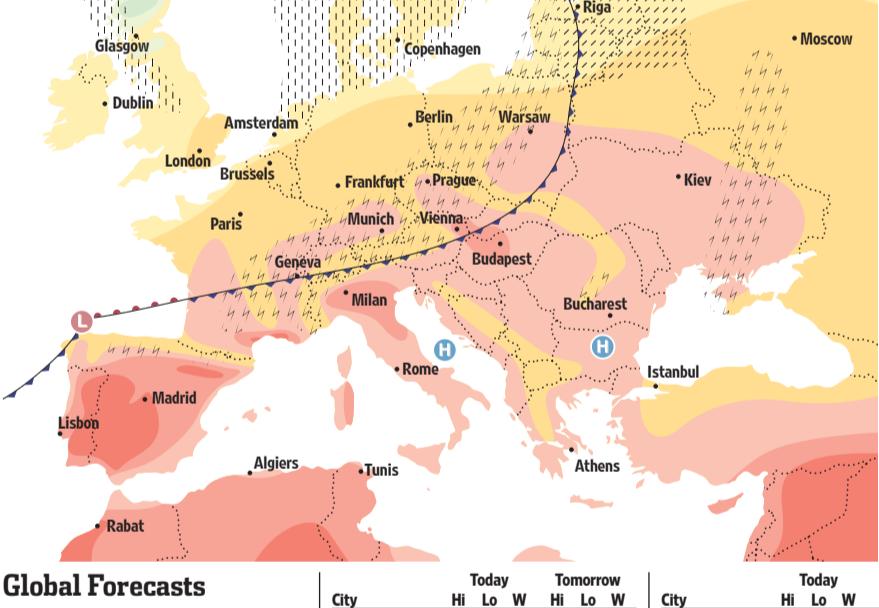
chose the repertoire based on his understanding of the story, and played around with the tempos in order to capture the character's emotional state or circumstance." Indeed, the always-inventive Monk here emphasizes the emotional content of his music. A version of "Crepuscule With Nellie," used for opening credits, contains noticeably pregnant pauses. Four versions of "Pannonica," two as solo piano, reveal subtly shifting shades of feeling. For a scene in which the innocent Marianne and her seducer, Valmont, meet in a church, Monk, perhaps as irony, played a straightforward version of the Rev. Charles A. Tindley's hymn "By and By (We'll Understand It Better By and By)," which he likely learned as a teenager while playing for a traveling Pentecostal preacher.

Nothing sounds revolutionary in these tracks, yet they reveal Monk during a dynamic year, in the midst of turmoil, seeming relaxed, playful and at the top of his game. His version of "Well, You Needn't" bristles with the particular energy afforded by this brief rhythm-section alliance with Jones and Taylor.

"Rhythma Ning" is notable for Monk's differing interplay with each saxophonist. An improvised blues, originally untitled, listed here as "Six in One," sounds like a sketch of what Monk recorded three months later as "Round Lights." Here also is the only known studio recording of Monk's "Light Blue" (two versions, in fact). On the second, a 14-minute version credited as "Light Blue (Making Of)," Monk implores Taylor, against his protestations, to "keep on doing what you're doing"—to extend a three-beat pattern that forms a counter melody. Whether Monk was thinking about advancing Vadim's cinematic tale or simply telling his own story is anyone's guess.

Mr. Blumenfeld writes about jazz for the Journal. He also blogs at blogs.artinfo.com/blunotes.

Weather

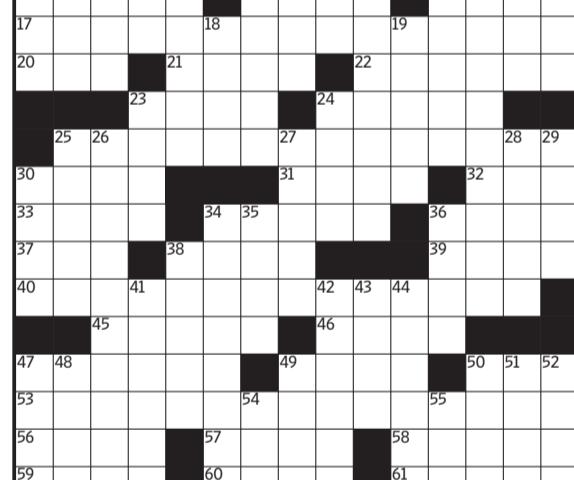


Global Forecasts

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	19	13	c	19	12	pc
Anchorage	13	8	c	11	7	sh
Athens	27	19	pc	30	21	s
Atlanta	28	21	pc	29	22	t
Bahrain	43	26	s	45	26	s
Baltimore	34	21	s	35	22	s
Bangkok	33	25	c	32	25	t
Beijing	27	15	pc	31	16	pc
Berlin	22	13	pc	21	12	pc
Bogota	19	10	c	18	10	sh
Boise	16	9	r	19	9	pc
Boston	33	22	s	31	18	t
Brussels	20	11	c	22	12	pc
Buenos Aires	15	6	pc	17	6	pc
Cairo	35	23	s	35	22	s
Calgary	23	11	s	17	8	t
Caracas	30	27	pc	31	25	pc
Charlotte	31	20	pc	32	21	t
Chicago	36	24	s	36	23	pc
Dallas	33	24	pc	33	24	pc
Denver	32	9	s	26	10	s
Detroit	34	23	s	32	20	t
Dubai	40	29	s	39	29	s
Dublin	17	12	c	19	11	c
Edinburgh	17	9	c	18	12	sh
Frankfurt	24	11	pc	24	13	pc
Orlando	29	22	t	29	22	t

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The WSJ Daily Crossword | Edited by Mike Shenk



HORsing AROUND | By Charlie Oldham

- Across**
- 1 Friend of Thumper
 - 6 Workplace for some counselors
 - 10 "___-daisy!"
 - 14 Burglar deterrent
 - 15 Writer Rice
 - 16 Back of the neck
 - 17 Galvanizes
 - 20 ___ pollio
 - 21 Elevator pioneer
 - 22 Puts a coat on?
 - 23 Country singer Jackson
 - 24 Librarian's stamp
 - 25 Put a big financial burden on
 - 30 Swedish soprano Jenny
 - 31 A little naughty
 - 32 Order's partner
 - 33 Bed-and-breakfasts
 - 34 It's in the can
 - 35 Funny Fey
 - 36 Chairman with a Little Red Book
 - 37 Close
 - 38 Workers with whistles
 - 39 Angry overreacted to somebody
 - 40 Came up
 - 41 Mob melee
 - 42 Librarian's stamp
 - 43 Car company based in Bavaria
 - 44 "It's so cold!"
 - 45 "You've convinced me!"
 - 50 Letter after sigma
 - 53 Keeps costs under control
 - 56 Hoppy critter
 - 57 Hornet's home
 - 58 Judge's rapper
 - 59 "Have it your way"
 - 60 Youngsters
 - 61 Ostentatious
 - 62 Lively party
 - 63 Maker of TBonz treats
 - 64 Second-largest Hawaiian island
 - 65 "It's so cold!"
 - 66 "You've convinced me!"

- 6 Consumer of 2-Down products
- 7 Industrious insects
- 8 Letters on a 6 button
- 9 Small farm, disparagingly
- 10 Loose, as laces
- 11 Ibuprofen's promise
- 12 Location
- 13 Urges
- 18 Slanted type: Abbr.
- 19 Cartoonist Guisewite, or her strip
- 23 Includes
- 24 "Buenos ___" (Spanish greeting)
- 25 Egyptian peninsula
- 26 Marginal comment, for example
- 27 Extreme anger
- 28 Alberta's ___ National Park
- 29 First word of "Jabberwocky"
- 30 Arm or leg
- 34 Alias of Simon Templar in books and TV
- 35 Trick
- 36 Easy gait
- 38 Winter falls
- 41 Carrot color
- 42 Blows one's top
- 43 Staff worker
- 44 What's happening
- 47 "Carmina Burana" composer Carl
- 48 Garr of "Young Frankenstein"
- 49 Helper: Abbr.
- 50 Pioneering DVR
- 51 Over
- 52 Like an eyesore
- 54 "The Matrix" hero
- 55 "Zip-a-Dee-Doo-___"

Previous Puzzle's Solution



The contest answer is CALIFORNIA. Each theme entry contains a one-word TV show title, each set in a different state: "Dynasty" in Colorado; "Marker" in Hawaii; "Shameless" in Illinois; "Amen" in Pennsylvania; and "Deadwood" in South Dakota. The first letters of those states spell "CHIPS," a show that was set in the contest answer.

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](#).

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Euro vs. Dollar 1.1195 ▼ 0.19%

FTSE 100 7527.33 ▲ 1.04%

Gold 1268.50 ▼ 0.61%

WTI crude 45.83 ▲ 0.42%

German Bund yield 0.265%

10-Year Treasury yield 2.201%

Market Takes New Look at Labour

U.K. election result has investors scouring Corbyn's policies on business and economy

By MIKE BIRD

After the U.K.'s surprise election result, investors are asking a question they haven't in many decades: What will a self-described socialist mean for their British investments?

Investors had expected a decisive Conservative victory on Thursday, but Jeremy Corbyn's Labour Party increased its share of the vote and

pushed the Tories into a minority government.

That left investors scouring Mr. Corbyn's policies on business and the economy, widely considered the most left-wing platform from a major British party since the early 1980s.

"Investors must now start to contemplate the effect on individual companies of higher taxation and significant political interventions, including nationalization," said David Doherty, U.K. equity fund manager at Schroders, on the morning after the vote.

Mr. Corbyn is very unlikely to form a government, given the Conservatives have said

they would work with an allied political party to get the majority of votes needed to push through their policies.

But that would give the Tories only a wafer-thin majority susceptible to rebellion within both parties. So Britain could be back to the polls in relatively little time. Likewise, if the Conservatives fail to get enough votes, it may have to turn to Labour, not least for the country's divorce from the European Union.

Labour's flagship economic policies included increased taxes on corporations and the top 5% of earners, as well as increasing the minimum wage

to an hourly £10 (about \$12.74) from its current £6.70.

The party has promised to nationalize utilities, rail companies and the Royal Mail postal system.

It also said it would launch a consultation on breaking up the banks and has pledged to take a "new approach" to the publicly owned Royal Bank of Scotland Group PLC.

The U.K.'s FTSE 100 has hit record highs this year, but investors have differentiated between those stocks exposed to Britain and those whose revenues come mainly from abroad.

The FTSE 100, which makes

more than two-thirds of its revenue outside of the U.K., is up 18.6% since last year's EU referendum. Meanwhile, the FTSE Local UK, which includes only stocks that make 30% or less of their revenue abroad, is up by just 0.7%.

"A number of stocks that could be vulnerable under a more interventionist government have been weak for some time," said Richard Colwell, head of U.K. equities at Columbia Threadneedle Investments, naming transport and utility

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♦ Heard: What May's drubbing means for Brexit B8

Fashion Ads Are Going Digital

By MATTHEW DALTON

PARIS—Luxury companies are turning away from glossy magazines, long the industry's main platform for trumpeting its brands to well-heeled consumers.

Louis Vuitton, Gucci and other houses are instead plowing money into digital campaigns—rooted in social media and online advertising—often sidestepping powerful fashion editors, such as Vogue's editor in chief Anna Wintour, who have long dictated fashion tastes to the masses through their print publications.

The luxury industry's global spending on digital advertising was \$1.01 billion in 2016, up 63% since 2013, according to ad-buying firm Zenith Media. Spending on magazine ads fell 8% over the same period to \$2.6 billion, Zenith says.

Condé Nast, publisher of Vogue, Glamour and other titles, has been snaring fashion-industry spending on digital communications to help offset the drop in print advertising, says Pamela Drucker Mann, chief marketing officer of the group, which is owned by **Advance Publications** Inc. Its magazines are also boosting revenue and retaining their influence by tweaking their business models: Some titles are joining with fashion brands to create digital movies and other content.

"They're coming to Vogue to help them create their advertising campaigns and their custom content," Ms. Drucker Mann says.

Ms. Drucker Mann maintains that Ms. Wintour is more influential than ever, with the new audience that Vogue and other Condé Nast websites have found online. Condé Nast titles have 100 million online readers each month and 174 million social-media followers.

While many industries began moving their ad dollars to digital media years ago, fashion magazines suffered less from the trend due to their symbiotic relationships with the brands they cover. Magazines provide wall-to-wall coverage of fashion shows and other promotional events important to brands, which have long responded by buying reams of advertising pages that underpinned the glossies' business model. Meanwhile, magazine editors have worked hand-in-glove with brands, designers and retailers, developing new looks and occasionally calling the shots on what appears on the runways.

Now, the industry is realizing the benefit of reaching out to its affluent customers on the internet versus print. Luxury executives say digital campaigns are highly effective, can

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Pump jacks near Williston, N.D., in the Bakken shale region. Hess and other companies are drilling new wells in the region and completing others earlier left unfinished.

After Energy Bust, the Bakken Shale Revives

By ERIN AILWORTH

WATFORD CITY, N.D.—Radio stations here are again running ads from oil-field companies seeking drivers and mechanics. A store is serving up an alligator-and-crawfish lunch to welcome workers from the Gulf Coast. New rigs are rising across the sprawling prairie.

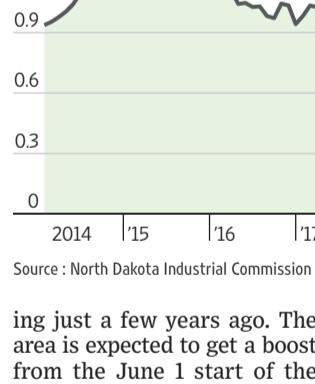
Drillers are edging back to action in North Dakota's Bakken shale region, a sign the recovery of the U.S. oil and natural-gas sector is spreading beyond the Texas and Oklahoma fields, where production is cheaper because there is more oil that is easier to tap.

The revival after a nearly three-year bust is welcomed by local industry leaders, officials and merchants, who are grateful to see new signs of life in places such as Watford City, a community of about 6,400 people that was boom-

Bouncing Back

Drilling rigs and oil production are rebounding in North Dakota.

Oil production



Hess Corp., **Continental Resources** Inc. and **Oasis Petroleum** Inc. are drilling new wells here or finishing ones earlier left uncompleted. Yet despite technological improvements and cost cutting, only some producers can afford to drill in the Bakken at today's oil prices.

And while shale companies are slowly recovering, prices remain volatile—crude has declined 9% in the past three weeks, moving decisively below \$50 a barrel.

While some Bakken producers can break even at \$40 oil, according to consultancy Wood Mackenzie, most need upward of \$50 and wouldn't significantly increase activity until oil approached \$60.

Locals say \$60 or \$70 oil would be enough to keep the Bakken humming at a reasonable pace. Anything more, they fear, might bring back the chaos of the boom,

when a huge influx of people and oilfield traffic overwhelmed parts of North Dakota. As oil rose over \$100 in 2014, North Dakota's unemployment rate—consistently the lowest in the U.S.—fell as low as 2.6%. The population grew more than 2% annually from 2012 to 2015, adding 55,000 residents, a big influx for a state that even now has only about 758,000 people, federal estimates show.

Some workers were making six-figure salaries and regularly dropping hundreds of dollars on shots of Louis XIII cognac in restaurants such as the Williston Brewing Co. But skyrocketing rents forced many to live in trailers, tents and boxy, no-frills "man camps."

In Watford, residents re-Please see BAKKEN page B2

♦ Investors start to doubt oil market's recovery B7

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KEYWORDS | By Christopher Mims

Facebook Makes Move Toward Telepathic Texting

You might have heard that **Facebook** Inc. is working on a way for you to message your friends and update your news feed...telepathically.

When the company announced this at its annual F8 conference in mid-April, it was pretty vague about how the feat would be accomplished. Turns out the plan includes building a technology that would, by itself, revolutionize how we study the human brain.

Are the methods crazy? Yes. Do neuroscientists and engineers outside Facebook express extreme doubt this

will succeed? Yes. Facebook doesn't care and is investing millions in research that could produce a consumer gadget.

After I spoke with project members, based at Facebook's mysterious Building 8 incubator for moonshots, it became clear that the company's larger goal is to make a handful of long-term bets on technologies that could define the next era of computing.

When your face is stuck inside a VR headset or you're out walking around wearing a pair of augmented-reality glasses, you can't exactly reach for a keyboard or mouse, says Mark Chevilev.

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Glencore Bids for Rio Tinto Coal Assets

By RAZAK MUSAH BABA AND MICHAEL AMON

LONDON—**Glencore** PLC on Friday offered more than \$2.5 billion to buy a major piece of **Rio Tinto** PLC's Australian coal business, swooping in to disrupt an agreed-upon deal to sell the assets to a Chinese company.

The offer demonstrates the renewed appetite for deal-making by Glencore Chief Executive Ivan Glasenberg almost two years after the Switzerland-based commodity giant experienced a downward spiral in share price. Since the company's stock recovered, Mr. Glasenberg has engineered the purchase of a stake in Russian state oil company PAO Rosneft, taken full control of a Congolese mine and made a nearly \$10 billion offer to take over agricultural trader **Bunge** Ltd.



Coal trucks at Rio Tinto's operations in Australia's Hunter Valley. Glencore has coal assets there too.

In Australia, Mr. Glasenberg is targeting Rio Tinto coal assets that the company has long coveted. And he is inserting himself into a deal already thought sealed by Rio Tinto, the British-Australian company. Mr. Glasenberg launched talks to buy in 2014.

Glencore said Friday its of-

fer was \$100 million richer than the amount Rio Tinto agreed on in January with **Yancoal Australia** Ltd. for

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U.K. Labour leader Jeremy Corbyn on Sunday in London.

MARKETS

Continued from the prior page

Coal & Allied Industries Ltd.

Coal & Allied has significant operations in Australia's Hunter Valley, where Glencore also has a big coal business, offering the potential for two of the world's largest mining companies to marry operations and save money.

"The U.K. market has been out of favor with international investors for some time," Mr. Colwell added. Asset allocation to U.K. equities is as low now as it was in 2008 at the height of the banking crisis, he said.

Not all of Mr. Corbyn's positions are viewed negatively by investors. Indeed, many investors believe Mr. Corbyn's increased standing could in the long run help British markets, in particular the pound.

Though the Labour Party says that it believes Brexit should go ahead, it is expected to push for a so-called soft Brexit and argue for less restraints on immigration, both of which many investors would welcome. Many analysts expected sterling to rise if Mr. Corbyn was able to establish a minority government or exert influence on national policy.

To be sure, many analysts believe it is too early to begin pricing in any potential effects of Mr. Corbyn.

Market action on Friday suggested that most investors agree. J.P. Morgan Chase & Co. named six utility companies likely to be negatively affected by Mr. Corbyn's nationalization policies, including **National Grid** PLC and **Centrica** PLC, but two closed up for the day and none of the others fell by more than 1%.

"What we're seeing is a pretty modest response—if you didn't know there was an election this morning and just saw the share prices, you probably wouldn't infer it," said Matthew Jennings, investment director for U.K. equities at Fidelity International.

"There are many more important things to think about when you buy these companies than politics," he added.

Larry Hatheway, portfolio manager at GAM Holdings, said it was too early for Mr. Corbyn to be affecting share prices. The U.K. election, as a whole, left investors pondering a host of variables and potential outcomes.

up. The market has cooled this year, and analysts expect thermal-coal prices to remain subdued.

In all, the operations that Glencore wants to buy account for about 60% of Rio Tinto's coal production. The sale would rid Rio of nearly all of its thermal coal, though it still produces significant amounts of metallurgical coal, used to make steel.

Glencore emphasized on Friday that it was conscious of the strain this deal could put on debt levels that Mr. Glasenberg scrambled to lower over the past two years.

If successful in buying Coal & Allied from Rio Tinto, Glencore said it would explore selling up to a 50% stake in the business and look to sell other coal assets so that its total financial commitment wouldn't exceed \$2 billion.

If Rio accepts the offer, Glencore said it would also buy out Japanese trader **Mitsubishi**'s interest in Australian joint ventures for \$920 million.

Much of Coal & Allied's production goes to Japan, giving Glencore less exposure to Chinese demand fluctuations. Glencore said it had been given the green light by Japanese antitrust authorities.

Its price shot up in 2016 as demand from China heated

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BUSINESS & FINANCE



Videogame players sampled 'Star Wars Battlefront II' in Los Angeles on Saturday ahead of the Electronic Entertainment Expo, or E3.

EA Changes Its Sales Pitch

Sequel to 'Battlefront' to offer purchases of low-cost virtual goods; a mobile-games tactic

BY SARAH E. NEEDLEMAN

When **Electronic Arts** Inc. releases the sequel to "Star Wars Battlefront" this fall, it plans to ditch one lucrative sales pipeline for another that is potentially even bigger, refined in mobile videogames.

Instead of selling regular so-called expansion packs—the quests, maps and other content sold separately after launch—Electronic Arts will send customers free smaller packs more frequently, as a way to keep them playing "Star Wars Battlefront II" indefinitely.

To replace lost expansion-pack revenue, Electronic Arts plans to use microtransactions to sell low-cost virtual goods. Microtransactions including those sold within free-to-play mobile games have reaped billions of dollars for the video-

game industry.

Spending on microtransactions across all game platforms reached \$71 billion worldwide last year, up from \$62.4 billion in 2015, according to SuperData Research. Relatively new for console games, microtransactions brought in \$2.2 billion last year, compared with \$1.4 billion for expansion packs, the industry tracker said.

"Microtransactions are now the most profitable part of many publishers' businesses," Jefferies analyst Tim O'Shea said.

The first "Star Wars Battlefront," released in 2015, sold 14 million copies. Buyers could purchase up to four \$20 packs of extra content every few months, or buy them all ahead of time in a \$50 "season pass."

Electronic Arts doesn't break out sales of add-ons for individual games. Wedbush Securities analyst Michael Pachter estimates "Battlefront" earned about \$200 million off them.

"Battlefront II" is among the games expected to generate buzz at Electronic Entertainment Expo, better known

as E3, which starts June 13 in Los Angeles. Others include

Nintendo Co.'s "Super Mario Odyssey," a new installment of **Ubisoft Entertainment** SA's "Assassin's Creed" and a sequel to **Activision Blizzard**'s "Destiny."

"Battlefront II" will sell so-called crates of virtual cards that enhance characters' appearance and abilities. Similar to packs of baseball cards, they contain a blind mix of common and rare cards.

Other changes are coming with "Battlefront II." The sequel will include a fan-requested single-player story line and bigger space battles. This time, the game will span all three Star Wars film eras.

Electronic Arts said it would tweak the rules as often as weekly based on player behavior.

"We changed our approach to a live service," said Matt Webster, executive producer of the game, ahead of E3. "It is a continual commitment to engage with our players."

It is possible Electronic Arts could sell additional expansion-pack-like content down the road, but the company said

it currently has no plans to do so.

The problem with expansion packs is that not everyone buys them, and that creates friction between players, Benchmark Co. analyst Mike Hickey said. "If you don't pay and your friend does, you can't play together," he said.

Removing such obstacles keeps players engaged longer, and that could lead to a greater opportunity for revenue growth, Electronic Arts said. The games that end up most successful will be those that do the best job of engaging players, said Doug Creutz, an analyst at Cowen & Co. "The more they play, the more they're going to spend," he said.

"Battlefront II" won't be Electronic Arts' first venture into microtransactions. Ultimate Team, a mode in the company's sports franchises, generated about \$800 million last year

BUSINESS NEWS

Grocery CEO Bonuses Slide

Incentive pay hits the bargain bin as sector deals with lower prices, greater rivalry

BY HEATHER HADDON

Bonuses for many grocery executives were curbed last year as the sector faces competition across several fronts and a historic decline in food prices, possibly making it harder for retailers to attract the kind of talent they need to turn around their businesses.

Chief executives at the 10 largest U.S. grocers received a total of \$6.6 million in performance-based pay last fiscal year, down 40% from \$11 million in 2015, according to ISS Analytics, the data arm of proxy advisory firm Institutional Shareholder Services Inc. Some companies eliminated bonuses altogether.

That contrasts with the broader corporate sector, where incentive pay has steadily increased, growing 3% in 2016 from a year earlier.

While most other industries have benefited from improving economic conditions since the recession, grocery retailers are facing intensifying competition from online merchants, discounters and new ways to buy food like subscription meal-kit services, even as deflation has eroded food prices.

Same-store sales were flat across major food retailers last year after rising by at least 3% each of the preceding three years, according to a FactSet industry average. Grocery stocks are down by an average of 5.4% so far this year.

"The food-retailer space has been hit harder," said John Roe, head of ISS Analytics. "It's clear that in aggregate there was a sharp reduction in annual incentive payouts."

Only one of 10 major food retailers, **Casey's General Stores** Inc., raised its chief executive's bonus in the latest fiscal year, compared with more than half of the 3,000



Kroger store in Michigan. The grocer's CEO received sharply lower incentive pay last fiscal year.

biggest public companies, the ISS analysis shows. CEOs of household- and personal-product firms saw the biggest jump in compensation last year, followed by executives at food, beverage and tobacco companies and those leading utility businesses, while retail heads fared the worst.

Long an executive staple in other industries, performance-based bonuses are newer in the grocery sector, which more recently has tapped them to attract outside talent, according to management consultants.

But if the industry remains stagnant, it could become harder to recruit the kind of younger, tech-savvy executives that grocery stores needs to compete with Amazon.com and other e-commerce food-sellers, industry analysts and recruiters said.

"It creates a lot of uncertainty," said Jose L. Tamez, managing partner for Austin-Michael, a Denver-based executive recruiting firm focused on food retail.

The hit comes as base pay for food-retail executives also

has fallen. Salaries for CEOs at large food retailers averaged \$1.5 million last year, down 14% from \$1.75 million in 2012, according to an analysis of 32 supermarkets by Austin-Michael. Other C-suite salaries fell by single digits.

Kroger Chief Executive Rodney McMullen received incentive pay of \$720,000 last fiscal year—one-quarter of the \$3 million he made in 2015. The cut followed Kroger's largest miss on performance-based milestones since 2002.

A company spokesman said Kroger, the nation's largest supermarket chain, remained confident it would deliver growth for investors and was committed to having executive bonuses rise "when performance justifies doing so and decline when it does not."

Whole Foods Market Inc. for the second year said it wasn't awarding bonuses to executives, as the natural-food grocer deals with flagging sales. **Sprouts Farmers Market** Inc., **Publix Super Markets** Inc., **Supervalu** Inc., **Natural Grocers** By Vitamin Cottage Inc., **Village Super**

Market Inc. and **Weis Markets** Inc. also eliminated or slimmed down performance-based bonuses during their most recent fiscal years.

"Across our industry, 2016 was a challenging year," David Hirz, chief executive of **Smart & Final Stores** Inc., told investors.

Persistent deflation in food prices prompted the California-based grocer to cut its targets last August to make bonuses more achievable. Though the warehouse-style grocer couldn't hit most of the easier metrics, Smart & Final gave out \$518,840 in discretionary bonuses last fiscal year based on its success in expanding store count, a spokeswoman said.

If the industry's troubles persist, executives and recruiters say companies will need to revise their performance targets or provide some other kinds of incentive.

"Business is bad. It's pretty hard to justify big compensation when business is so down," said Bob Goldin, co-founder of food-industry strategy firm Pentallect Inc.

Grocer Aldi Prepares U.S. Expansion Push

BY HEATHER HADDON

Competition in the U.S. grocery sector is about to get fiercer.

Discount grocery chain Aldi is expected to unveil on Monday plans to invest \$5 billion to open nearly 900 stores and remodel hundreds more in the U.S.

The expansion, over the next five years, puts the German grocer on track to becoming the third-largest food retailer in the U.S. by store count, behind **Wal-Mart Stores** Inc. and **Kroger** Co., and a growing threat to traditional food retailers.

Aldi said it is expected to have a total of 2,500 locations across the U.S. by 2022. Its plan comes as another German discounter, **Lidl**, is set to open its first 10 stores in the U.S. on Thursday as part of a multi-year expansion.

Executives at Wal-Mart and Kroger have been preparing for the growth of the discounters for years. Wal-Mart has been sprucing up its stores and slashing prices on some products in select markets while Kroger continues to drive down costs to compete.

But the discounters could have as big an impact on the U.S. grocery market as they did in Europe. Their market share there has grown steadily while traditional supermarkets have seen theirs fall.

Deep-discount chains in the U.S. are expected to grow as much as 10% a year through 2020, five times the rate of traditional grocers, according to a recent report by consulting firm Bain & Co.

"It should absolutely be more than scary to traditional grocers and retailers," said Mikey Vu, a partner in Bain's retail practice.

Many shoppers in the U.S. are unfamiliar with Aldi. The chain has been in the U.S. since 1976, but long has focused on lower-income shoppers. Aldi doesn't invest in big marketing campaigns as part

of its strategy to keep prices low, grocery executives said.

Aldi has improved its stores and products in recent years and is now having more success in attracting a larger mix of shoppers, Mr. Vu said.

Officials at Aldi and Lidl, which is new in the U.S., said they are a step ahead of their competitors given their long-standing use of store brands to drive down price. About 90% of the goods carried at Aldi stores and the coming Lidl ones will be private label, they said.

Traditional grocers say that direct comparisons with the discounters on price aren't possible given that they carry name-brand goods that Aldi and Lidl don't stock.

A spokeswoman for Wal-Mart said the retailer remains committed to offering low prices, but they are also focused on "quality, freshness, assortment, experience and convenience."

Kroger declined to comment.

German discounter says it expects to have 2,500 locations in the U.S. by 2022.

European shoppers are much more accustomed to buying private-label products than Americans. But loyalty to brands in the U.S. is slowly eroding, which could lead more shoppers to try Aldi or Lidl, especially millennials, said Mike Paglia, director at research firm Kantar Retail.

Millennials "are value oriented and don't hold the same stigmas about private-label items that older generations do," said Mr. Paglia, who has consulted with suppliers to Wal-Mart and other major retailers to help them prepare for the expansion of deep discounters.

Boeing Closes In on Sale Of Jets to Iranian Airline

BY ROBERT WALL

LONDON—Boeing Co. said Saturday it had moved a step closer to completing a contentious jetliner sale to an Iranian airline, though the U.S. government still needs to give the green light before planes could be delivered.

Boeing said it had signed a final purchase agreement with **Iran Aseman Airlines** for as many as 60 737 Max single-aisle planes, its newest model. The two parties earlier this year announced a memorandum of agreement for the transaction that could be valued at as much as \$6 billion at list price, though buyers typically get discounts.

Boeing, the world's No. 1 plane maker, and European competitor **Airbus** SE have signed multibillion-dollar deals with Iranian carriers to sell planes after foreign powers lifted many economic sanctions last year in exchange for restrictions on Tehran's nuclear program. Iran has a fleet of aging planes after years of sanctions.

Even as European countries have rushed to Iran to estab-

lish business ties after nuclear sanctions were lifted, U.S. companies have largely held back, unsure about whether President Donald Trump—a sharp critic of the nuclear deal on the campaign trail—would try to alter the pact or otherwise discourage closer business ties.

Congressional critics of easing ties with Iran have opposed the plane sales and sought ways to stop the deals.

Iran Aseman Airlines intends to acquire as many as 60 737 Max single-aisle planes.

They accuse Iran of using planes to help support terrorism, an accusation that Tehran denies.

Airbus and European turboprop maker ATR this year started delivering airliners to Iran Air, the country's flag carrier. Airbus last year agreed to sell 100 planes to the state-owned airline.

Boeing last year also won a \$16.6 billion deal before discounts to sell 80 planes to Iran Air. It is awaiting final approval from the U.S. Treasury for those sales.

When Boeing announced the agreement with Aseman Air in April, it was the first major deal put forward between a U.S. company and an Iranian one since Mr. Trump took office.

Boeing Saturday said it had applied to the U.S. Treasury Department's Office of Foreign Assets Control for approval of a license to see the deal through. Plane deliveries wouldn't start until 2022.

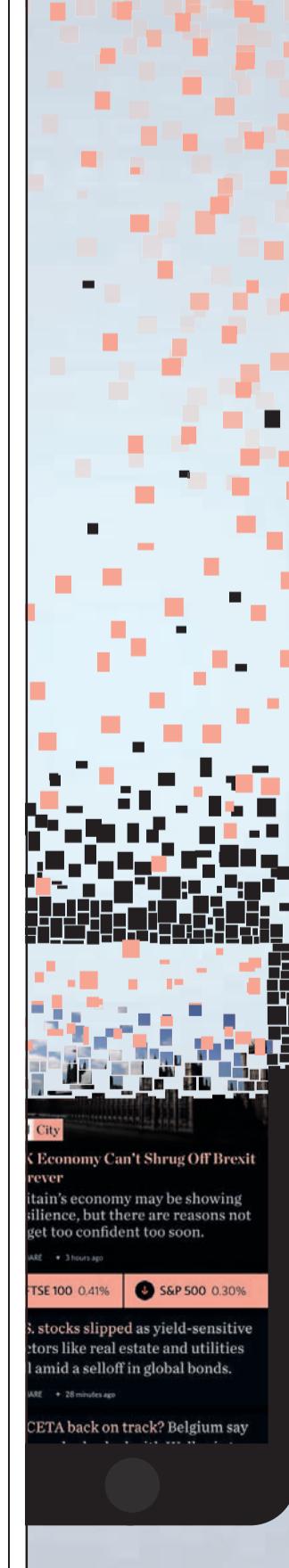
Boeing has emphasized the job-creating potential of the order. The sale would help sustain 18,000 jobs, it said.

Still, in a sign of the political sensitivity of deals with Iran, the Chicago-based company stressed it "continues to follow the lead of the U.S. government with regards to working with Iran's airlines, and any and all contracts with Iran's airlines are contingent upon U.S. government approval."

—Asa Fitch contributed to this article.



U.S.-based Boeing has signed multimillion-dollar deals with Iranian carriers.



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TECHNOLOGY

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Consumers Give Asia Step Up in AI

Feedback from masses of web users drives development of artificial intelligence

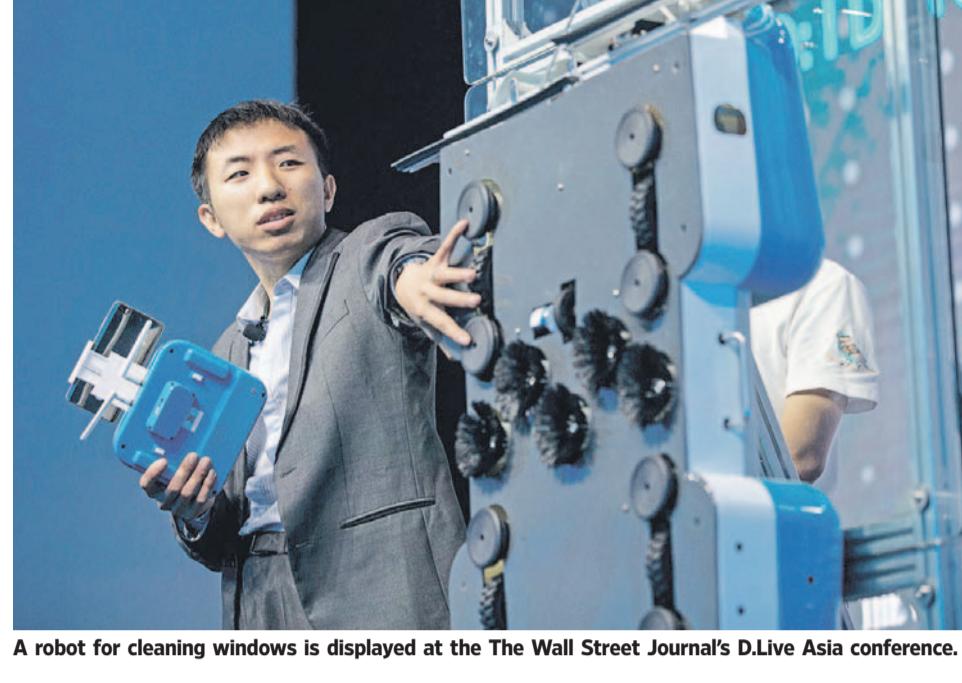
BY TIMOTHY W. MARTIN
AND DAN STRUMPF

HONG KONG—Hundreds of millions of newly connected consumers are giving Asian tech firms a leg up against Silicon Valley in key emerging technologies.

At The Wall Street Journal's D.Live Asia conference on Friday, Asia's top technology investors and companies outlined how information gleaned from a massive and growing smartphone user base has informed the continent's push into artificial intelligence, a type of machine learning that thrives on big helpings of consumer data.

Artificial intelligence, a field that is key to voice-activated digital assistants, driverless cars and robotics, has become a tech-world obsession. But the sheer number of web users in Asia compared with the U.S. and Europe, combined with deeper knowledge of local markets, is creating a dynamic in which user feedback—as much as raw engineering power—is driving advances.

"AI is the new electricity," said Andrew Ng, a Stanford University professor and former top AI scientist at Alphabet Inc.'s Google and Chinese internet giant Baidu Inc. "Whatever industry you work in, I think AI will likely transform it."



A robot for cleaning windows is displayed at the The Wall Street Journal's D.Live Asia conference.

founder Anthony Tan spoke of the company's fast growth since launching in 2012, now covering 55 cities not only in Singapore and Indonesia, but also the Philippines, Malaysia, Thailand, Vietnam and Myanmar.

JD.com Inc., China's second-largest online retailer after Alibaba Group Holding Ltd., also has ambitious growth plans for the region. Other Chinese giants will help pave the way as well, said JD.com Chief Executive Richard Liu.

"I believe in the next 10 years, many Chinese brands will become global brands," Mr. Liu said, citing hardware firms Huawei Technologies Co. and Xiaomi Corp. as examples. "It is then that Chinese e-commerce platforms can take these brands overseas and win consumers in Europe and the U.S."

Chinese firms aren't relying simply on their sizable user bases to advance. In China, emerging tech sectors such as electric vehicles, robotics and artificial intelligence are receiving government subsidies and other support as part of China's latest five-year economic plan, said Jenny Lee, managing partner of GGV Capital.

It is only in recent years that China has attained the technology levels needed to join the race in emerging sectors like artificial intelligence and cloud computing, she said. "Ten years ago, there was no cloud infrastructure in China," Ms. Lee said. "Today the story is very different."

—Eva Dou, Liza Lin and Newley Purnell contributed to this article.

Mr. Ng's sentiments were echoed by other speakers at the WSJ's D.Live Asia event, where AI was among several attention-grabbing topics. Participants also discussed how doing business in China has changed, competition in mobile-payment services and unparalleled mobile adoption in Southeast Asia.

In the race to harness artificial intelligence, the U.S. had a clear advantage with the first wave of smartphone apps and software. But services like mobile payments, online shopping and messaging appear to be evolving more quickly in Asia, drawing on its greater scale in terms of web-connected users.

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"You have to change your business model," Mr. Crozier said. "I share maybe more than

I used to share."

The time-tested lessons in China are contrasted with the lesser-tapped markets of Southeast Asia, which is undergoing explosive growth in mobile use.

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FINANCE & MARKETS

New Twist In Battle For China Developer

BY KEVIN KINGSBURY

A prolonged battle for control over one of China's largest real-estate companies might have reached its final stages.

China Evergrande Group said late Friday it had agreed to sell its 14% stake in rival developer **China Vanke Co.** to **Shenzhen Metro Group** Co., a state-owned subway operator, for 29.2 billion yuan (\$4.3 billion)—around \$1 billion less than it paid last year to build up the position.

In January, Shenzhen Metro agreed to acquire a 15% stake in Vanke from **China Resources Group** for 37.2 billion yuan.

A year ago, the subway operator agreed to a potential \$6.6 billion asset-swap deal with Vanke as the property developer was seeking an ally to thwart a possible hostile takeover by finance and insurance conglomerate **Baoneng Group**. However, that proposal fell apart in December in the face of opposition from other major shareholders, whose holdings would have been diluted.

Evergrande agreed to sell 14% of China Vanke to Shenzhen Metro Group.

By the end of 2016, Baoneng had a 25% stake in the real-estate company, while Evergrande over several months spent a total of 36.27 billion yuan building up its holding in Vanke, which was contending with boardroom turmoil as the takeover battle escalated.

The aggressive investment activities of Evergrande and Baoneng have recently come under the scrutiny of Chinese regulators, part of a broader government effort to curb speculative investments and corporate borrowing there.

Evergrande said in a Hong Kong stock-exchange filing it would record a loss of some 7 billion yuan in the latest deal.

The seeds of the latest agreement were sown in March, when Shenzhen Metro and Evergrande reached a deal under which the developer turned over its voting power in Vanke to the subway operator, which in January agreed to purchase a 15% stake in Vanke from China Resources Group for 37.2 billion yuan.

The deal also comes after Evergrande's shares have more than doubled in the past month. Vanke's stock has been stuck in a trading range since peaking in November.

The stake deal could help resuscitate the asset-swap effort. Under the original terms, Vanke would have given Shenzhen Metro equity in exchange for real-estate assets.

Such an arrangement could allow Vanke to build projects on top of subway stations in Shenzhen.

—Dominique Fong contributed to this article

INTELLIGENT INVESTOR | By Jason Zweig

Adviser, Please Just Hold My Hand



With the U.S. Labor Department's fiduciary rule going into effect June 9, investors should recognize what financial advisers can, and can't, do.

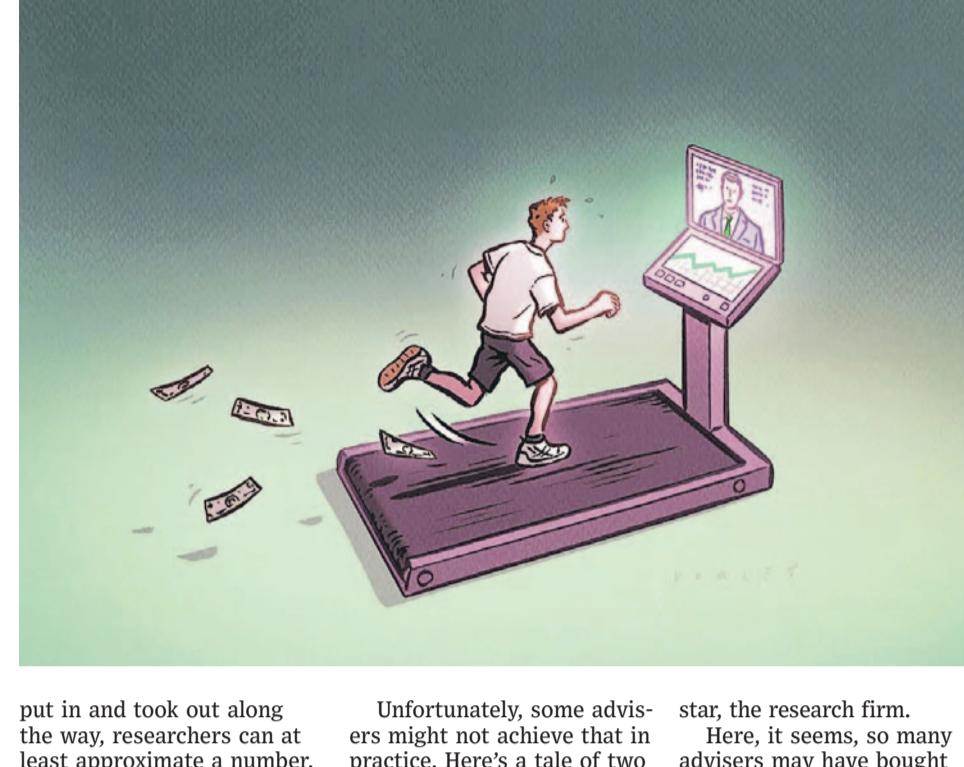
The new regulation requires anyone getting paid to provide investment guidance on a retirement account to act solely in the investor's best interest. But what that means and how to measure it are as murky as ever. Do financial advisers improve their clients' investment returns? If you think so, you may be paying your adviser for the wrong thing.

To be sure, individual investors can be their own worst enemies, flinging money at whichever assets have gone up the most and then bailing out at the bottom, locking in losses.

The performance of a mutual fund, exchange-traded fund or other financial asset is typically calculated as if you put all your money in at the beginning and kept it there, without adding or withdrawing anything, until the end of the measurement period.

But investors add and subtract money at will along the way—often at the worst possible times, when they are in the grip of greed or fear. Such buying high and selling low leads to what is often called the “behavior gap” between the performance of an investment and its investors.

That gap can only be estimated. However, by adjusting a fund's returns for the amount of money investors



put in and took out along the way, researchers can at least approximate a number.

Investors in mutual funds, for example, earn average annual returns roughly 1 to 1.5 percentage points lower than those of their funds. Investors in hedge funds may trail those vehicles by up to 7 percentage points annually.

In theory, that is what a stockbroker or financial planner should prevent. “Advisers provide a human element that gives clients confidence and comfort in not deviating from a plan,” says Dave Butler, co-chief executive of Dimensional Fund Advisors, whose funds aren't available to individual investors without an adviser.

Unfortunately, some advisers might not achieve that in practice. Here's a tale of two funds.

Fidelity Select Biotechnology is an \$8.6 billion portfolio that largely serves investors making their own decisions. It averaged a 14% return annually over the past 10 years. The fund's investors averaged 10.1% annually.

Investors who got professional advice appear to have done worse. **Fidelity Advisor Biotechnology Fund I**, a \$1 billion portfolio nearly identical to the Select fund, caters to financial advisers. Over the 10 years through May 31, it gained an average of 13.6% annually. But its typical investor earned only 0.7% annually, estimates Morning-

star, the research firm.

Here, it seems, so many advisers may have bought high and sold low that their clients made next to nothing.

It's important to note that at most of Fidelity Advisor's biggest funds, investors did better than at sibling portfolios where individuals probably didn't use an adviser.

Unadvised investors might have earned higher returns at the Select biotech fund “because they didn't have the benefit of understanding the extra risk that can be associated with this kind of fund,” says Roger Hobby, head of private wealth management at Fidelity Investments. With no adviser to stop them, perhaps they took excessive risk that

happened to pay off this time. Or take **Davis New York Venture Fund**, also sold through advisers. The Class A shares earned an average of 5% annually over the 10 years through May 31. The typical investor, however, lost 0.1% annually.

That is largely because many abandoned the fund years after its 40% loss in 2008. The Class A shares, which had \$20.1 billion in assets at the end of 2010, had \$6.7 billion at the end of last month—even though the fund would have nearly doubled your money had you stuck around the entire time.

Shareholders remained more loyal than they did at many adviser-sold funds that had comparable performance, says Christopher Davis, chairman of Davis Advisors in New York, which manages New York Venture.

“Some investors did panic out,” he says, “but probably in much lesser numbers than they otherwise would have if they didn't have an adviser.”

Not all advisers chase performance, but too many still do. Buying what's hot and dumping what's not, they are no less human than their clients. So you should hire an adviser not for his or her investing prowess, but to help organize your finances, prioritize your goals, minimize your taxes and navigate the shoals of retirement and estate planning. Done right, those services can make you far richer—and happier—than the pipe dream of investment outperformance is likely to.

A Quest to Lower Fees on Retirement Plans

BY ANNE TERGESEN



Attorney Jerome Schlichter said he made a ‘bet-the-firm’ decision on retirement-plan litigation.

401(k)-type plans, according to Groom Law Group in Washington. That includes 14 from Mr. Schlichter's firm. The complaints allege, in part, that the plans failed to bargain for lower fees.

Consumer advocates say the litigation has saved 401(k) participants nationwide billions of dollars by helping to push down fees, which declined 17% from 2009 to 2014, according to information provider BrightScope Inc.

Critics contend that the fear of litigation is encouraging employers to focus on fees at the expense of service and innovation. They say the settlements have significantly benefited Mr. Schlichter. His firm received about \$90 million since 2010, while the more than one million 401(k) participants covered by the settlements have received an average of \$283 each, according to Mr. Schlichter.

Mr. Schlichter counters that his fees cover more than 10 years of work and that his clients stand to gain much more in the long run, thanks to the resulting changes.

The son of an airplane mechanic, Mr. Schlichter, focused on 401(k) plans after a 2005 meeting with a union official at a unit of **Boeing** Co. in St. Louis.

The workers were worried about their retirements, Mr. Schlichter said. “They didn't understand how the 401(k) plan

worked,” he said. “I decided to take a deep dive—not just into Boeing's plan but into the whole 401(k) industry.”

At the time, the firm had no expertise in the federal law that governed 401(k) plans. It hired four lawyers who spent 18 months reading plan disclosures and seeking information from experts.

Mr. Schlichter found a study from the Labor Department, which regulates the plans, that he said pointed out jumbo plans can get fees for one-quarter the cost of retail mutual funds.

“We saw billion-dollar-plus plans paying retail fees that an investor” with a \$500 account had to pay, he said.

In 2006, the firm filed a dozen lawsuits against the 401(k) plans of companies including Lockheed Martin Corp. and Boeing. The companies, which declined to comment, didn't admit to wrongdoing.

Because his firm is paid only when it wins or settles cases, it could take years—if ever—to see a payoff. To pay attorneys' salaries and experts' fees in the early years, the firm used its profits and a line of credit. In 2006, Mr. Schlichter mortgaged his family's four-bedroom home in St. Louis for millions of dollars. “We made a ‘bet the firm’ decision,” he said.

FINANCE WATCH

INITIAL PUBLIC OFFERINGS

China Turns Down More Applicants

China's securities watchdog, which has vowed to prevent fraudulent stock listings, is rejecting a far larger portion of initial public offerings this year.

As of May 19, the China Securities Regulatory Commission had allowed 188 companies to go public and turned away 69, data released Friday show. That is an approval rate of 73%, down from 92% in 2016 and 91% in 2015. In the first five months of last year, the CSRC terminated IPO reviews of 17 applicants.

The main reasons for rejection are suspected accounting irregularities, abnormal operations and illicit transactions with affiliates, according to the CSRC.

The regulator approved just four IPOs in the week ended June 2, down from seven to 10 in recent weeks. Investors widely interpreted this as an effort to bolster confidence and calm the market. The benchmark Shanghai

Composite Index has fallen 4% since mid-April. —Yifan Xie

MYOMO

U.S. Firm Completes A Shortcut IPO

Medical-robotics maker **Myomo** Inc. has completed its initial public offering, taking it a step closer to becoming the first company to list on a major U.S. exchange through a little-used provision of federal law known as Reg A+.

The Cambridge, Mass.-based company, which makes orthotic devices, raised approximately \$8 million in its offering, according to its underwriter, TriPoint Global Equities.

Myomo used a provision of the Jumpstart Our Business Startups Act, which was designed to help fund small-business growth. The Reg A+ provision 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 shortcut

deals that require less paperwork than a traditional IPO.

Myomo's IPO is an encouraging sign for small companies trying to go public via Reg A+. But the amount Myomo raised fell short of the \$15 million it targeted in a regulatory filing when it launched its offering, highlighting the challenges these small companies face in raising money in public markets.

Myomo received approval to list on the NYSE MKT, the New York Stock Exchange's small-cap market. Its common stock is set to begin trading on Monday under the symbol “MYO,” according to NYSE. —Corrie Driebusch

BANK REGULATION

Long Recusal List for OCC's Acting Chief

The acting head of a top U.S. banking regulator has temporarily recused himself from matters involving 80 banks, law firms and other entities, according to documents made public Friday. The recusal list for Keith Nor-

eika, a former banking lawyer who the Trump administration named acting Comptroller of the Currency in early May, includes **J.P. Morgan Chase & Co.**, **Bank of America** Corp. and other large banks the agency oversees.

Mr. Noreika is leading the comptroller's office until Mr. Trump's permanent nominee for the job, former banker Joseph Otting, is confirmed by the Senate. That process could take months. Mr. Otting's name was sent to the Senate last week.

The timing of the recusals varies. Mr. Noreika was recused from matters involving **Wells Fargo** & Co. through May 18, covering his first weeks on the job. He will be recused from

matters involving Bank of America until July 26 and J.P. Morgan until March 23, 2018.

Senate Democrats have criticized the choice of Mr. Noreika to lead the agency, saying he has a conflict of interest because he once represented the banks he now oversees.

—Ryan Tracy

ADVERTISEMENT

Legal Notices

BANKRUPTCIES

UNITED STATES BANKRUPTCY COURT, SOUTHERN DISTRICT OF NEW YORK

In re U.S. STEEL CANADA INC. : Chapter 15
Debtors in possession. : Case No. 17-11519 (MG)

NOTICE OF FILING AND HEARING ON PETITION UNDER CHAPTER 15 OF THE BANKRUPTCY CODE
PLEASE TAKE NOTICE that on June 2, 2017, U.S. Steel Canada Inc., as the authorized foreign representative (the “Foreign Representative”) of the above-captioned debtor (the “Debtor”), which is the subject of a reorganization proceeding under the Companies’ Creditors Arrangement Act currently pending in the Ontario Superior Court of Justice in Ontario, Canada (the “CCAA Proceedings”), filed a verified petition (the “Verified Petition”) with the United States Bankruptcy Court for the Southern District of New York (the “Court”).

PLEASE TAKE FURTHER NOTICE that, among other things, the Verified Petition requests entry of an order recognizing the CCAA Proceedings as a foreign main proceeding pursuant to section 1517 of title 11 of the United States Code (the “Bankruptcy Code”), granting related relief pursuant to section 1520 of the Bankruptcy Code, and granting certain additional relief pursuant to sections 1507 and 1521 of the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that the Court has scheduled a hearing to consider the relief requested in the Verified Petition (the “Recognition Hearing”) at 4 p.m. (Prevailing Eastern Time) on June 29, 2017, at the Bankruptcy Hearing will be held before the Honorable Martin Glenn in Room 502 of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408.

PLEASE TAKE FURTHER NOTICE that any objection to the Verified Petition must be made in accordance with the Bankruptcy Code, the Local Rules of the United States Bankruptcy Court for the Southern District of New York, and the Federal Rules of Bankruptcy Procedure, in a writing that sets forth the basis for such objection with specificity. Any such objection must be filed with the Court and served upon Foreign Representative’s counsel, Weil, Gotshal & Manges, LLP, Attn: Marcia Goldstein, Esq., Robert J. Lemons, Esq., and Arkady A. Goldstein, Esq. so as to be received by 4:00 p.m. (Prevailing Eastern Time) on June 22, 2017, with a copy served upon the Chambers of the Honorable Martin Glenn, United States Bankruptcy Judge, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408.

PLEASE TAKE FURTHER NOTICE that if no objection is timely filed and served as provided above, the Court may grant the relief requested in the Verified Petition without a hearing or further notice.

PLEASE TAKE FURTHER NOTICE that any party in interest objecting to the Verified Petition or the relief requested therein must appear at the Recognition Hearing at the time and place set forth above.

PLEASE TAKE FURTHER NOTICE that the Recognition Hearing may be adjourned form time to time without further notice other than an announcement in open court or a notice of adjournment filed with the Court.

PLEASE TAKE FURTHER NOTICE that, at the Recognition Hearing, the Court may order the scheduling of a case management conference to consider the efficient administration of this chapter 15 case.

PLEASE TAKE FURTHER NOTICE of the Court's intention to communicate with a foreign court or the Foreign Representative.

PLEASE TAKE FURTHER NOTICE that copies of the Verified Petition and all other documents filed in this case can be accessed from the Court's website, <http://ecf.nysb.uscourts.gov> (a PACER login and password are required to retrieve documents) or by written request to the Foreign Representative's undersigned counsel.

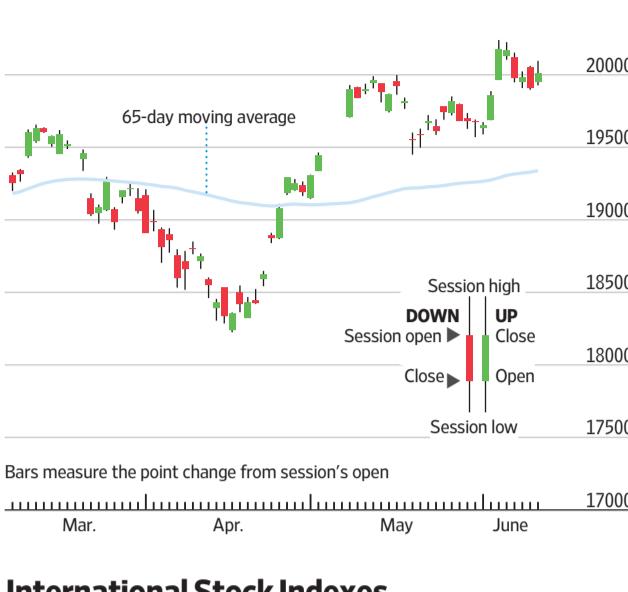
Dated: June 2, 2017, New York, New York. /s/ Robert J. Lemons, WEIL, GOTSHAL & MANGES LLP, 767 Fifth Avenue, New York, New York 10153, Telephone: (212) 310-8000, Facsimile: (212) 310-8007, Marcia Goldstein, Robert J. Lemons, Counsel to the Foreign Representative

MARKETS DIGEST

Data as of Friday, June 9, 2017

Nikkei 225 Index**20013.26** **▲ 104.00, or 0.52%**

High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Mar. Apr. May June

STOXX 600 Index**390.39** **▲ 1.24, or 0.32%**

High, low, open and close for each trading day of the past three months.

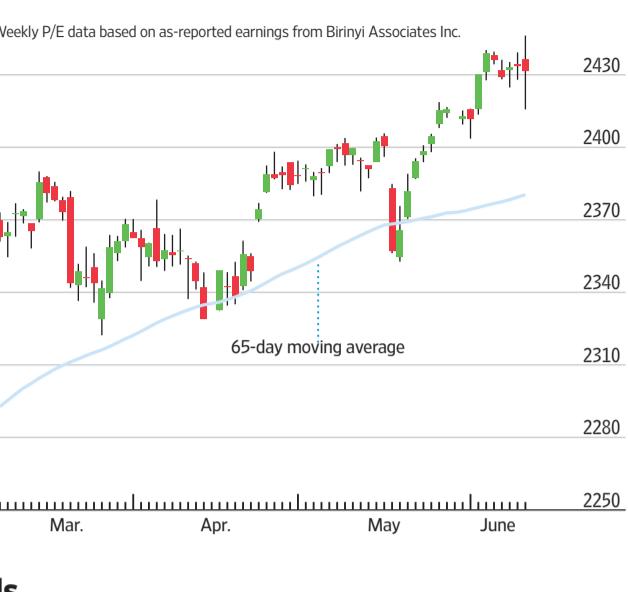


Bars measure the point change from session's open

Mar. Apr. May June

S&P 500 Index**2431.77** **▼ 2.02, or 0.08%**

High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Mar. Apr. May June

International Stock Indexes

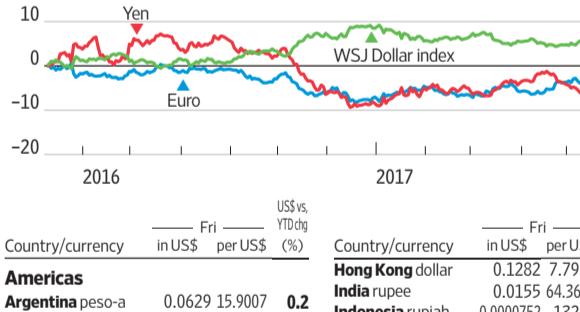
Data as of 4 p.m. New York time

Region/Country	Index	Close	NetChg	% chg	52-Week Range	Low	Close	High	YTD % chg
World	The Global Dow	2781.39	6.10	▲ 0.22	2197.91	● 2790.26	9.9		
	MSCI EAFE	1892.97	-1.52	-0.08	1520.94	● 1916.37	12.4		
	MSCI EM USD	1018.19	-0.87	-0.09	794.56	● 1019.06	18.1		
Americas	DJ Americas	583.79	-0.18	-0.03	480.83	● 585.14	8.0		
Brazil	Sao Paulo Bovespa	62210.56	-545.01	-0.87	48648.29	● 69052.03	3.3		
Canada	S&P/TSX Comp	15473.21	50.12	▲ 0.32	13689.79	● 15922.37	1.2		
Mexico	IPC All-Share	49081.73	-5.73	-0.01	44282.03	● 49939.47	7.5		
Chile	Santiago IPSA	3683.86	-10.14	-0.27	3067.58	● 3782.66	14.3		
U.S.	DJIA	21271.97	89.44	▲ 0.42	17140.24	● 21271.97	7.6		
	Nasdaq Composite	6207.92	-113.85	-1.80	4594.44	● 6321.76	15.3		
	S&P 500	2431.77	-2.02	-0.08	2000.54	● 2439.07	8.6		
	CBOE Volatility	10.70	0.54	▲ 5.31	9.75	● 25.76	-23.8		
EMEA	Stoxx Europe 600	390.39	1.24	▲ 0.32	308.75	● 396.45	8.0		
	Stoxx Europe 50	3210.07	10.94	▲ 0.34	2636.71	● 3276.11	6.6		
Austria	ATX	3209.27	35.64	▲ 1.12	1988.40	● 3209.58	22.6		
Belgium	Bel-20	3946.42	28.19	▲ 0.72	3141.13	● 4041.03	9.4		
France	CAC 40	5299.71	35.47	▲ 0.67	3984.72	● 5432.40	9.0		
Germany	DAX	12815.72	102.14	▲ 0.80	9268.66	● 12822.94	11.6		
Greece	ATG	782.10	3.05	▲ 0.39	519.33	● 797.16	21.5		
Hungary	BUX	35411.01	140.06	▲ 0.40	25390.23	● 35411.01	10.6		
Israel	Tel Aviv	1425.70	...		1378.66	● 1478.96	-3.1		
Italy	FTSE MIB	21122.42	80.01	▲ 0.38	15103.58	● 2178.70	9.8		
Netherlands	WIG	527.30	3.75	▲ 0.72	411.62	● 536.26	9.1		
Poland	WIG	61181.57	-131.11	-0.21	43549.58	● 62336.39	18.2		
Russia	RTS Index	1041.49	2.99	▲ 0.29	888.78	● 1195.61	-9.6		
Spain	IBEX 35	10978.30	25.20	▲ 0.23	7645.50	● 11135.40	17.4		
Sweden	SX All Share	595.03	3.75	▲ 0.63	445.00	● 595.03	11.3		
Switzerland	Swiss Market	8845.85	34.23	▲ 0.39	7593.20	● 9127.61	7.6		
South Africa	Johannesburg All Share	52216.93	258.41	▲ 0.50	48935.90	● 54548.91	3.1		
Turkey	BIST 100	98942.87	965.33	▲ 0.99	71594.98	● 98942.87	26.6		
U.K.	FTSE 100	7527.33	77.35	▲ 1.04	5923.53	● 7547.63	5.4		
Asia-Pacific	DJ Asia-Pacific TSM	1628.16	-3.86	-0.24	1324.15	● 1635.64	14.4		
Australia	S&P/ASX 200	5677.80	1.20	▲ 0.02	5103.30	● 5956.50	0.2		
China	Shanghai Composite	3158.40	8.07	▲ 0.26	2833.07	● 3288.97	1.8		
Hong Kong	Hang Seng	26030.29	-32.77	-0.13	20038.42	● 26063.06	18.3		
India	S&P BSE Sensex	31262.06	48.70	▲ 0.16	25765.14	● 31309.49	17.4		
Japan	Nikkei Stock Avg	20013.26	104.00	▲ 0.52	14952.02	● 20177.28	4.7		
Singapore	Straits Times	3254.19	17.14	▲ 0.53	2729.85	● 3271.11	13.0		
South Korea	Kospi	2381.69	18.12	▲ 0.77	1925.24	● 2381.69	17.5		
Taiwan	Weighted	10199.65	-26.13	-0.26	8458.87	● 10226.84	10.2		

Source: 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	Fri	YTD chg	Country/currency	Fri	YTD chg
Hong Kong dollar	0.1282	7.7979	U.S. dollar index	88.55	0.33
India rupee	0.0155	64.3600			
Indonesia rupiah	0.0000752	13294			
Japan yen	0.009047	110.54			
Kazakhstan tenge	0.003167	315.78			
Macau pataca	0.1245	8.0319			
Malaysia ringgit-c	0.2345	4.2650			
New Zealand dollar	0.7210	1.3870			
Pakistan rupee	0.0095	104.825			
Philippines peso	0.0202	49.506			
Singapore dollar	0.7226	1.3838			
South Korea won	0.0008892	1124.64			
Sri Lanka rupee	0.0065432	152.83			
Taiwan dollar	0.03319	30.134			
Thailand baht	0.02936	34.060			

Country/currency in US\$ per US\$ (%)

London close on June 9

Country/currency	Fri	YTD chg	Country/currency	Fri	YTD chg

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FINANCE & MARKETS

Qatar Will Stick With OPEC on Crude Cuts

BY SUMMER SAID

Qatar's energy minister said Sunday the country remains committed to limiting its oil output through March 2018 under an agreement with other big oil producers, despite the severing of its diplomatic relations with OPEC allies Saudi Arabia and the United Arab Emirates.

"Circumstances in the region shall not prevent the state of Qatar from honoring its international commitment of cutting its oil production," Mohammed al-Sada said in an emailed statement.

It comes after Saudi Arabia, the U.A.E., Egypt and Bahrain moved to sever ties with Qatar over accusations that the Persian Gulf country has financed and harbored extremists. Qatar has denied the allegations.

Qatar, Saudi Arabia and the U.A.E. are neighbors and usually form an alliance within the Organization of the Petroleum Exporting Countries. Major sell-offs have become almost routine—with four one-day drops of more than 4.5% since March.

U.S. crude prices rose 19 cents a barrel on Friday but dropped 3.8%, or \$1.83, for the week, settling at \$45.83 a barrel.

Coming into the year, "we had a strong view that prices were going to rally," said Ebele Kemery, head of energy investing at **J.P. Morgan Asset Management**. But around March, she said, her view started to shift. U.S. producers were ramping up more quickly than anyone expected. Expectations for strong demand growth were dimming. The bloated storage levels that OPEC aimed to drain remained full.

Now, Ms. Kemery expects prices to be even lower in 2018 than today unless OPEC takes more drastic action.

OPEC and other major producers, including Russia, announced last month that they would continue their output

Faith in Oil-Price Revival Wanes

Some investors begin to doubt OPEC cuts can move crude prices meaningfully higher

BY ALISON SIDER
AND TIMOTHY PUO

Crude-oil prices have declined almost 9% in the past three weeks, moving decisively below \$50 a barrel and forcing investors to reassess whether supply and demand will reach a more balanced state that can support higher prices.

Earlier this year, analysts and traders had projected cutbacks from global exporters would clean up a supply glut and raise prices. Their confidence held up for the first months of 2017, when oil was comfortably ensconced in a range between \$50 and \$55 a barrel.

But crude prices have fallen 15% since the start of the year as U.S. producers rushed to fill the gap left by the Organization of the Petroleum Exporting Countries.

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OPEC and other major producers, including Russia, announced last month that they would continue their output



Crude prices have fallen 15% since the start of the year, despite production cuts by OPEC. Above, offshore drilling units in the U.K.

cut of 1.8 million barrels a day through the first quarter of next year. Prices dropped sharply that day and have only continued to slide, reflecting disappointment among investors who had hoped that the group would agree to even deeper cuts or would articulate a strategy on ending cuts next year that would avoid flooding the market again.

Without those assurances, investors have become increasingly jittery, heading for the exits at any sign that global stockpiles aren't shrinking. U.S. crude prices have languished below \$50 since.

When government data showed last week that the amount of oil in U.S. storage tanks increased for the first time in nine weeks, crude prices fell more than 5% Wednesday.

"People are starting to doubt it now. They look at the cuts and say, 'Who cares?'" said Ernest Scalambra, managing member at **AC Investment Management LLC**,

which manages about \$750 million in assets, primarily investments in commodity hedge funds.

Furthermore, U.S. production has come back more quickly than many anticipated. The number of rigs punching new wells in U.S. oil fields has climbed for 21 straight weeks. Some analysts now predict that U.S. output will end the year as much as 1 million barrels a day higher. That is a stark change from late last year when banks such as Bank of America Merrill Lynch were

expecting U.S. output to rise more modestly, by some 660,000 barrels a day by the fourth quarter. Bank of America now expects U.S. shale output to rise by 800,000 barrels a day during the same period.

Some were expecting that shale-oil producers would be constrained by rising costs, such as hiring back workers who were laid off and expenses tied to repairing neglected equipment. Meanwhile, such companies as **Halliburton Co.** and **Schlumberger Ltd.** that do the work of drill-

ing and fracking wells slashed prices in the two-year downturn and have been looking for opportunities to raise them.

But these factors don't seem to be holding producers back, especially in places like west Texas's Permian Basin.

"People generally know where it is. Once prices are at levels that can support the expense of actually drilling the well and getting the rig and starting production, it's going to happen," said Jason Thomas, director of research at the Carlyle Group.

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FUND NAME GF AT LB DATE CR NAV YTD 12-MO 2-YR -%RETURN-

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