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What's News

Business & Finance

PG dropped its \$27.6 billion takeover bid for Dutch paint company Akzo, dealing a blow to activist investor Elliott. A1

◆ SoftBank's effort to arrange a merger of OneWeb and Intelsat collapsed after Intelsat bondholders didn't back the satellite deal. B1

◆ GM fell behind Ford as the U.S. auto market's top seller in May and is preparing for more job cuts at its American factories. B1

◆ Median CEO pay at S&P 500 firms hit a postrecession high of \$11.7 million in 2016, raising questions about performance targets. B1

◆ Deere is buying Germany's Wirtgen for \$4.89 billion, its first purchase of a construction-equipment maker in years. B2

◆ Linde's board approved a merger with Praxair to create the world's largest industrial-gas maker. B3

◆ The EU approved a restructuring plan for Italian bank MPS, clearing the way for a multibillion-dollar government rescue. B5

◆ Uber's head of finance is leaving as the ride-hailing company reported continued big losses despite increasing revenue. B3

◆ China's central bank guided the yuan to its biggest one-day jump in some five months, as Beijing seeks to bolster the currency. B8

◆ AmEx won the rights to be the sole issuer of Hilton credit cards, ending a shared deal with Citigroup. B5

World-Wide

◆ Trump has decided to withdraw the U.S. from the Paris climate accord but said he would begin talks to either re-enter the agreement or craft a new deal. A1

◆ World leaders are vowing to stick with the Paris accord without the U.S., but they now face a welter of political and financial obstacles. A4

◆ U.K. polls show the election lead for May's Conservatives over Labour has dwindled to single digits, just a week before the vote. A1

◆ Philippine troops accidentally killed 11 of their comrades as they battled Islamist militants in the southern city of Marawi. A3

◆ Gunfire and blasts rang out at a Manila hotel and casino resort after armed men entered the building. A3

◆ Russia and Saudi Arabia have held a recent series of meetings as they take steps to deepen their economic and political ties. A3

◆ Putin suggested that "patriotic" Russian hackers could have been behind cyberattacks but repeated denials Moscow was involved. A4

◆ Afghanistan's leader ordered the execution of jailed members of a militant group that authorities blame for the Kabul truck bomb attack. A4

◆ Trump renewed a waiver that keeps the U.S. Embassy in Israel in Tel Aviv instead of moving it to Jerusalem. A3

◆ Scientists detected the violent merger of two black holes, using newly discovered gravitational waves. A5

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U.S. Military (EUR) \$2.20



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U.S. to Withdraw From Climate Deal

Trump vows to begin negotiations to re-enter Paris accord or draft an entirely new deal

By ELI STOKOLS
AND REBECCA BALLHAUS

President Donald Trump said Thursday he has decided to withdraw the U.S. from the "draconian" Paris climate accord, but he said he would begin negotiations to either re-enter the agreement or craft a new deal that he judges fair to the U.S.

After his initial announcement about exiting the accord was interrupted by applause from guests in the White House Rose Garden, Mr. Trump quickly said he would "begin negotiations to re-enter either the Paris accord or really an entirely new transaction on terms that are fair to the U.S., its businesses, its workers, its people, it's taxpayers."

"So we're getting out, but we will start to negotiate and we will see if we can make a deal that's fair," Mr. Trump said. "And if we can, that's great."

Framing the decision mostly in economic and political terms, the president focused on the agreement's benefits for the world's other leading carbon emitters, China and India. He voiced his concern for protecting the environment and es-



In announcing the U.S.'s exit from the Paris climate pact, President Donald Trump said, 'I was elected to represent Pittsburgh, not Paris.'

chewed any reiteration of his past claims that climate change isn't real, but he said his decision is rooted in protecting the U.S.'s interests.

Mr. Trump said the Paris accord is "less about the climate" and more about other countries

"gaining a financial advantage" over the U.S.

"I was elected to represent Pittsburgh, not Paris," the GOP president said, describing his decision to exit from the agreement as a "reassertion of our sovereignty."

Mr. Trump's Democratic predecessor, former President Barack Obama, issued a statement standing by the Paris accord and the U.S. role in forging it. With Mr. Trump's action, Mr. Obama said, "this administra-
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- ◆ Opinion: Paris climate discord A10

CHINA CLAMPS DOWN ON ANBANG

After a whirlwind of Western deals by the insurer, worried Beijing authorities have stepped in

By Kane Wu,
James T. Areddy
and Chao Deng

ranged the appointment. He needed to see Chinese regulators instead.

A year ago, the global advance of China's companies, including Anbang and property-to-entertainment conglomerate Dalian Wanda Group Co., seemed unstoppable. Mr. Wu gained his reputation in part by striking a \$5.5 billion deal to buy one U.S. hotel chain in March 2016 and making a \$14 billion bid for another within days.

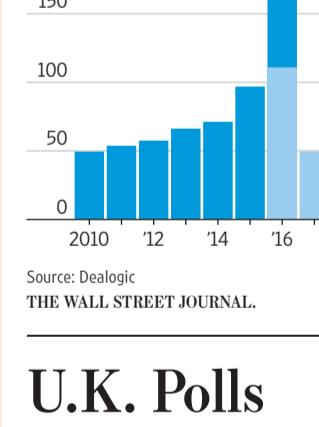
Today, that effort has slowed sharply. Although some of the pause is due to increased wariness about Chinese buyers, much of it stems from regulatory crackdowns at home. Chinese authorities are worried about the fragile nature of an economy built on credit and want to curb the amount of money leaving the country.

Chinese officials in particular are clamping down on

Please see ANBANG page A6

Deal Braker

Value of outbound Chinese merger and acquisition deals



Source: Dealogic

THE WALL STREET JOURNAL.

PPG Ends \$27.6 Billion Pursuit of Rival Akzo

By BEN DUMMETT

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

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

Elliott had emerged as a key player in trying to end a standoff between two of the world's oldest industrial companies. As one of Akzo's largest investors, Elliott mounted a bold public-relations and le-

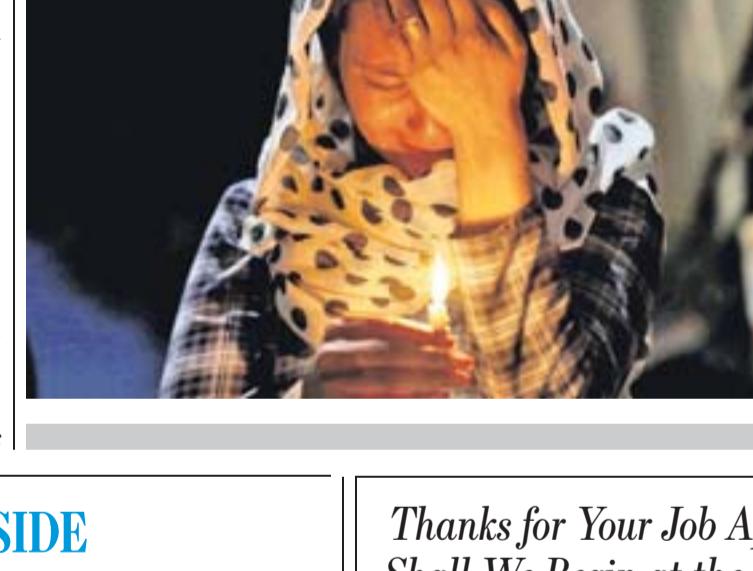
gal campaign to try to force the Amsterdam-based company into unwanted sales talks with PPG. Elliott's tactics have established it as one of the most prominent activist investors in the U.S. Most recently the hedge fund spearheaded a campaign that helped unseat the chief executive of aerospace-parts maker Arconic Inc.

But a similar effort came to nothing in the case of Akzo on Thursday after PPG dropped its bid following its failure to initiate friendly talks after a monthslong attempt. PPG is now challenged to find new

sources of growth after losing out on making its bet that the Akzo tie-up would strengthen the company's global reach, allow it to cut costs and offer customers a broader portfolio of paints and coatings.

Some analysts supported the move. "They did the right thing" by walking away, according to Robert W. Baird analyst Ghansham Panjabi. "They Please see AKZO page A2

- ◆ An activist investor becomes the target B5
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Afghan Regime Hits Group After Blast

RESPONSE: Afghan President Ashraf Ghani ordered the execution of jailed members of an extremist network that authorities say was responsible for the Kabul bombing that killed more than 90 people. A mourner in the capital, left. A4

MOHAMMAD ISMAIL/REUTERS

U.K. Polls Tighten As Election Approaches

By JASON DOUGLAS

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

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

Just a week before the vote, many of those polls show that lead has shrunk to single digits—though none point to an outright Labour win. On Thursday, polling firm YouGov PLC said her advantage had dwindled to 3 percentage points and

INSIDE



ENVIALE SUMMER VACATIONS

OFF DUTY, WI

AVID ANGLERS BUY LUXURY REEL ESTATE

MANSION, W9

Thanks for Your Job Application—Shall We Begin at the Squat Rack?

* * *

Some employers ask baffled job applicants to take jogs, lift weights or do sit-ups

BY CHRISTINA REXRODE
AND SERENA NG

Austin Harris thought his years as an investment banker had taught him all about tough job interviews—until one that started with a daybreak run through New York City's Central Park and ended in a cramped office gym for a round of pull-ups, push-ups, squats and burpees.

It wasn't easy keeping up with his prospective employer, a former college football player and co-founder of a company that makes nutrition bars, said Mr. Harris, 35 years

old. When they started talking business, he said, "I was breathing pretty heavily and trying to recover."

He made the cut, though. Mr. Harris is now chief financial officer of the food company, aptly named Health Warrior Inc.

In parts of the corporate world, the fitness enthusiasm of top executives is spilling from the gym to the workplace. Some sinewy CEOs find exercise clears their minds as it strengthens their bodies. When hiring and networking, more are substituting spin class and protein shakes

Please see FIT page A6

WORLD NEWS

BRUSSELS BEAT | By Marcus Walker

Europe Bid to Seize Moment Won't Be Easy

The European Union is back in vogue, as a recovering economic region and as a rallying cry for voters and politicians.

The question is whether the bloc can turn its new standing into action, or whether old differences will hobble plans to make the EU more effective at home and abroad.

Only a few months ago, Europe's political establishment feared the nationalist wave that helped to power Donald Trump into the White House and the U.K. toward Brexit might spread to the continent.

Instead, strongly pro-EU candidates did unexpectedly well in French and Dutch elections. Emmanuel Macron's triumph in the French presidential race has also changed the tone in Germany's election campaign, where establishment parties have gone from barely mentioning Europe to competing to praise it.

The French and German governments are talking the moment to strengthen the EU and its currency, the euro. Excited EU officials in Brussels are dusting off proposals for deeper union. Some Europeans even think the challenges from Mr. Trump and Brexit have created an opportunity to make Europe great again.

This week, the new mood peaked in a Munich beer tent, where German Chancellor

Angela Merkel called for European self-help and voiced her voters' disillusion with the direction of the U.S. under Mr. Trump. "We must fight for our future ourselves as Europeans, for our destiny," she said, while counting somewhat less on the U.S.

Mrs. Merkel's terse, much-parsed comments drew three circles around Germany: a core EU family that must stick together; American and British friends who are less reliable than in the past; and other neighbors such as Russia, with which Europe should work where possible.

The chancellor has said before that Europe must do more to help itself. But her words on Sunday sounded like a break from the traditional view of Atlanticist Germans such as herself, who have long seen the alliance with Washington and the partnership with Paris as equally important. On Monday she reverted to a more familiar stance, calling the trans-Atlantic alliance "of paramount importance."

Her mixed messages reflect a dilemma for Germany and Europe as a whole. EU capitals may believe the U.S. is retreating from consistent global engagement—a long-term trend reflecting a more multipolar world and changing U.S. domestic politics. But that doesn't mean the EU is ready to fill the gaps, even



French President Emmanuel Macron and German Chancellor Angela Merkel hope to pull together.

in its own neighborhood.

Some problems, such as climate change, are inherently global and impossible to manage without the U.S., a point Ms. Merkel stressed last weekend at the Group of Seven summit in Sicily.

On other issues, such as trade, the EU is strong enough to negotiate pacts with countries in Asia or Latin America that expand its ties with world markets even if the U.S. turns against multilateralism. But the painstaking negotiation of trade agreements isn't the major political project that the EU is looking for to prove it is regaining its mojo.

"There is a clear sense that Germany and France must demonstrate to every-

body that they are leading in Europe and investing in the EU," says Ulrich Speck, senior research fellow at the Elcano Royal Institute, a Spanish think tank. "But there are not many joint projects."

Many of the latest proposals focus on the euro. Europeans widely agree the currency union is incomplete, but they don't agree about what is missing. France and southern countries continue to believe the eurozone needs more common financial resources to boost growth and protect weaker countries against slumps. Germany and its northern allies think pacts on fiscal discipline and market-friendly overhauls need stricter enforcement.

Germans' deep-seated belief in a eurozone based on common rules and national self-reliance makes the country's elites nervous about Mr. Macron's demands for a eurozone budget funded by its own taxes and bonds. Berlin is keen to encourage Mr. Macron's domestic reforms, but German unease about his eurozone proposals was captured by news magazine Der Spiegel's recent cover declaring Mr. Macron to be Germany's "Costly Friend."

Given the differences, ambitions for a common eurozone treasury or collective bond issuance are probably "pie in the sky," says Murtaba Rahman, head Europe analyst at Eurasia Group, a political-risk consulting

firm. More likely than any grand bargain are modest overhauls, such as an incremental strengthening of the eurozone's banking union and bailout mechanism, Mr. Rahman says.

Some European politicians want to focus on defense instead. "The big problem here is Germany and France are not on the same page. Germany doesn't consider using military power as a political tool, whereas France does real fighting," said Mr. Speck. Germany might sometimes support French military operations overseas with logistics or reconnaissance—"the soft side of hard power," Mr. Speck said. "That's something, but it's far from common European defense."

The U.S. remains the only power that can credibly deter Russia from attacking members of the North Atlantic Treaty Organization, Europe's security establishment agrees. For that reason, Europeans were upset that Mr. Trump refrained from explicitly affirming U.S. commitment to collective defense at last week's NATO summit in Brussels. For Europe, the Americans, however unpredictable, remain indispensable.

Notice to Readers

Yaroslav Trofimov's Middle East Crossroads column is on hiatus this week.

A Dangerous Sight in Western Russia



TWISTER: A tornado swept through part of the Russian republic of Tatarstan on Thursday.

AKZO

Continued from Page One
needed to protect shareholders [from escalating bids for Akzo Nobel] and not get wrapped up in the emotion. This is a consolidating industry. There are plenty of other deals out there."

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

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

Elliott is widely known for its extensive preparation in launching activist campaigns against target companies. It used Dutch lawyers and industry consultants to help make its case against Akzo. Still, Thursday's setback highlights the challenges U.S. activist investors can face investing in countries that have different corporate gover-

nance structures, tax and other rules.

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

Akzo rejected PPG's bids as too low and argued that completion of the tie-up was far from certain owing to the antitrust review a deal would likely face. The company is betting its stand-alone strategy of boosting dividend payouts and spinning off the company's specialty chemicals business will generate more value than the takeover.

The strategy will "lead to a step change in growth," Chief Executive Ton Büchner said Thursday.

Still, Elliott can claim partial victory from Akzo's plan, as it originally invested in the stock to push Akzo to initiate the chemicals-unit spinoff.

Elliott's gain couldn't be determined, Akzo stock traded broadly between €50 and €60 in 2016 suggesting the paper gains are substantial.

But after PPG disclosed its initial \$22 billion bid more than two months ago, the hedge fund, joined by several large shareholders, urged Akzo's management and board to enter into talks with PPG to determine if a sale would generate more value.

Frustrated by Akzo's unwillingness to negotiate, Elliott asked a Dutch court last month to force Akzo to hold a special shareholder meeting seeking the removal of its chairman, Antony Burgmans, to push Akzo into deal talks. But this week the court ruled against that request. Elliott can appeal.

An Elliott representative declined to comment.

Akzo's controlling foundation also highlighted the challenges both PPG and Elliott faced. PPG, under Dutch law was required by Thursday to launch a hostile takeover bid or abandon the pursuit for at least six months. But the foundation's four directors, including Mr. Burgmans, retain exclusive rights to nominate replacement directors. That meant that even if PPG launched a hostile bid and won sufficient shareholder support it could still struggle to take control of Akzo.

MAY

Continued from Page One
suggested her party could lose seats. That would deprive her of the solid majority she says is essential in looming Brexit talks with the European Union.

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

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

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

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

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

At campaign stops and on television debates, Mr. Corbyn's avuncular style contrasted with Mrs. May's stilted performances and her repetition of her mantra of "strong and stable government."

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

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

YouGov cautioned that the



Theresa May speaks to furniture workers in northern England.

managed appearances before party loyalists and media.

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

Some Conservative candidates say the narrowing in the polls is helping to encourage supporters and wavering voters to cast ballots rather than stay home.

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

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

—Jenny Gross contributed to this article.

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CORRECTIONS & AMPLIFICATIONS

The Oklahoma City Thunder were eliminated from the National Basketball Association playoffs in April. A World News article Thursday about Thunder center Enes Kanter incorrectly said the team was eliminated in May.

Financier Peter Dubens is a nonexecutive director on the board of venture capital fund Pembroke VCT. An article in the June/July issue of WSJ. Magazine about Alexa Chung's new fashion brand incorrectly said it was his venture capital fund.

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

WORLD NEWS

Philippines Struggles to Suppress Islamic State-Linked Militants

BY JAKE MAXWELL WATTS

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

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

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

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

Security experts fear that disparate extremists are coalescing in Mindanao under the Islamic State banner, establishing themselves in a country with a weak rule of law, thriving illegal arms trade and ready supply of brutal criminal factions.

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



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

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

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

The aircraft in the case, officials said, was a propeller-driven Marchetti S-260, a training and light-attack plane also made for civilian use.

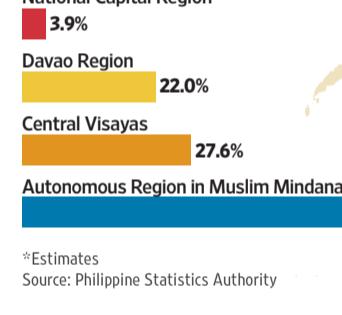
"While we mourn the loss of our valued men, we will attend to their bereaved families and provide comfort and solace to them during this trying time," the armed forces said in a statement.

Many of the extremist fighters involved in clashes with the military, meanwhile, live to fight on. Of the estimated 500 fighters officials say occupied Marawi more than a week ago, many are thought to have

Regional Inequality

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

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

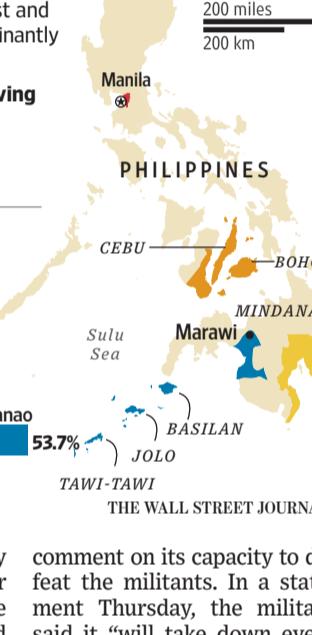


*Estimates

Source: Philippine Statistics Authority

slipped away, past military checkpoints. It isn't clear whether Isnilon Hapilon, the militant leader whose attempted arrest triggered the battle, has also escaped. Officials believe he may still be in Marawi.

The Philippines armed forces didn't reply to a request to



comment on its capacity to defeat the militants. In a statement Thursday, the military said it "will take down every Maute-ISIS member that continues to desecrate the Islamic City and thwart the security forces from restoring peace and order in this part of Mindanao."

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

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

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

Manila Casino Resort Reports An Attack

BY JAMES HOOKWAY

A major hotel-and-casino resort in the Philippine capital said it was on lockdown early Friday after reports of gunfire at the complex.

Resorts World Manila, the operator, issued a brief statement after unidentified men entered the building, which is located near Manila's international airport.

"The company is working closely with the Philippine National Police to ensure that all guests and employees are safe," it said. "We ask for your prayers during these difficult times."

Images from Philippine television showed thick smoke billowing from the top of the building and people being taken from the complex on stretchers, while witnesses told local media that masked men had entered the building. Police and SWAT teams were in the area.

One casino employee, speaking to radio station DZMM, described seeing one of the attackers pouring a liquid on one of the casino tables and setting it on fire as guests fled.

The incident at Resorts World, the largest casino complex in the country, comes as a conflict continues in the southern Philippines, where soldiers are fighting to rid the city of Marawi of Islamic State-linked militants who invaded more than a week ago to prevent the arrest of a terrorist suspect.

Scores of people have died in the conflict, including civilians and 11 Philippine troops who were accidentally killed in a friendly fire incident on Wednesday. Among the militants killed were citizens from Saudi Arabia, Yemen and other countries, stirring concern that growing numbers of foreign militants are joining the long-running Muslim separatist insurgency in the south of the predominantly Roman Catholic country as Islamic State loses territory in Syria and Iraq.

Trump Renews Waiver That Keeps Embassy in Tel Aviv

BY FELICIA SCHWARTZ

WASHINGTON—President Donald Trump renewed a waiver that keeps the U.S. Embassy in Israel in Tel Aviv instead of moving it to Jerusalem, the White House said Thursday.

Mr. Trump had promised on the campaign trail and during the transition that he would move the embassy in Israel to Jerusalem and recognize the city as Israel's capital in what would be a major reversal of longstanding U.S. policy.

Mr. Trump faced a June 1 deadline to sign the waiver, or else be legally obligated to move the embassy under a

1995 law.

The White House said Mr. Trump decided to sign the waiver to "maximize the chances of successfully negotiating a deal between Israel and the Palestinians, fulfilling his solemn obligation to defend America's national security interests."

The statement also said Mr. Trump remains committed to his promise to move the embassy.

Mr. Trump will next have to decide whether to sign a waiver in six months.

"As he has repeatedly stated his intention to move the embassy, the question is not if that move happens,

but only when," the White House said.

The White House also said Mr. Trump's decision shouldn't be considered "to be in any way a retreat from the president's strong support for Israel and for the United States-Israel alliance."

Israeli Prime Minister Benjamin Netanyahu's office on Thursday urged the U.S. to move its embassy to Jerusalem, which Israel claims as its undivided capital.

"Though Israel is disappointed that the embassy will not move at this time, we appreciate today's expression of President Trump's friendship to Israel and his commitment

to moving the embassy to Israel," Mr. Netanyahu's office said.

The Palestinian representative to the U.S., Husam Zomlot, said the decision "is in line with long-held U.S. policy and it gives peace a chance."

He said Palestinians are ready to begin consulting with the Trump administration and "are serious and genuine about achieving a just and lasting peace."

Both Israel and the Palestinians have claims to the contested city, and the U.S. has held that Jerusalem's final status should be the subject of negotiations aimed at resolving the long-simmering

dispute.

Congress passed legislation requiring that the U.S. Embassy be relocated to Jerusalem in 1995, but the law allows the president to waive that order for six-month periods for national security reasons.

Presidents from both parties have consistently done so since the law took effect.

Since Mr. Trump took office, Arab officials as well as U.S. officials have warned him of the potential dangers of moving the embassy, including interfering with peace negotiations and causing regional unrest.

Mr. Trump isn't the first

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

But some officials and diplomats took Mr. Trump's pledge more seriously, as he continued to keep the possibility open once he took office. He still could make the move eventually.

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

—Rory Jones in Tel Aviv contributed to this article.

Russia, Saudis Look to Deepen Ties

ST. PETERSBURG—Russia and Saudi Arabia are taking steps to deepen their economic and political ties, after an alliance between the world's two biggest oil exporters cemented a deal last week to keep withholding output and boost crude prices.

By Elena Cherney, Margherita Stancati and James Marson

Russian and Saudi officials, including Saudi Arabia's Deputy Crown Prince Mohammed Bin Salman and Russian President Vladimir Putin, have held a series of meetings in Moscow and St. Petersburg this week to discuss potential business deals and broader political and security concerns, including their clashing positions on Syria and Iran.

According to the official Saudi Press Agency, Mr. Putin

and the prince discussed the oil agreement, the Syrian conflict and ways to counter extremism in Central Asia during a Tuesday meeting in Moscow.

Russian and Saudi Arabian business leaders have also met to discuss potential deals including possible joint ventures in Asia and exports of Russian liquefied natural gas, or LNG, to Saudi Arabia, said Khalid al-Falih, Saudi Arabia's minister of energy, industry and mineral resources, in an interview Thursday in St. Petersburg, on the sidelines of a conference. A spokesman for Russia's energy minister confirmed that discussions are taking place.

The talks follow last week's show of unity between the two energy powers in Vienna at the meeting of the Organization of Petroleum Exporting Countries. Russia isn't a member of the 14-nation oil cartel, as Saudi Ara-

bia is, but its support was critical in reaching a deal among the 24 OPEC and non-OPEC producers to keep output limits in place until March 2018.

Business leaders met to discuss potential ventures in Asia and exports of LNG.

The oil-price collapse and efforts by OPEC to counter a global supply glut have brought the two countries closer, underscoring both countries' pragmatic approach to foreign policy.

"Our interests don't just cross but align," Mr. Falih said, adding the countries had a "quiet back-channel dialogue for some time" before nailing down an agreement on oil-production policy last year at the G-20 summit of industrialized nations in China.

Some observers suggested the alliance, driven as it has been by oil, may not outlast the current oil-price crisis.

"It's a tactical alliance rather than a long-term strategic alliance, as both countries need an oil price of \$50-\$55 per barrel for their budgets," said Tatiana Mitrova, director of the Skolkovo Energy Center in Russia.



Vladimir Putin with Deputy Crown Prince Mohammed Bin Salman

WORLD NEWS

U.S. Pullout Leaves Climate Deal in Flux

By MATTHEW DALTON

PARIS—World leaders vowing to stick with the 2015 Paris Accord without the U.S. now face a welter of obstacles, from rallying long-term political support for the deal to replacing billions of dollars that Washington had pledged in climate-change finance.

President Donald Trump's decision to withdraw from the accord on Thursday threatens the deal's basic framework, particularly financial incentives that drew poorer nations into the agreement.

Vows from Beijing, Paris and other capitals to defend the international agreement might keep it on track in the short term. But officials say the deal's long-term future—along with its promise to prevent the catastrophic effects of climate change—is in danger.

"You can't pick up the slack of the world's second-largest emitter," said Paul Bodnar, who led the climate finance negotiations for the U.S. in Paris.

The U.S.'s willingness to propose major emissions reductions and put money on the table helped solidify global consensus behind the deal.

Crucially, it also helped convince politicians worldwide of the need to seek more ambitious cuts and channel more money into the fight against global warming, officials and experts say.

"The Paris deal is built on a sense of countries mutually pushing and goading each other to do their best and put forward the strongest possible targets," said Todd Stern, the chief U.S. negotiator for the accord. The withdrawal of the U.S., he said, means "the momentum to put pedal to the metal and go hard is likely to be damaged."

When they signed the accord, governments acknowledged that the most difficult work was left unfinished. The pledges to slash emissions made by more than 190 nations fell far short of the reductions scientists say are needed to avoid the most catastrophic effects of climate change. The agreement required governments to revisit their emissions pledges every five years.

The goal of the Paris Accord was to limit global warming to "well under" 2 degrees Celsius by the end of this century compared with the dawn of the

industrial era. Yet emission reductions proposed ahead of the Paris deal don't come close to meeting that goal. The world has already warmed 0.9 degree Celsius since the late 19th century, according to the United Nations, which also expects that greenhouse-gas emissions will accelerate without further action.

To be effective, the accord can't sustain more than a "temporary wobble, because we have such a narrow window for hitting the collective temperature targets that we set," Mr. Bodnar said.

Another pillar of the deal called for wealthy nations to provide at least \$100 billion a year in financing to developing countries. The goal was to shift the entire course of economic development in poorer nations, directing them to renewable energy before they become dependent on fossil fuels. The money was also supposed to help these countries build infrastructure resistant to the effects of climate change, such as increased flooding and more powerful storms.

There too, governments acknowledged that rich nations need to mobilize significantly



A rift in Antarctica's Larsen C ice shelf has been expanding in recent months.

more than \$100 billion each year to ensure that emissions in poor nations don't soar as their economies grow.

"Finance is at the core of the deal," Mr. Bodnar said. "If you are in a very poor country and your priority is poverty alleviation, you're going to need an incentive to focus on building solar power instead of coal," he said.

By the end of the Obama administration, the U.S. contribution to the \$100 billion goal was relatively small: around \$2.6 billion annually. Developing countries were

hoping to see that figure rise substantially.

Mr. Trump's budget proposal would eviscerate U.S. funding for the \$100 billion goal. It calls for eliminating U.S. support for the Green Climate Fund, a multilateral agency that provides financing for responding to climate change.

The Obama administration had pledged \$3 billion for the fund, making the U.S. its largest donor, but had yet to deliver \$2 billion of that.

"The problem is the uncertainty," said Zaheer Fakir, a South African official who sits

on the fund's board of directors. "Is Germany for example going to step up and increase its contribution to fill the gap that the U.S. has left?"

Mr. Trump's budget also proposes to wind down the Overseas Private Investment Corporation, an agency that facilitates investments overseas. OPIC channels around \$1 billion annually into renewable energy projects, money that counts toward the \$100 billion goal.

"I think that the damage is already done in terms of the clear indications in the budget," Mr. Bodnar said.

Firms See Little Change After Exit

By RUSSELL GOLD
AND LYNN COOK

The Trump administration's withdrawal from the Paris Agreement heralds a decisive change in U.S. climate policy, but many corporate leaders say it will have little immediate impact on their investments and strategies.

President Donald Trump on Thursday said the U.S. will begin negotiations to either re-enter the accord or start a new deal on "fair" terms.

For now, companies are holding the course when it comes to climate policy, and the reasons are diverse. Companies are responding to customer and shareholder demands to reduce greenhouse-gas emissions. And many large companies operate in states and countries that are implementing climate rules.

Firms are buying natural gas and renewable electricity that emits less because it is becoming cheaper. And many are making long-term capital investments that will reduce their carbon footprints with

an eye toward future decades, not the current election cycle.

Exxon Mobil Corp., the largest U.S.-based oil producer, has said it wants a consistent set of rules and favors remaining in the Paris agreement.

"We need a framework like that to address the challenge of climate change and the risk of climate change," Chief Executive Darren Woods said at the company's annual meeting on Wednesday, where 62% of shareholders voted for a resolution to pressure Exxon to share more information about how climate change could affect its business.

General Electric Co. has spent billions to make technologies that reduce energy consumption a core part of its business. The decision to leave the Paris Agreement is "not going to change one thing that we do regarding energy efficiency," Chief Executive Jeffrey Immelt said in a speech in May, "and I think all business is going to feel the same way."

Ford Motor Co. said it was still committed to technology investments to make its vehicles emit less carbon dioxide, including shorter-term moves to improve the efficiency of the internal combustion engine, and longer-term plans to develop affordable fuel cells. Much of the auto industry is on a similar course.

U.S. energy-related carbon

'We need a framework ... to address the challenge of climate change,' said a CEO

emissions are at their lowest level since 1992, according to federal statistics. This is mostly because the U.S. electricity system has replaced a large amount of coal-fired power with natural gas and renewables.

American Electric Power Co., one of the largest utility companies in the U.S., has been shifting toward more gas, wind and solar because the moves are popular with customers and provide increasingly inex-

pensive power, said Chief Executive Nick Akins. He said it would be a mistake for the U.S. to exit from the accord.

"I think walking away from the table is really not productive, although that may be part of the negotiation," Mr. Akins said. "Who knows?"

Some companies do support leaving the agreement because they see it as a way to jump-start industries weighed down by environmental regulations. They include Murray Energy Corp., the country's largest privately held coal miner, whose controlling owner, Robert Murray, has been a strong backer of President Trump.

The change in policy will have an impact on companies' bigger-ticket expenditures.

"Executives are making multibillion-dollar decisions about assets that last decades. Suddenly injecting a bunch of uncertainty into the debate makes long-lasting, slow-to-build, expensive assets—like nuclear—even riskier," said Michael Webber, deputy director of the Energy Institute at the University of Texas at Austin.

CLIMATE

Continued from page A1
tion joins a handful of nations that reject the future."

But Mr. Obama said he remained hopeful that "our states, cities, and businesses will step up and do even more to lead the way, and help protect for future generations the one planet we've got."

Mr. Trump's decision comes after months of tense debates within a divided West Wing and intense speculation in the 48 hours leading up to the announcement.

Corporate leaders from sectors ranging from oil and gas to retail, agriculture, finance and technology lobbied the GOP president not to scrap the agreement. Inside the administration, Secretary of State Rex Tillerson pressed the president to keep the U.S. in the Paris accord, as did Defense Secretary Jim Mattis and leaders at the Pentagon, who have long viewed combating climate change as a matter of national security.

Mr. Trump's decision to exit from the Paris accord marks the beginning of a multiyear process for extricating the U.S. from the deal, which was signed by most nations around the world.

According to the Paris agreement, Mr. Trump can send a formal written request to exit from the accord in November 2019. If he sends the request then, the U.S. would be free of the Paris agreement after one

year, when the U.S. electorate heads to the polls for the next presidential election.

Billionaire entrepreneur Elon Musk, who had threatened to stop attending White House business gatherings if Mr. Trump left the accord, said he was following through on his threat Thursday. The CEO of Tesla and SpaceX tweeted: "Am departing presidential councils. Climate change is real. Leaving Paris is not good for America or the world."

Senior adviser Steve Bannon and Environmental Protection Agency Administrator Scott Pruitt led the internal push to persuade Mr. Trump to follow through on his campaign promise to withdraw fully from the Paris accord—a move other senior aides, cabinet members and the president's family members opposed.

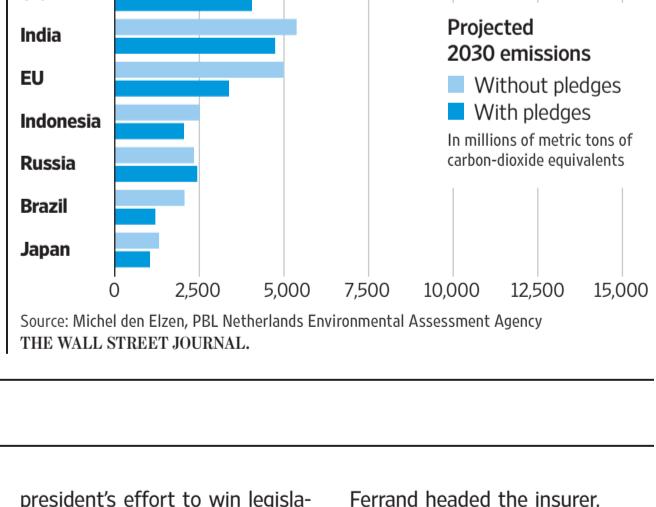
The cornerstone of Mr. Obama's legacy on the issue of confronting climate change, the Paris accord allowed participating countries to determine their own set of emissions targets and plans to reach them with the broader goal of keeping average global temperatures from rising more than 2 degrees Celsius, or 3.6 degrees Fahrenheit, above preindustrial levels. That level is considered by climate scientists to be the danger threshold, beyond which damage to the planet would become irreversible.

The U.S. had pledged to cut greenhouse-gas emissions by 26% to 28% from 2005 levels by 2025.

Air of Uncertainty

President Trump is expected to pull the United States out of the Paris climate accord.

Projected impact of carbon-cutting pledges made at the conference:



Source: Michel den Elzen, PBL Netherlands Environmental Assessment Agency

THE WALL STREET JOURNAL.

Putin Nods to 'Patriotic' Hackers

By NATHAN HODGE
AND JAMES MARSON

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

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

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

Addressing a question about whether hackers from Russia could meddle in German elections this year, Mr.

Putin also suggested that technology could have been used to make it look like Russia was the source of attacks.

U.S. security officials say Russia interfered in the presidential election with cyberattacks, claims Moscow has denied. Investigations into the alleged interference have damaged chances for a quick improvement in relations between Russia and the U.S. under President Donald Trump.

Answering a question about what the director of the state news service TASS termed growing "Russophobia" around the world, Mr. Putin said anti-Russian sentiment didn't stem from Russia's actions, but from others' insecurities.

"In my opinion, this is due to the fact that a multipolar world is being established, and

this is not to the liking of monopolists," Mr. Putin said. "This is not the least due to Russia's struggle for its interests—I want to emphasize, for its legitimate interests."

Russia has been under U.S. and Western sanctions over Moscow's annexation of the Black Sea peninsula of Crimea in 2014 and its backing of separatists in eastern Ukraine.

The Obama administration late last year expelled what it said were 35 intelligence operatives allegedly serving under diplomatic cover and denied access to two Russian government-owned compounds in the U.S. in retaliation for alleged use of cyberattacks to interfere in the election.

Mr. Putin has consistently denied the Russian state uses hacking to interfere in the politics of other countries.

While Mr. Putin didn't delve

into specific anti-Russian policies in his comments, he said he saw "certain changes in the situation, and for the better, I hope that this trend will continue."

In January, Mr. Trump told The Wall Street Journal he would keep sanctions on Russia intact "at least for a period of time."

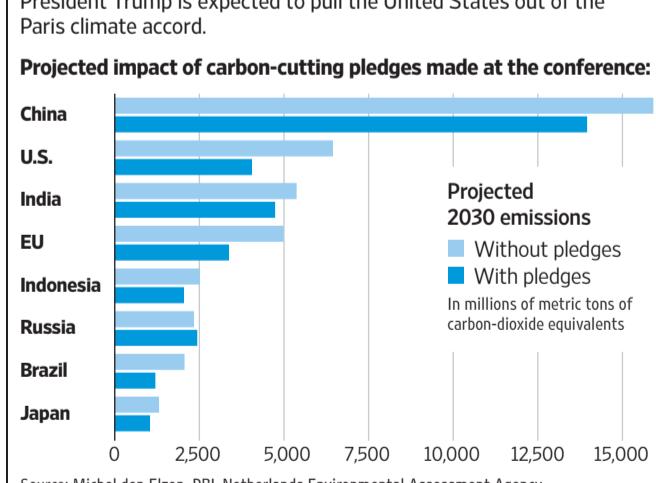
The House Intelligence Committee issued seven subpoenas Wednesday as part of its investigation into alleged Russian meddling.

The Kremlin hasn't retaliated over the December expulsion of its personnel from the U.S., but the Russian Embassy in Washington hinted on Wednesday at a possible reaction, posting a quote from Kremlin aide Yury Ushakov: "Nobody has canceled the principle of reciprocity in diplomacy."

WORLD WATCH

President Trump is expected to pull the United States out of the Paris climate accord.

Projected impact of carbon-cutting pledges made at the conference:



Source: Michel den Elzen, PBL Netherlands Environmental Assessment Agency

THE WALL STREET JOURNAL.

AFGHANISTAN

President Orders Execution of Militants

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

It wasn't immediately known if the death sentences for 11 members of the group, the Haqqani network, had been carried out. But the Taliban said it would retaliate with attacks on Kabul if they were

The Haqqani network is a branch of the Taliban. The Taliban said they didn't carry out the attack and didn't comment on whether the Haqqani network had played a role in it.

—Jessica Donati and Habib Khan Totakhil

FRANCE

Prosecutor Opens Probe Into Minister

A French prosecutor opened a preliminary probe into the past business dealings of one of Emmanuel Macron's ministers and closest allies, muddying the

president's effort to win legislative elections on a promise to clean up politics.

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

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

Ferrand headed the insurer.

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

A spokeswoman for Mr. Ferrand didn't immediately respond to requests for comment. Mr. Ferrand has confirmed the rental agreement and his employment history, but denies any wrongdoing or illegal activity. "Everything I've done in my professional life is legal, public and transparent," Mr. Ferrand said on French radio Wednesday.

—William Horobin



The injured were treated in Kabul after a deadly blast shook the city.

OMAR SOBHANI/REUTERS

U.S. NEWS

Foreign-Agents Law Gets Scant Respect

An obscure statute is key to Manafort, Flynn probes, but until now has had few teeth

WASHINGTON—A little-known statute that requires people to disclose when they are acting in the U.S. on behalf of foreign powers is central to

By Paul Sonne,
Del Quentin Wilber
and Byron Tau

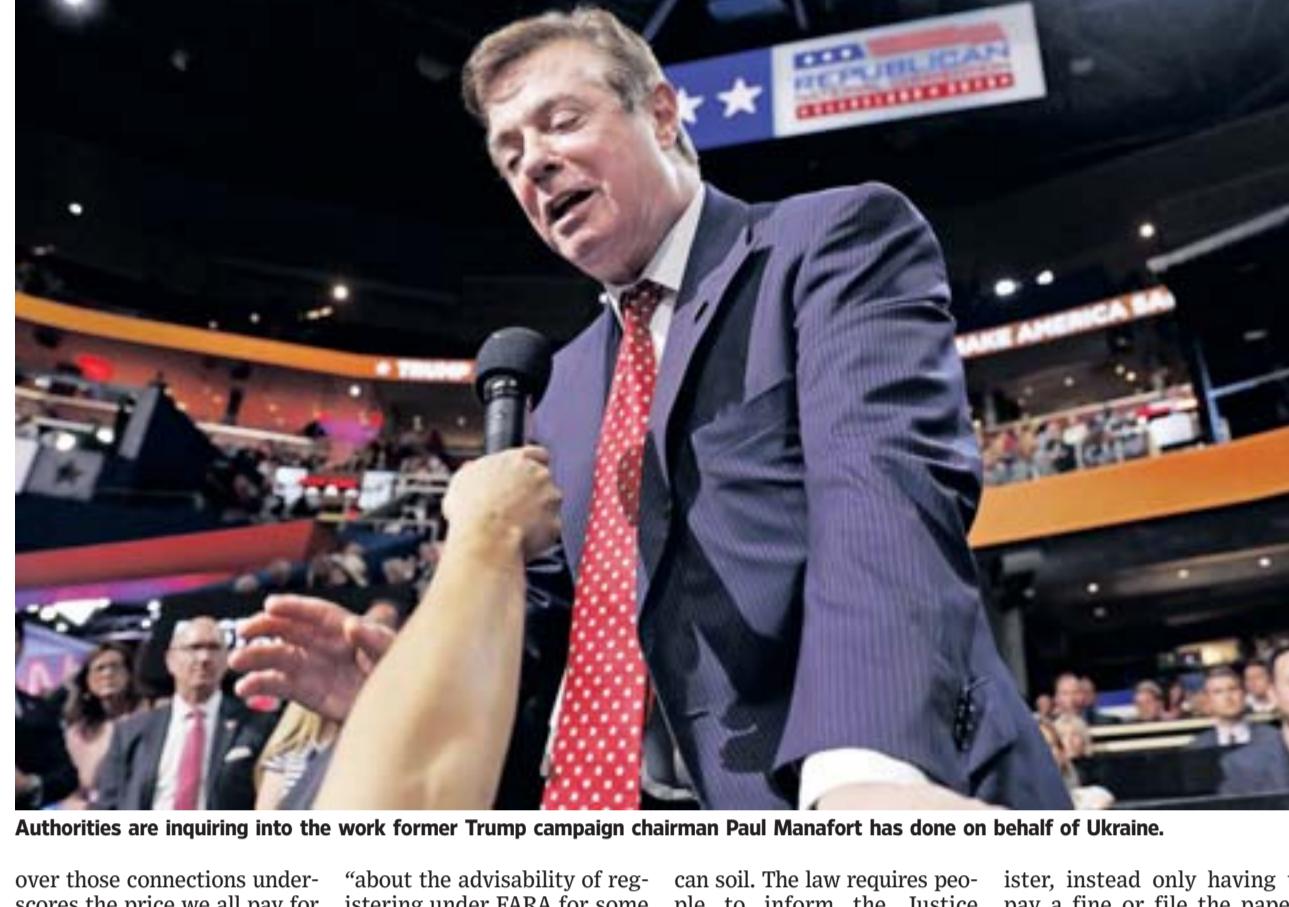
federal investigations into two former associates of President Donald Trump, according to people familiar with the matter.

Investigators examining activities of former White House national security adviser Mike Flynn and former Trump campaign chairman Paul Manafort are looking at whether their work for foreign interests violated the Foreign Agents Registration Act, or FARA, and related laws, the people said.

The inquiries focus on Mr. Flynn's work involving Turkey and Mr. Manafort's work involving Ukraine, they said.

Any resulting prosecutions would mark the highest-profile enforcement in years of laws that Washington influence peddlers regard as having little consequence.

"Having an administration with so many current and former staffers with apparent financial ties to multiple foreign powers and corporations just underscores the imperative" of enforcing these laws, said Stephen Vladeck, a University of Texas law professor who studies national security regulations. "And the uncertainty



JONATHAN ERNST/REUTERS

Authorities are inquiring into the work former Trump campaign chairman Paul Manafort has done on behalf of Ukraine.

over those connections underscores the price we all pay for the lax enforcement that has come to characterize FARA."

White House spokesman Sean Spicer has said it was the responsibility of individuals such as Mr. Flynn to consult with lawyers and file any required government forms regarding past work. Mr. Flynn's attorney declined to comment.

Mr. Manafort's spokesman, Jason Maloni, said in an April statement that the former campaign chairman had been in talks with federal authorities since before the election

"about the advisability of registering under FARA for some of his past political work."

Mr. Maloni continued: "Mr. Manafort received formal guidance recently from the authorities and he is taking appropriate steps in response to the guidance. The work in question was widely known, concluded before Mr. Manafort began working with the Trump campaign and was not conducted on behalf of the Russian government."

Congress passed FARA in 1938 to expose covert Nazi-influence campaigns on Ameri-

can soil. The law requires people to inform the Justice Department if they undertake certain public-relations or lobbying activities in the U.S. on behalf of foreign principals.

The statute for years has been lightly enforced and subject to loopholes, allowing a stream of undisclosed foreign money to flow into Washington enabling future influence initiatives. Firms that represented clients with ties to countries including Libya, Syria, Iraq and Qatar have faced no criminal penalties in recent years for failing to reg-

ister, instead only having to pay a fine or file the paperwork after the fact.

The Justice Department Inspector General said in a report in September that the department had brought only seven criminal FARA cases between 1966 and 2015. The law also provides for seeking a civil injunction from a judge—a provision the department hasn't used since 1991, the report said.

The department said the difficulty of proving a person's willful evasion and direction by a foreign principal have

made prosecution challenging, as have exemptions under the statute and the government's inability to compel the surrender of records without an active criminal case.

Still, the department's national security division began pushing FARA compliance more aggressively about a year ago, as the presidential election coincidentally raised questions about foreign influence in U.S. politics, current and former U.S. law-enforcement officials have said.

The potential FARA violations in question regarding Mr. Flynn and Mr. Manafort highlight the challenges the government faces in enforcing the law. Among them is a big loophole: the Lobbying Disclosure Act of 1995, known as the LDA.

People lobbying for organizations that have no links to foreign governments and political parties can file relatively opaque disclosure forms with Congress under the LDA and receive an exemption from submitting far more detailed FARA filings. Often, influence efforts go through people or organizations allegedly unaffiliated with foreign governments and so evade FARA.

The Justice Department Inspector General found that the number of active FARA registrants dropped dramatically after the department started charging filing fees in 1993 and the LDA passed in 1995.

Whether the former Trump associates breached FARA—a violation of which can carry a fine and up to five years in prison—depends on whether they willfully evaded disclosing activities directed by a foreign principal.

Civil-Rights Lawyer Is Set To Be District Attorney

BY SCOTT CALVERT

Philadelphia defense lawyer Larry Krasner has made a career of standing up to law enforcement. Now he is poised to be the city's top prosecutor.

Mr. Krasner, a self-proclaimed progressive who has filed 75 civil-rights lawsuits in his 30-year career and represented Black Lives Matter activists, won the Democratic primary for district attorney last month.

His win—with 38% of the vote, nearly double his nearest rival—was fueled by strong support from African-American voters and a \$1.5 million ad blitz from billionaire investor George Soros.

As part of his campaign, Mr. Krasner, 56 years old, pledged to "stand up" to police misconduct, shift resources from minor crimes to focus on serious offenses, never seek the death penalty and refuse cases stem-

ming from "illegal frisks and searches."

Mr. Krasner's victory in the seven-candidate primary surprised members of the city's political establishment, few of whom have formally endorsed him. Eleven former city prosecutors signed an editorial ahead of the primary, warning that Mr. Krasner was a "dangerous" candidate gaining "a foothold thanks to money from a European billionaire."

At a time when Democrats are galvanized in the wake of Republican President Donald Trump's victory in the election, Mr. Krasner's success points to fissures between the progressive and centrist wings of the Democratic Party. His platform to pursue fewer cases and focus resources on major offenders also runs counter to the message from Attorney General Jeff Sessions, a conservative who is calling for more aggressive prosecution.

"The national interpretation is this is an affirmation of maybe the more liberal activists, so-called progressive wing of the Democratic Party, that is concerned or outraged about levels of incarceration and racial issues in the criminal-justice system," said David Thornburgh, president of the Committee of Seventy, a nonpartisan governance group in Philadelphia.

At the same time, he said, all seven Democratic candidates sounded similar themes and none ran on a staunch law-and-order platform.

Dan Siegel, campaign manager for one of Mr. Krasner's challengers, said winning the general election could be more complicated than usual for a Democrat in Philadelphia. One key factor, he said: "How angry are people who don't agree with him? I know there's a lot of angst among prosecutors, a lot of angst among police."



MATT ROURKE/ASSOCIATED PRESS

The primary outcome has sparked rumors of new candidates entering the race to block Mr. Krasner, though none have emerged. Meanwhile, First Assistant District Attorney Kathleen Martin denies talk that Mr. Krasner's victory has prompted resignations in the DA's office.

Two weeks after the election, Democrats including Mayor Jim Kenney and U.S. Rep. Robert Brady, who is chairman of the local party, have yet to announce they back Mr. Krasner. Mr. Kenney's political spokesman said the mayor expects to endorse Mr. Krasner.

Mr. Brady said in an interview the election makes an endorsement moot. "He's going to win, and we'll be supporting him," he said.

Democrats outnumber Republicans in the city 7 to 1, giving Mr. Krasner a clear advantage in November's general election against GOP nominee Beth Grossman, a longtime former prosecutor. Incumbent Democratic DA Seth Williams is awaiting trial on federal corruption charges, to which he has pleaded not guilty. He had earlier declined to run again.

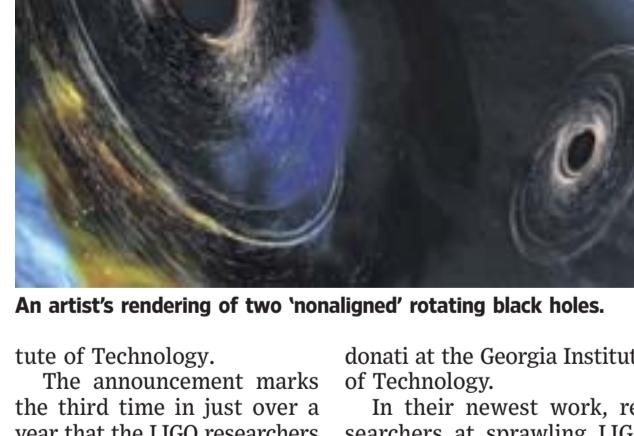
Scientists Detect 2 Merged Black Holes

BY ROBERT LEE HOTZ

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

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

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



LIGO/CALTECH/MIT/SONOMA STATE

tute of Technology.

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

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

donati at the Georgia Institute of Technology.

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

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

"Normally, we don't think of the nothing of space as having properties," said Caltech physicist Michael Landry, head of the Hanford LIGO facility.

"We register the passage of those gravitational waves as they change the length of our two detectors."

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

ECONOMY

Private-Sector Jobs

Increase by 253,000

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

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

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

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

WISCONSIN

Explosion at Corn Mill Kills at Least One

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

The Village of Cambria said in a press release on Thursday that 17 employees were in the building when the explosion occurred at 11 p.m. local time Wednesday. It said two people were treated and released and 12 others were transported to hospitals. One person died and two others were missing.

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

Dionion Milling was the subject of a front-page article in The Wall Street Journal in 2007 when it opened an adjacent ethanol plant at a time of rising concerns about the renewable fuel that was then rapidly expanding. Local opposition in Cambria led the company to relocate the site of the plant by a few hundred feet to land outside the city limits.

The company couldn't be reached to comment.

—Joe Barrett

IN DEPTH

ANBANG

Continued from Page One
the country's financial firms and behavior they view as risky, such as selling high-yield products to consumers that help fund surging investments in foreign companies.

Chinese companies have announced about \$49.5 billion of outbound investments so far this year through the end of May, less than half of what they had unveiled by the same time last year, according to Dealogic.

In April, China's LeEco Holdings, a conglomerate with ventures in video streaming, smartphones and driverless cars, said regulatory headwinds forced it to drop a \$2 billion acquisition of U.S.-based TV maker Vizio Inc.

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

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

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

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

The group has slowed the pace of foreign acquisitions, stock purchases, plans for a global bond issue and a stock-market listing of Anbang Life Insurance Co., the group's biggest unit, according to public filings and people familiar with Anbang's dealings. Anbang Life has reported a sharp



DREW ANGERER/GETTY IMAGES

shift in sales from products regulators view as risky in favor of those classified as traditional insurance policies.

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

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

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

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

By the end of last year, that total had risen to 203 billion yuan even as the market fell 12% and China's securities regulator said at a meeting of Chinese asset managers that "bar-



RICHARD DREW/ASSOCIATED PRESS

barian" insurers were using money from premiums to attempt leveraged buyouts. Anbang wasn't named.

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

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

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

Xu Huihui, a Taiwanese woman who lives in Shanghai, put almost \$300,000 into a deal that bundles 20 such policies, and chose plane-crash coverage that in the event of her death would pay a total of one million yuan, or \$145,000, according to her contract. She

said she was earning around 5% annual interest and viewed the products more like certificates of deposit than insurance.

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

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

Anbang declined to comment on its products.

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

share purchases.

At Anbang Life, new sales of such high-yield products rose to as high as 39.7 billion

yuan (\$5.8 billion) in March 2016, 48 times what they were a year before, according to data from the regulator. Those products accounted for around two-thirds of the insurer's revenue from new insurance sales last year.

Meanwhile, Anbang's overseas buying helped push the life insurer's assets to 1.45 trillion

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

yuan by the end of 2016, nearly double the previous year's level, with holdings abroad exceeding assets at home, according to a local-media report.

One risk, analysts say: Many of the assets Anbang has acquired—such as New York's Waldorf Astoria—may be hard to sell quickly. That means Anbang could face a problem over



Clockwise from left, New York's Waldorf Astoria hotel, an Anbang asset; Anbang Chief Executive Wu Xiaohui; and 665 Fifth Ave. in Manhattan, where Anbang backed away from an investment with Kushner Cos.

any such assets it financed with shorter-term funding from things like the sale of high-yield products. If Anbang can't roll over that funding, it may face a cash squeeze that could force it to sell assets, make it unable to repay investors and lead to a broader credit crunch in the markets. Analysts say Anbang Life still has plenty of capital and liquid assets on hand.

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

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

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

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

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

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

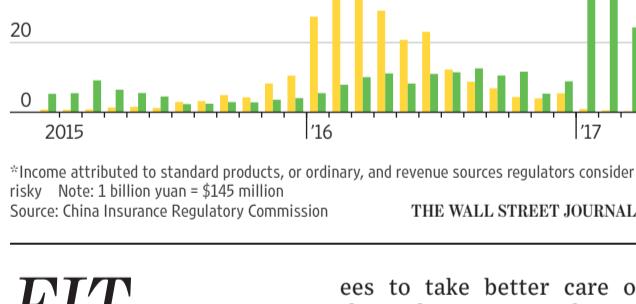
Anbang's large purchases of stakes in Chinese companies may have slowed as well. Anbang group companies were top shareholders in 26 mainland-listed companies at the end of December, according to Wind. By the end of March, that number had fallen to 24.

Yifan Xie and Phred Dvorak contributed to this article.

Big Switch

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

80 billion yuan



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

Source: China Insurance Regulatory Commission

FIT

Continued from Page One
for golf and steak dinners.

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

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

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

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

Such jaunts are a side effect of a broader corporate move to encourage employ-

ees to take better care of themselves. More than a quarter of U.S. companies have on-site fitness centers, according to the Society for Human Resource Management. Nearly a third organize fitness competitions.

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

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

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

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

Some employers confessed to weeding out applicants in the gym. John Osbon said

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

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

Mr. Osbon, now a money manager in Boston, said sizing up people in the gym doesn't always work. Once, he

lost a promising job candidate after telling him they could lift weights together regularly. "He never came back," he said.

Julie Gilbert, who runs a software-technology company in Minneapolis, recalled the time she was invited by a potential business partner, John Henka, to join him at a gym popular with bodybuilders and powerlifters. They spent an hour jumping onto boxes and pushing weighted sleds across the floor.



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

ROB ALCARAZ/THE WALL STREET JOURNAL

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

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

Ms. Gilbert and Mr. Henka, who runs a staffing agency for veterans, have since collaborated on several hiring

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

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

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

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

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

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

BOOKS

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

The Crossroads of a Lost World

Palmyra

By Paul Veyne
Chicago, 88 pages, £17

BY PETER THONEMANN

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

Not Only Fit but Fabulous

The Evolution of Beauty

By Richard O. Prum
Doubleday, 428 pages, £23.36

BY SAM KEAN

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

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

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

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

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

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

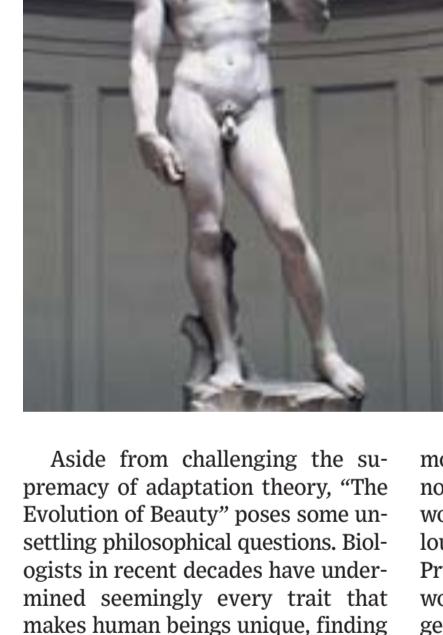
what the tails signify: good underlying genes. After all, any creature whose body can waste that many resources building an onerous appendage—and still avoid predators—must be exceptionally fit. By choosing males with flamboyant tails, then, females simply choose good genes by proxy.

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

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

runaway beauty can even become

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



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

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

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

Aside from challenging the supremacy of adaptation theory, "The Evolution of Beauty" poses some unsettling philosophical questions. Biologists in recent decades have undermined seemingly every trait that makes human beings unique, finding rudiments of tool use, altruism and even language among other animals. Mr. Prum adds the fine arts to that list. Different bird species dance, croon, deploy optical illusions, build elaborate architecture and decorate with specific color schemes. The Satin Bowerbird prefers royal blue, for example, and adorns its bowers with blue fruits, flowers, milk-jug tops, pen caps and food wrappers, positioning them with all the care, Mr. Prum writes, of "a fussy florist." And if male bowerbirds produce art, then females who judge them must be engaged in art criticism. These animals have real aesthetic desires and experience subjective beauty, Mr. Prum argues, much as we do.

Unfortunately, while Mr. Prum makes an excellent basic case for

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

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

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

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

BOOKS

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

How Lindy Did the Hop

The Flight

By Dan Hampton

Morrow, 317 pages, £20

BY RINKER BUCK

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

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

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

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



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

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

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

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

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

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

SCIENCE FICTION: TOM SHIPPEY

Nuclear What-Ifs

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

Reality, however, involves politics as well as physics. It's true, as Gregory Benford says in his hard-hitting alternate history "**The Berlin Project**" (Saga, 466 pages, £21.02) that "physics bats last," but that doesn't mean other considerations don't get their turn. Back in the 1940s, choices had to be made. A uranium bomb, a plutonium bomb? The U.S., characteristically, went for both, one pursued at Oak Ridge, Tenn., one at Los Alamos, and both worked, eventually.

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

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

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

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

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

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

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

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

A Hundred Different D-Days

Bloodstained Sands

By Michael G. Walling

Osprey, 488 pages, £20

BY WALTER R. BORNEMAN

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

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

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

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

result is occasionally riveting but decidedly uneven.

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

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

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

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

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

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



DASH An American at Okinawa.

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

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

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

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

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

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

BOOKS

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

Two Doors to the Temple

Great Books of China

By Frances Wood

BlueBridge, 262 pages, \$19.95

A New Literary History Of Modern China

Edited by David Der-wei Wang

Harvard, 1,001 pages, £35.95

BY PETER NEVILLE-HADLEY

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

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

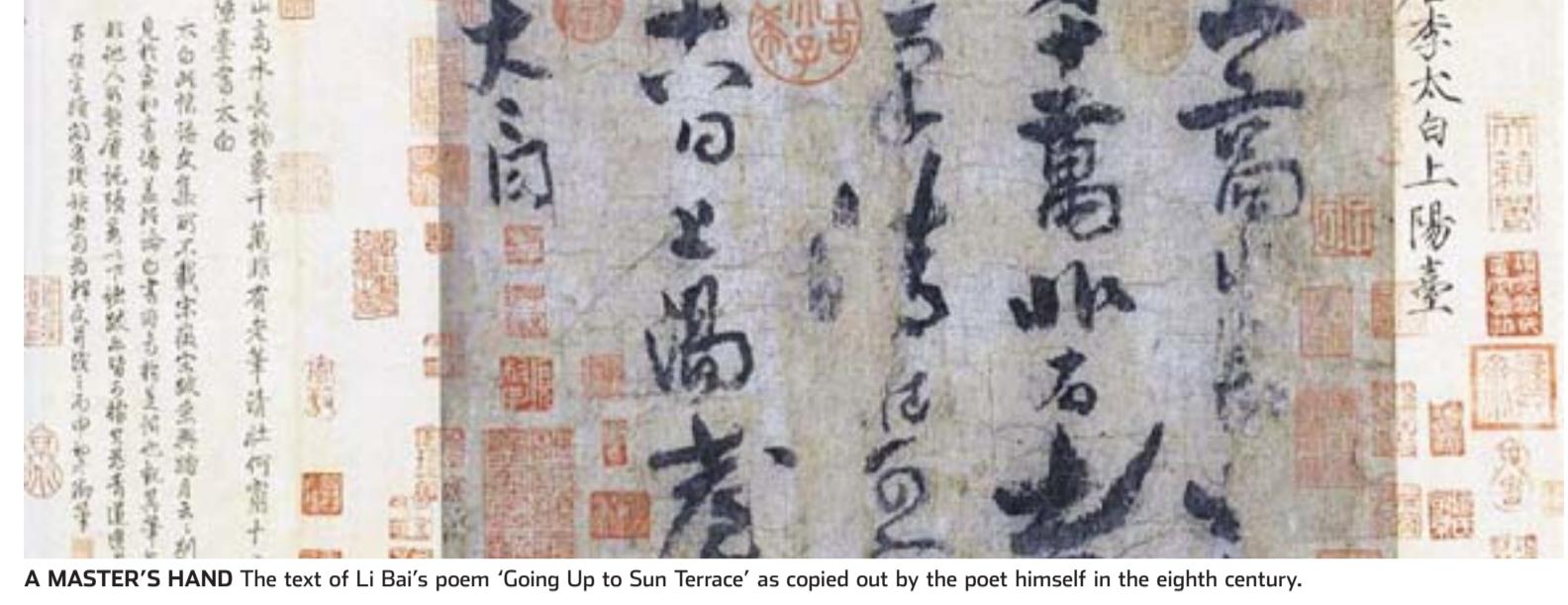
Her enthusiasm for this selection of key works dating from antiquity to the mid-20th century is catching, and her ability to suggest charm in even what seems to be the most unpromising material may prove expensive to readers who subsequently find themselves shopping for full copies of the texts she recommends.

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

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

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

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



BRIDGEMAN IMAGES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Coming Unstrung

Gone

By Min Kym

Viking, 227 pages, £14.99

BY ERIC C. SIMPSON

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

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

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

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

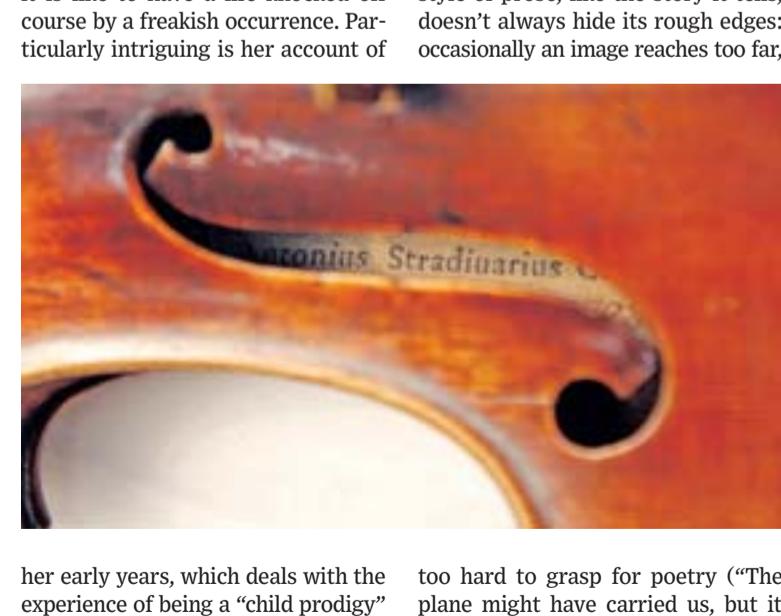
greatest success. The distress of the loss caused the 31-year-old up-and-comer to cancel a publicity tour for a highly anticipated album, which subsequently flopped. Though quartet playing would eventually help her find her way again, Ms. Kym effectively fell out of the concert solo circuit. As if all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

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

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

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

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



AP/GETTY IMAGES

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

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

as musical examples of pieces that played a significant role in Ms. Kym's story. Most of the tracks have never been released before, and some are even taken from cassette tapes of conservatory lessons. Included is a lovely, affectingly shy rendition of the Adagio from Brahms's Violin Concerto, from the ill-fated album that coincided with the theft. Also on the album is an aggressive, rough-and-tumble account of Paganini's Caprice No. 16 whose little imperfections—pressed tone here and there, an extra squeak on a string crossing—

are fascinating to hear and a gift to the listener. Modern recordings tend to be polished to a blinding gleam, spliced together from multiple takes and buffed with artificial reverb, so for Ms. Kym to let her guard down and let the public hear a work in progress takes considerable courage.

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

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

OPINION

REVIEW & OUTLOOK

Paris Climate Discord

President Trump's withdrawal of the U.S. Thursday from the Paris climate accord will unleash an apocalyptic fury—get ready to build arks for the catastrophic flood. The reality is that withdrawing is in America's economic interest and won't matter much to the climate.

President Obama signed the agreement in September, albeit by ducking the two-thirds majority vote in the Senate required under the Constitution for such national commitments. The pact included a three-year process for withdrawal, which Mr. Trump could have short-circuited by also pulling out of the United Nations Framework Convention on Climate Change.

Paris was supposed to address the failures of the 1997 Kyoto protocol, which Bill Clinton signed but George W. Bush refused to implement amid similar outrage. The Kyoto episode is instructive because the U.S. has since reduced emissions faster than much of Europe thanks to business innovation—namely, hydraulic fracturing that is replacing coal with natural gas.

While legally binding, Kyoto's CO₂ emissions targets weren't strictly enforced. European countries that pursued aggressive reductions were engaging in economic masochism. According to a 2014 Manhattan Institute study, the average cost of residential electricity in 2012 was 12 cents a kilowatt hour in the U.S. but an average 26 cents in the European Union and 35 cents in Germany. The average price of electricity in the EU soared 55% from 2005 to 2013.

Yet Germany's emissions have increased in the past two years as more coal is burned to compensate for reduced nuclear energy and unreliable solar and wind power. Last year coal made up 40% of Germany's power generation compared to 30% for renewables, while state subsidies to stabilize the electric grid have grown five-fold since 2012.

The climate believers tried again in Paris, this time with goals that are supposedly voluntary. China and India offered benchmarks pegged to GDP growth, which means they can continue their current energy plans. China won't begin reducing emissions until 2030 and in the next five years it will use more coal.

President Obama, meanwhile, committed the U.S. to reducing emissions by between 26% and 28% below 2005 levels by 2025. This would have required extreme changes in energy use. Even Mr. Obama's bevy of antarbon regulations would have gotten the U.S. to a mere 45% of its target.

Meeting the goals would have required the U.S. Environmental Protection Agency to impose stringent emissions controls on vast stretches of the economy, including steel production,

Obama never won democratic consent for his U.S. commitments.

farm-soil management and enteric fermentation (i.e., cow flatulence). Don't laugh—California's Air Resources Board is issuing regulations to curb bovine burping to meet its climate goals.

Advocates in the White House for remaining in Paris claimed the U.S. had the right to unilaterally reduce Mr. Obama's emissions commitments. They called for staying in and avoiding the political meltdown while rewriting the U.S. targets.

But Article 4, paragraph 11 of the accord says "a party may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition." There is no comparable language permitting a reduction in national targets.

Rest assured that the Sierra Club and other greens would have sued under the Section 115 "international air pollution" provision of the Clean Air Act to force the Trump Administration to enforce the Paris standards. The "voluntary" talk would have vanished amid the hunt for judges to rule that Section 115 commands the U.S. to reduce emissions that "endanger" foreign countries if those countries reciprocated under Paris. After his experience with the travel ban, Mr. Trump understood that legal danger.

* * *

The Big Con at the heart of Paris is that even its supporters concede that meeting all of its commitments won't prevent more than a 0.17 degree Celsius increase in global temperatures by 2100, far less than the two degrees that is supposedly needed to avert climate doom.

It's also rich for Europeans to complain about the U.S. abdicating climate leadership after their regulators looked the other way as auto makers, notably Volkswagen, cheated on emissions tests. This allowed Europeans to claim they were meeting their green goals without harming the competitiveness of their auto makers. The EPA had to shame the EU into investigating the subterfuge.

The U.S. legal culture would have insisted on carbon compliance even if Europe and China cheated. Even if Mr. Trump rewrote U.S. emissions targets, his successor could have ratcheted them back up. That possibility might deter some companies from investing in long-term fossil-fuel production.

Perhaps the simplest case for withdrawing from Paris is democratic consent. Mr. Obama sought to evade this by calling it an executive agreement rather than a treaty, no doubt because he feared it would never get 67 Senate votes for ratification. Mr. Trump campaigned against the Paris accord and he is following through on that promise. Climate activists might have more policy success if they spent more time persuading voters.

The Assault on Kabul

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

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

Ireland's Reform Example

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

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

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

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

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

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

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

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

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

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

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

A change in leaders highlights the country's postcrisis success.

REVIEW & OUTLOOK

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Ireland's Reform Example

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

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

A change in leaders highlights the country's postcrisis success.

REVIEW & OUTLOOK

Paris Climate Discord

Obama never won democratic consent for his U.S. commitments.

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But Article 4, paragraph 11 of the accord says "a party may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition." There is no comparable language permitting a reduction in national targets.

Rest assured that the Sierra Club and other greens would have sued under the Section 115 "international air pollution" provision of the Clean Air Act to force the Trump Administration to enforce the Paris standards. The "voluntary" talk would have vanished amid the hunt for judges to rule that Section 115 commands the U.S. to reduce emissions that "endanger" foreign countries if those countries reciprocated under Paris. After his experience with the travel ban, Mr. Trump understood that legal danger.

* * *

The Big Con at the heart of Paris is that even its supporters concede that meeting all of its commitments won't prevent more than a 0.17 degree Celsius increase in global temperatures by 2100, far less than the two degrees that is supposedly needed to avert climate doom.

It's also rich for Europeans to complain about the U.S. abdicating climate leadership after their regulators looked the other way as auto makers, notably Volkswagen, cheated on emissions tests. This allowed Europeans to claim they were meeting their green goals without harming the competitiveness of their auto makers. The EPA had to shame the EU into investigating the subterfuge.

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OPINION

The MacArthur Model for Afghanistan

By Erik D. Prince

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

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

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

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

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

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

By Eugene Scalia

U.S. Labor Secretary Alexander Acosta announced last week that he would let the controversial "fiduciary" rule take effect on June 9. Respect for the rule of law, he explained, made further delay impossible without a new round of rule-making.

Although I disagree with Mr. Acosta's legal analysis, he is a serious lawyer whose commitment to the rule of law is to be admired. That commitment will face an even greater test in July, when Mr. Acosta and the U.S. Justice Department, under Attorney General Jeff Sessions, are due to make their first significant court filing defending the fiduciary rule.

Adopted by the Obama administration last year, the rule radically alters the responsibilities of America's brokers and insurance agents who service individual retirement accounts. Critics of the rule focus on how it will disrupt the U.S. financial-services and insurance industries, raising costs and reducing investors' options.

To a lawyer, though, what's most striking about the rule is that it's a regulatory Godzilla—an extraordinary example of disregard for limitations imposed by Congress and the Constitution.

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

Against this relentless opposition, the president on Wednesday morn-

In Afghanistan, the viceroy approach would reduce rampant fraud by focusing spending on initiatives that further the central strategy, rather than handing cash to every outstretched hand from a U.S. system bereft of institutional memory.

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

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

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

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

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

These deficits can be remedied by a different, centuries-old approach. For 250 years, the East India Com-



THE LIFE PICTURE COLLECTION/GETTY IMAGES

Gen. Douglas MacArthur in occupied Japan in August 1945.

pany prevailed in the region through the use of private military units known as "presidency armies." They were locally recruited and trained, supported and led by contracted European professional soldiers. The professionals lived, patrolled and—when necessary—fought shoulder-to-shoulder with their local counterparts for multiyear deployments. That long-term dwelling ensured the training, discipline, loyalty and material readiness of the men they fought alongside for years, not for a one-time, eight-month deployment.

An East India Company approach would use cheaper private solutions to fill the gaps that plague the Afghan security forces, including reliable logistics and aviation support. The U.S. military should maintain a

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

Fourth, Mr. Trump needs to abandon the flawed population-centric theory of warfare in Afghanistan. The military default in a conventional war is to control terrain, neglecting the long-term financial arteries that fund the fight, and handicaps long-term economic potential.

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

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

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

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

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

Godzilla (the Fiduciary Rule) Ate the Rule of Law

By Eugene Scalia

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Although I disagree with Mr. Acosta's legal analysis, he is a serious lawyer whose commitment to the rule of law is to be admired. That commitment will face an even greater test in July, when Mr. Acosta and the U.S. Justice Department, under Attorney General Jeff Sessions, are due to make their first significant court filing defending the fiduciary rule.

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To a lawyer, though, what's most striking about the rule is that it's a regulatory Godzilla—an extraordinary example of disregard for limitations imposed by Congress and the Constitution.

To start, although the rule will transform the market for IRAs, the Labor Department has no authority to regulate IRAs. How, you might ask, is it regulating something that by law it may not?

Well, Labor has *deregulatory* authority with respect to IRAs—it can lift restrictions that otherwise apply. So the Labor Department first adopted an overbroad definition of who is a fiduciary, essentially capturing all insurance agents and brokers who deal with IRAs. They automatically became subject to the restrictions Congress places on fiduciaries, effectively barring the receipt of commissions.

Then the department used its *deregulatory* authority to make insurance agents and brokers an offer they couldn't refuse: They could get commissions after all, if they complied with a raft of new requirements designed for IRAs. In this way the Labor Department made itself—not the U.S. Securities and Exchange Commission and not state insurance agencies—the principal regulator of financial professionals who service IRAs.

This is similar to a ploy the Environmental Protection Agency recently tried with greenhouse-gas emissions. The U.S. Supreme Court threw out the EPA's rule, remarking

that an agency may not regulate based on "its own sense of how the statute should operate"—an apt description of what Labor did here. For those committed to the rule of law, defending this sort of regulatory self-aggrandizement should be a very bitter pill.

In its zeal to regulate IRAs, Obama's Labor Department creatively disregarded legal limits.

As should this: A key issue in the fiduciary litigation is the Constitution's restriction on federal agencies' ability to create new grounds for people to sue. The Supreme Court held in 2001 that only Congress may create these private rights of action. "Agencies may play the sorcerer's apprentice," Justice Antonin Scalia wrote, "but not the sorcerer himself."

Congress created no private right of action in the statute governing IRAs. But the Labor Department devised a workaround: As a condition for the "deregulatory" relief that allows the receipt of commissions, firms must enter into contracts with

customers in which they agree to be subject to class-action lawsuits. Presto—now, there's a private right of action.

In adopting the rule, the Labor Department justified this provision on the ground that the contract, not the regulation, contains the right to sue. But if that sleight of hand is allowed, federal agencies can create private rights of action at will simply by forcing businesses to sign customer contracts opening themselves to class-action liability and even punitive damages.

The fiduciary rule also attacks arbitration. The Federal Arbitration Act generally prohibits federal agencies and states from restricting the use of arbitration. But again the Labor Department used its contract requirement to flout Supreme Court precedent: Under the new rule, the contracts financial firms must enter with customers can't allow arbitration of claims that could be brought as class-action lawsuits.

Arbitration restrictions like this ordinarily are anathema to Republicans—and to Mr. Sessions. In 2008 he joined a Senate report that said one antiarbitration bill would expose American businesses to "a rascacious trial bar."

But now, in defending the fiduciary rule, the Labor and Justice departments may be paving the way for agencies to outlaw arbitration. A government agency that wants to ban arbitration could simply condition a license, or participation in a government program, on businesses' signing contracts with customers that invite class-action lawsuits that cannot be arbitrated.

This ploy wouldn't be limited to federal agencies. Under the Labor Department's theory, a state or local government could do away with arbitration tomorrow by making government permits or benefits contingent on forswearing arbitration with customers.

One of the biggest challenges for any new administration is contending with its predecessor's priorities and beginning to advance its own. This requires resolve and the dedication to principle that Mr. Acosta rightly extolled.

In the weeks ahead, the Labor and Justice departments must give careful thought to how, in defending the fiduciary rule, they could inadvertently be advancing a sweeping assault on the rule of law.

Mr. Scalia, a former solicitor of the U.S. Labor Department, is a lawyer representing clients in a legal challenge to the fiduciary rule.

Trump's Tweets vs. the World

son behind @realDonaldTrump is how these new media formats have transformed the world of American politics in a way that is beyond the reach of any White House communications staff.

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

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

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

Somehow Mr. Trump holds the

charming belief that he should get an exemption from this surrealism. He won't and never will. Washington's politics are becoming the politics of the campus. Argument is irrelevant, opposition is everything.

Exhibit A: the Paris climate accord. A Trump policy showing signs of success—if success means producing jobs inside a growing economy—

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

is the effort by him and his EPA administrator, Scott Pruitt, to deregulate energy markets. But a Trump withdrawal from the Paris accord because its goals conflict with his job goals will result in dire headlines on a scale with the invasion of Pearl Harbor.

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

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

The reality is that the substance of the Trump presidency on energy, education, taxes, regulation or America's foreign role doesn't

square with the standard liberal political model dominant since the U.S. Supreme Court decided *Bush v. Gore* in 2000. They're giving him what they gave George W. Bush, which is credit for nothing. It's not new.

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

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

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

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

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LIFE & ARTS

FILM REVIEW | By Joe Morgenstern

Oh My Goddess, a Splendid 'Wonder Woman'

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

CAUGHT UP IN THE COILS of

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

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

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



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

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

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

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

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

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

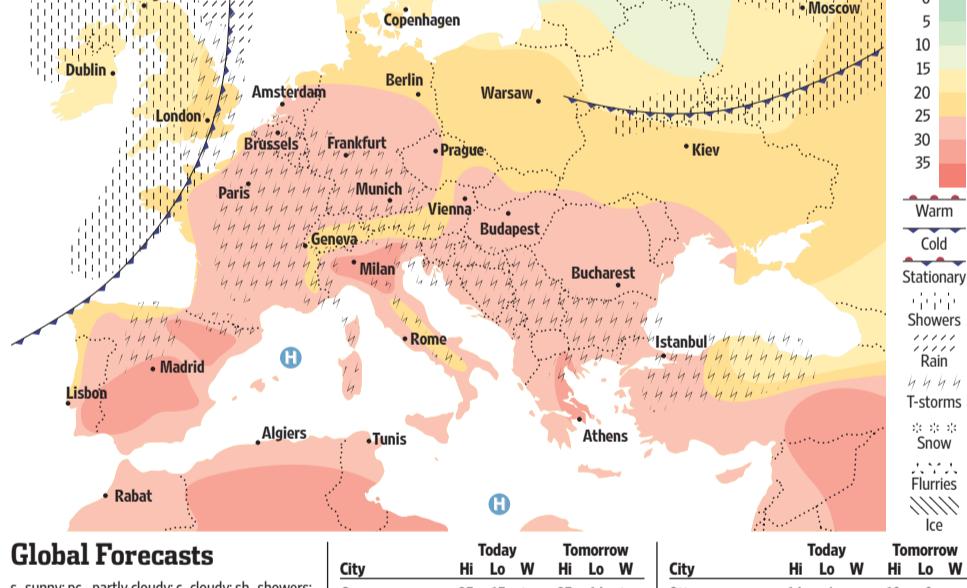
Battles with bad guys—including a diabolical German general (Danny Huston) and a mad biologist (Elena Anaya)—are only part of the mix. Sophisticated comedy kicks in during a visit to chilly London, when Steve, concerned about Diana's skimpy costume, takes her shopping for proper clothes at Sel-

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

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

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

Weather



Global Forecasts

s=sunny; pc=partly cloudy; c=cloudy; sh=showers; t=tstorms; r=rain; sf=snow flurries; sn=snow; l=ice

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

AccuWeather.com

The WSJ Daily Crossword | Edited by Mike Shenk



CHECKS AND BALANCES | By Marie Kelly

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

► Email your answer—in the subject line—to crossovercontest@wsj.com

by 11:59 p.m. Eastern Time Sunday, June 4. A solver selected at random will win a WSJ mug. Last week's winner: Ralph Levin, Berkeley CA.

Complete contest rules at WSJ.com/Puzzles. (No purchase necessary.) Void where prohibited. U.S. residents 18 and over only.

PUZZLE CONTEST

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

Previous Puzzle's Solution

ZERO	ADDER	MARS
AGED	TRADE	ECON
GOLD	PLATED	TIVO
SLAW	AND	ORDER
ASTO	ELDER	FLEA
THE	FLOUR	SEASONS
SOUZA	INME	COPAY
ABSTRACT	ART	SSA
GEAR	HAVE	ONHAND
ASIA	AVAIL	IDID
SEND	SADTO	SALT

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NEWSLETTER

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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

Euro vs. Dollar 1.1216 ▼ 0.26%

FTSE 100 7543.77 ▲ 0.32%

Gold 1267.00 ▼ 0.39%

WTI crude 48.36 ▲ 0.08%

German Bund yield 0.308%

10-Year Treasury yield 2.217%

GM Falls Behind in Home Market

By JOHN D. STOLL
AND ADRIENNE ROBERTS

General Motors Co. is limping into the highly anticipated summer selling season, beaten by Ford Motor Co. as the market's top seller in May and on course for more job cuts at its American factories.

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

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

workers since January.

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

The strategy, however, comes with a price for GM. Market share has stagnated near historically-low levels, and the one-time global powerhouse risks eventually losing its crown as the top American auto maker.

GM shares were up 1.9% in afternoon trading Thursday as investors were cheered by broader stability in the U.S. market. But the stock is barely above its \$33 initial public offering price set in 2010, raising pressure on Ms. Barra following the abrupt firing of



REBECCA COOK/REUTERS

GM is struggling to keep up with rival makers of pickup trucks.

Mark Fields as Ford chief executive in May.

Mr. Fields struggled to compose a strategy for combating an onslaught of tech companies, including Alphabet

Inc. and Tesla Inc., looking to displace Detroit companies as industry leaders. While Ms. Barra has made a series of high-dollar investments and product introductions as part

of GM's response to Silicon Valley and enjoys backing from the company's board, she has also pulled GM out of several markets to ensure profit growth as the U.S. car market cools.

Broader demand for cars and trucks was off slightly in May despite one extra selling day and a spate of Memorial Day deals.

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

Honda Motor Co., Nissan Motor Co. and Volkswagen AG also reported sales increases.

GM has been hit by a two difficult forces. It had to pull back on production amid sharp

Please see CARS page B2

Intelsat, OneWeb Tie-Up Collapses

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

By Robert Wall in London and Andy Pasztor in Los Angeles

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

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

OneWeb declined to comment on the development.

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

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

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

Alok Sama, president and chief financial officer of SoftBank Group International, said the company was "disappointed" by the development and would continue to back OneWeb as a stand-alone venture. SoftBank will work with OneWeb "to seek alternative paths to accelerate its strategy," he said.

The attempted tie-up between OneWeb and Intelsat came as established satellite-services companies embrace newcomers to find ways to beam the internet to even the most remote locations. Luxembourg's SES SA last year agreed to buy all of O3b Networks Ltd. OneWeb's founder, Greg Wyler, also founded and served on the board of O3b.

Intelsat has weathered a string of acquisitions and leveraged buyouts stretching back more than a decade. Several private-equity firms acquired the company in 2004 for \$3.1 billion. Four years later, a different set of private-equity partners closed a deal for the company, relying on only \$5 billion of equity and the assumption of more than \$11 billion of debt. Recently, Intelsat's management has been seeking strategies to manage its debt and boost sales.

For OneWeb, which re-

Please see DEAL page B4

CHINA CIRCUIT

By Li Yuan

Tencent's Clout Goes Far Beyond WeChat

After getting off work at a real-estate company in eastern China, Zhu Feiyue spends most of his time on his smartphone.

The 25-year-old accountant watches animated series such as "The King's Avatar," about a top online gamer making a comeback. Too impatient to wait for next week's installment, he reads the online comic book the series is based on. Before turning in, Mr. Zhu usually plays two or three rounds of the mobile game "Honor of Kings." The comics, the animated series and the game Mr. Zhu is obsessed with have one thing in common: They are all created by Tencent Holdings.

Tencent is best known as the operator of China's biggest social network, WeChat, and the world's biggest online-game business by revenue. It is also an entertainment powerhouse. Tencent owns China's biggest online-music, online-literature, online-comics and animation businesses. Its film studio, two-year-old Tencent Pictures, is a growing presence in Hollywood: It is an investor in the big-budget film "Wonder Woman."

Tencent is building an empire whose reach in entertainment is practically unrivaled. It has deep pockets, social-media clout and years of experience creating mobile content, all of which are crucial as entertainment increasingly moves online.

With combined monthly active accounts at more than 1.7 billion on WeChat and the popular QQ messaging service, as well as controlling China's top news portal and video sites, Tencent has a lot

Please see YUAN page B4



BOB O'CONNOR FOR THE WALL STREET JOURNAL

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

Blazing an Easier Path to Listing

A handful of smaller U.S. businesses are using a new way of going public

By CORRIE DRIEBUSCH

Medical-robotics maker Myomo Inc. is taking a shortcut to go public. If it is successful, other small businesses could follow, perking up a dormant corner of the U.S. IPO market.

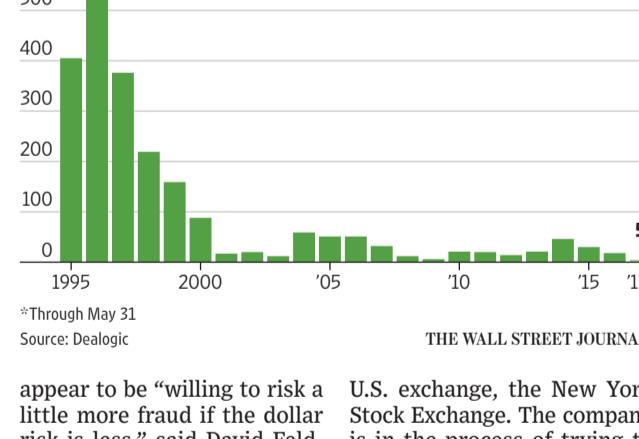
Initial public offerings by small companies have dwindled since the dot-com bust. Last year, 18 companies completed IPOs that raised less than \$50 million, according to Dealogic. In 1996, 557 companies did.

Myomo is selling shares by using rules that grew out of a federal law designed to make IPOs quicker and less costly for small firms. The rules, which became effective in 2015, also aim to encourage more small firms to debut in the stock market without exposing investors to too much risk posed by some young, untested companies.

Proponents of the new rules, known as Regulation A+,

The Retreat of the Small IPO

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



appear to be "willing to risk a little more fraud if the dollar risk is less," said David Feldman, an attorney who has championed the rule and is providing legal guidance for several offerings.

Myomo is the first Reg A+ offering poised for a major

Myomo spent years relying on money raised from a venture-capital firm, individuals and its revenues, which are growing but remain less than the company's expenses.

Chief Executive Paul Gudonis said he wanted to ramp up sales and production of the company's orthotic braces, which can facilitate movement in paralyzed limbs.

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

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

Please see MYOMO page B2

Some Question If CEO Pay Demands Tougher Goals

On the Money

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

Expecting to pay above target

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

Expecting to pay at target

122

Expecting to pay below target

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

BY THEO FRANCIS
AND JOANN S. LUBLIN

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

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

awards, most of which are tied to performance targets.

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

FedEx has gone on to exceed the target in four of the past five performance periods and has paid out the maximum

cash bonus in three. Chief Executive Fred Smith was paid \$16.8 million last year, up 21% from a year earlier.

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

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

Please see PAY page B2

INSIDE



EMERGING CURRENCIES GET A BREAK

MAXIM ZMEYEV/REUTERS

MARKETS, B8

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BUSINESS & FINANCE

Deere Buys Road-Equipment Maker

BY BOB TITA
AND AUSTEN HUFFORD

Deere & Co. bought a construction-equipment maker for the first time in years, as the agricultural-machinery giant pursues sales beyond the struggling U.S. farm economy.

Deere, the world's largest manufacturer of tractors and harvesting combines, said on Thursday it would acquire Germany's **Wirtgen Group** for €4.36 billion (\$4.89 billion). Demand for the privately held company's road pavers in markets like China and Brazil is growing faster than in the U.S. construction and agricultural markets, where Deere's sales are concentrated.

Expanding Deere's construction business overseas has been a priority for Chief Executive Sam Allen. Construction equipment currently accounts for one-fifth of Deere's sales.

"Wirtgen indeed fits squarely with our strategic plan," Mr. Allen said. "The transaction enhances our ability to serve customers across the globe."

Rising foreign demand prompted Deere to raise its profit forecast for the year by 33% in May even as sales in its core farm-equipment market in the U.S. slipped.



Wirtgen pavers at work in Germany. Deere is acquiring the German company for \$4.89 billion.

The Wirtgen acquisition is by far the largest in Deere's history, overtaking the purchase of forestry-equipment maker Timberjack in 1999 for \$600 million. Mr. Allen had long hoped to land such a large acquisition while also shedding smaller businesses such as sprinkler systems and the distribution of landscaping supplies.

Deere's construction and

forestry business had sales last year of \$4.9 billion with a pretax margin of 3.7%. Wirtgen's sales last year were \$2.6 billion with a pretax profit margin of roughly 13%.

Overall, Deere generated \$26.64 billion in revenue in its latest year, including \$9.34 billion outside the U.S. and Canada.

Mr. Allen, who headed Deere's construction-machinery

business before becoming chief executive in 2009, said he first approached the Wirtgen family about a sale in the mid-2000s.

"We've been pursuing this for a long period of time," he said.

Deere said it would maintain Wirtgen's brands and organization.

The deal, subject to regulatory approval, is expected to close in the quarter ending in January 2018.

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CARS

Continued from the prior page
decline in demand for the Chevrolet Malibu bread-and-butter sedan, the Cadillac CTS luxury car, and other passenger cars. At the same time, pickup sales—the backbone of GM's high-margin truck business—are slumping through May even as Ford's F-Series pickups and Chrysler's Ram pickups thrive.

GM's latest round of cuts are modest in number, but take place in a city that is central to one of the Michigan counties that played an outsized role in the 2016 election. GM's Warren, Mich., transmission plant will cut about 150 jobs,

In March, General Electric Co. modified its bonus program for top executives to tie pay more closely to specific performance goals, including the level of cost reductions over the next year. The company said the changes came out of discussions with activist investor Trian Fund Management, which had called for more stringent targets.

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

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

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

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

affecting temporary and unionized workers living in Macomb County communities where President Donald Trump's America First approach played well.

A spokesman noted GM's cuts in Warren, scheduled for late June, affect less than half the workforce at the factory, and are part of a broader plan to trim sedan capacity amid a continuing decline in the popularity of small cars and sedans. A sustained run of cheap prices at gasoline pumps and steady job growth have boosted the appeal of sport-utility vehicles, including a stable of models GM is in the process of updating.

Traditionally the top U.S. auto maker in terms of sales, GM has struggled to keep up

with rivals in the pickup truck department. Sales of Chevy's Silverado and Colorado pickups, and sibling versions of the trucks sold by GMC, have slipped 5.6% in 2017.

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

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

Detroit's grip on this market has proven impenetrable: The three domestic companies own most of the segment's market share even after Japanese competitors repeatedly attempted to edge in with models like the Nissan Titan or

Honda Ridgeline.

However, when any one of the domestic pickups struggle, it raises questions about willingness of consumers to spend more for a new vehicle and the appetite of commercial buyers—ranging from small-business owners to municipal fleet managers—to invest in new equipment in response to economic optimism.

Pickup trucks are loaded with gear and routinely sell with sticker prices in excess of \$40,000, or considerably more than the average vehicle sold in the U.S. Sales of light-duty pickup trucks have soared in recent years amid declining gasoline prices and job growth, now representing 16% of light-vehicle sales, according to Autodata Corp.

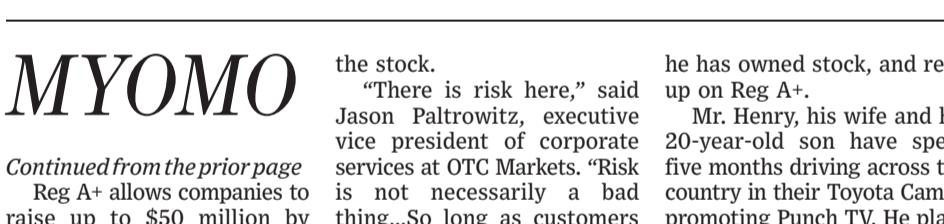
However, the segment fell in April, the first decline for pickups in 11 months. Unlike a prior decline that came as auto sales were tracking at a record pace and inventories remained relatively tight, pickup-truck softness comes amid a slowdown in the broader market and a sharp increase in unsold stock on dealer lots.

Inventory of pickups has particularly acute, touching 97 days' supply as of the beginning of May, or a 12% increase in actual vehicles on dealer lots compared with the prior year, according to Ward'sAuto.com.

Mixed Bag

U.S. new-car sales were mixed for major auto makers last month.

Vehicle sales by company in May 2017



Source: the companies

THE WALL STREET JOURNAL.

MYOMO

Continued from the prior page

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

So far, one company, three-wheel-car manufacturer Elio Motors Inc., has listed shares via Reg A+. It raised more than \$17 million from thousands of individuals. The bulk of that, it said in its filing, is going to fund the building of prototype test vehicles.

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

the stock.

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

Reg A+ came at an opportune time for Joseph Collins, chief executive of **Punch TV Studios** Inc. Last year, he said, he started selling shares for \$1 apiece. The 53-year-old went door to door in his neighborhood in South Los Angeles, plugging his vision of a production company and television network aimed predominantly at the African-American community. He pitched his case at Sunday morning church services.

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

he has owned stock, and read up on Reg A+.

Mr. Henry, his wife and his 20-year-old son have spent five months driving across the country in their Toyota Camry, promoting Punch TV. He plays the company's ads on his CB radio and regularly paints the back window of his car with information about the IPO. He also keeps buying shares: he has now spent more than \$4,000 on shares.

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

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

When Reg A+ was being debated in 2013, then SEC Chairman Mary Jo White said the

rule's mandate was to increase access of smaller companies to capital but it "very importantly, also builds in necessary investor protections."

The protections include limitations on the amount of money some individual investors can put into the deals. And the rule requires certain companies to release audited financial statements and ongoing disclosures after the offering is completed.

Myomo is limiting the so-called crowdfunding portion of its offering, which it is aiming to equal about a third of the funds raised. For the other two-thirds, Myomo is using small-shop bankers and broker-dealers to sell the stock to institutional and high-net-worth clients.

"What we're trying to do is show Reg A+ can be a new way to do IPOs," said Mark Elenowitz, chief executive of **TriPoint Global Equities**, which is underwriting Myomo's offering.



BOB O'CONNOR FOR THE WALL STREET JOURNAL

Less Fertile Ground For Smaller IPOs

Medical-robotics maker **Myomo** Inc., which is relying on a little-used provision of U.S. law to go public, is one among relatively few businesses seeking small stock offerings.

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

small offerings as an inefficient way to earn fees.

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

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

capital markets by Ernst & Young.

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

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

—Corrie Driebusch

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BUSINESS NEWS

Broader Laptop Ban Stirs Concern

Lithium batteries stored in cargo holds would cause hazard, aviation official says

BY ROBERT WALL
AND SUSAN CAREY

Banning carry-on laptops on international flights might create a fire risk from lithium batteries that would have to be stored in the cargo holds of aircraft, said an aviation official critical of a proposal being considered by the Trump administration.

"If you put all the electronic devices in the belly, it raises a clear safety concern," Alexandre de Juniac, director general of the International Air Transport Association, said Thursday. Electronics would be inaccessible to crews trained in dealing with fires.

U.S. and European Union officials continue to discuss possibly banning laptops from cabins of all inbound flights to the U.S. from Europe. Two months ago, the U.S. and the U.K. imposed a ban on some flights flying from the Middle East and North Africa. Home-



The U.S.-U.K. ban covers some Mideast and North Africa flights.

land Security Secretary John Kelly said on Sunday that the restrictions could be expanded to all international flights into and out of the U.S.

U.S. authorities worry an explosive device could be easily hidden in an electronic device and triggered in the cabin, say people familiar with airline security plans.

But many laptops use lithium batteries that can overheat and catch fire. Regulators have restricted them.

In 2010 and 2011, for instance, cargo planes carrying

lithium-ion batteries caught fire, in both cases killing crew members and destroying the plane. Boeing Co. also struggled with overheating of some lithium-ion batteries on its 787 Dreamliner jets and has had to place them in a fireproof container.

A person familiar with the Federal Aviation Administration's thinking said the agency hasn't done testing on how batteries in devices would react in checked luggage. The Transportation Security Administration, with FAA input, in March issued guidance to airlines to dis-

courage the practice of collecting all the banned devices and putting them in cargo containers. Instead, the TSA advised airlines to tell passengers to pack devices in their cases securely inside checked luggage.

This person said the FAA, based on its prior testing of individual batteries sent in large cargo shipments packed tightly together, "understands there are certain risks" and has been clear about this with the Department of Homeland Security. But the DHS is weighing security risks against what the FAA knows about batteries, this person said.

Those concerns were reignited this week when a lithium battery carried by a passenger on a JetBlue Airways Corp. flight from New York's John F. Kennedy International Airport to San Francisco overheated. The plane was diverted to Grand Rapids, Mich.

It isn't clear whether the battery in question was part of a laptop. JetBlue said "the situation was contained," and that the FAA was conducting an investigation.

The FAA initially said it believed the incident was caused by a laptop battery, although it still was investigating the exact

nature of the device that caught fire. There were no injuries and no damage to the plane, the FAA said.

A U.S. administration official, who asked not to be named, last month said the risk of batteries in devices such as laptops or tablets catching fire is low. The fire risk largely involves bulk carriage of lithium devices that aren't installed in equipment and therefore less well shielded from damage.

But airline critics of the ban warn many replacement batteries in laptops are often cheap, poorly made devices that are susceptible to overheating. And once one catches fire, it risks triggering fires in even properly manufactured ones stored in devices now packed closely together.

The trade association, IATA, which represents 275 airlines, reiterated its position Thursday that there are ways to check for explosives in passengers' portable electronic devices short of a ban on such devices in aircraft cabins, including using explosive-trace detection technology and more canine units at airports, and having governments share data on passengers deemed risky.

Merger Of Linde, Praxair Advances

BY WILLIAM WILKES
AND MONICA HUSTON-WAESCH

FRANKFURT—Linde AG's board on Thursday voted to approve a merger with U.S. peer Praxair Inc. that would create the world's largest industrial-gas maker with a combined market value of \$66.6 billion.

Linde said the two companies would become subsidiaries of a new holding company, to be incorporated in Ireland with its board meetings held in the U.K. The entity would seek inclusion on the S&P 500 and Germany's DAX 30 indexes, Linde said.

Linde said that for the deal to go through, Praxair shareholders would need to approve the deal and accept a public exchange offer of a minimum of 75% of Linde shares outstanding.

The companies provide specialty gases such as helium and pure oxygen, used in many applications, and clients are predominantly oil drillers, chemical makers and hospitals, as well as food producers and manufacturers.

According to the plan, Praxair Chief Executive Steve Angel would become CEO of the merged group and manage it out of Praxair's U.S. headquarters in Danbury, Conn.

Linde Chairman Wolfgang Reitzle would retain that role in the merged company.

A merger between the two would be a reunion of sorts; Praxair was once the U.S. arm of the German company before it was sold to Union Carbide and then spun off as a separate entity in 1992.

Regulatory approval remains outstanding, Linde said Thursday. Some analysts have said that the two companies may need to shed operations generating as much as \$5 billion in annual sales to satisfy regulators.

BUSINESS WATCH

TELECOM ITALIA

Vivendi Chief Named As New Chairman

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

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

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

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

—Eric Sylvers

ELI LILLY

Finance Head Plans To Retire This Year

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

Mr. Rice, who has spent 27 years at the pharmaceutical company, also is a member of Lilly's executive committee.

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

—Imani Moise

At Uber, Executive Exodus and Losses Continue

BY GREG BENINGER

Uber Technologies Inc. said its head of finance is leaving as the ride-hailing company reported continued big losses despite increasing revenue, adding to an exodus of top officials and setting the stage for a second major executive search. The ride-hailing company on Wednesday told The Wall Street Journal that first-quarter revenue was \$3.4 billion, up 18% from the fourth quarter. Its loss, excluding employee stock compensation and other items, was \$708 million, narrower than the \$991 million reported three months earlier. The company, which has raised some \$15 billion in equity and debt funding, said it still has \$7.2 billion of cash left on hand, about the same as it had at the end of last year. Uber is privately held so it isn't required to release financial results, but since April has begun offering a glimpse as it considers an eventual initial public offering. It didn't release year-earlier results. "The narrowing of our losses in the first quarter puts us on a good trajectory towards profitability," an Uber spokesman said.

Uber said its head of finance, Gautam Gupta, 37 years old, is leaving the company in July to join another startup in San Francisco. The company

declined to disclose the name of the startup. Uber has begun a search for a chief financial officer with public-company experience as it looks toward an IPO, an executive familiar with the matter said.

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

Gupta for his work at Uber. Since 2015, Uber has been without a chief financial officer after Brent Callinicos took on an advisory role and left to join transportation startup Hyperloop One the following year. Mr. Gupta, who joined Uber in 2013, served under Mr. Callinicos as head of finance but wasn't elevated to the financial chief position. Uber is now in the delicate position of hiring two top deputies for Mr. Kalanick while grappling with a series of scandals. The hires could prove pivotal if the world's most valuable startup, which is valued by its investors at nearly \$70 billion, hopes to one day win over Wall Street.

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

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

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

dozen executives and top managers, many reporting to Mr. Kalanick, have either resigned or been fired by Uber while the company has come under intense scrutiny, sparked by a report from a former female engineer alleging pervasive sexual harassment and sexism. The alleged conduct, which Mr. Kalanick condemned, prompted a broad investigation into its workplace led by former U.S. Attorney General Eric Holder. A formal report is set to be released next week.

The company is also contesting a lawsuit by Google parent Alphabet Inc. over alleged trade-secret theft that led to the firing of the former head of its self-driving car division, Anthony Levandowski. At the same time, Uber faces a federal probe into the use of a software tool it designed to thwart regulators from cracking down on drivers, and in recent weeks it said it had shortchanged drivers in both Philadelphia and New York City by a combined tens of millions of dollars because of faulty accounting. Uber has declined to comment on the federal probe.

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



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

TECHNOLOGY

WSJ.com/Tech

Fight Against Hate Speech Wins EU Praise

By NATALIA DROZDIAK

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

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

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

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



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

28% that the commission reported six months ago.

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

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

liver on all the commitments."

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

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

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

"This could have the oppo-

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

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

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

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

DEAL

Continued from page B1
mains on track to begin production this summer of its first batch of small and powerful custom-built satellites, the setback may have little impact on its aggressive growth plans, according to industry officials.

Backed by Airbus SE's technical expertise and SoftBank's financial clout, the company run by Mr. Wyler is pushing ahead with rapid, assembly-line production of satellites projected to cost around \$1 million apiece.

Those plans will test whether such novel production strategies and launches of multiple satellites on a single rocket can deploy a reliable system of low-cost internet access around the globe. Other entrepreneurs—including Elon Musk, various Silicon Valley players and legacy aerospace companies such as Boeing Co.—also are considering multibillion-dollar projects featuring huge fleets of small communication satellites intended to orbit relatively close to earth.

According to industry officials familiar with SoftBank's strategy, chairman Masayoshi Son and his team weeks ago recognized the likelihood of the proposed deal falling apart and began evaluating other potential acquisition targets among satellite operators. It isn't clear if that process will result in a specific offer in the near future.

Growth for most operators of large communications satellites, some costing \$200 million or more apiece, has been sluggish.

Many operators have paused ordering additional in-orbit capacity while they assess industry trends and the anticipated impact of lower-cost rivals seeking consumer and business customers.

Small satellite constellations also are being studied by the Pentagon as potential alternatives to current commercial and military systems built around larger spacecraft.

YUAN

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

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

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

Tencent Chief Executive

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

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

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

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

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

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

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

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

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

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

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

Here's how it works: When "Kong: Skull Island" was released in China in March, WeChat dug deep into its user data and sent 46 million

\$565 million, larger than the take from the U.S. and Canada combined.

"Wonder Woman," which is released globally this weekend on the heels of a U.S. release, could offer Tencent a chance to take the cross-fertilization further. Its animation unit will run a section dedicated to DC Comics, and Tencent is talking to the

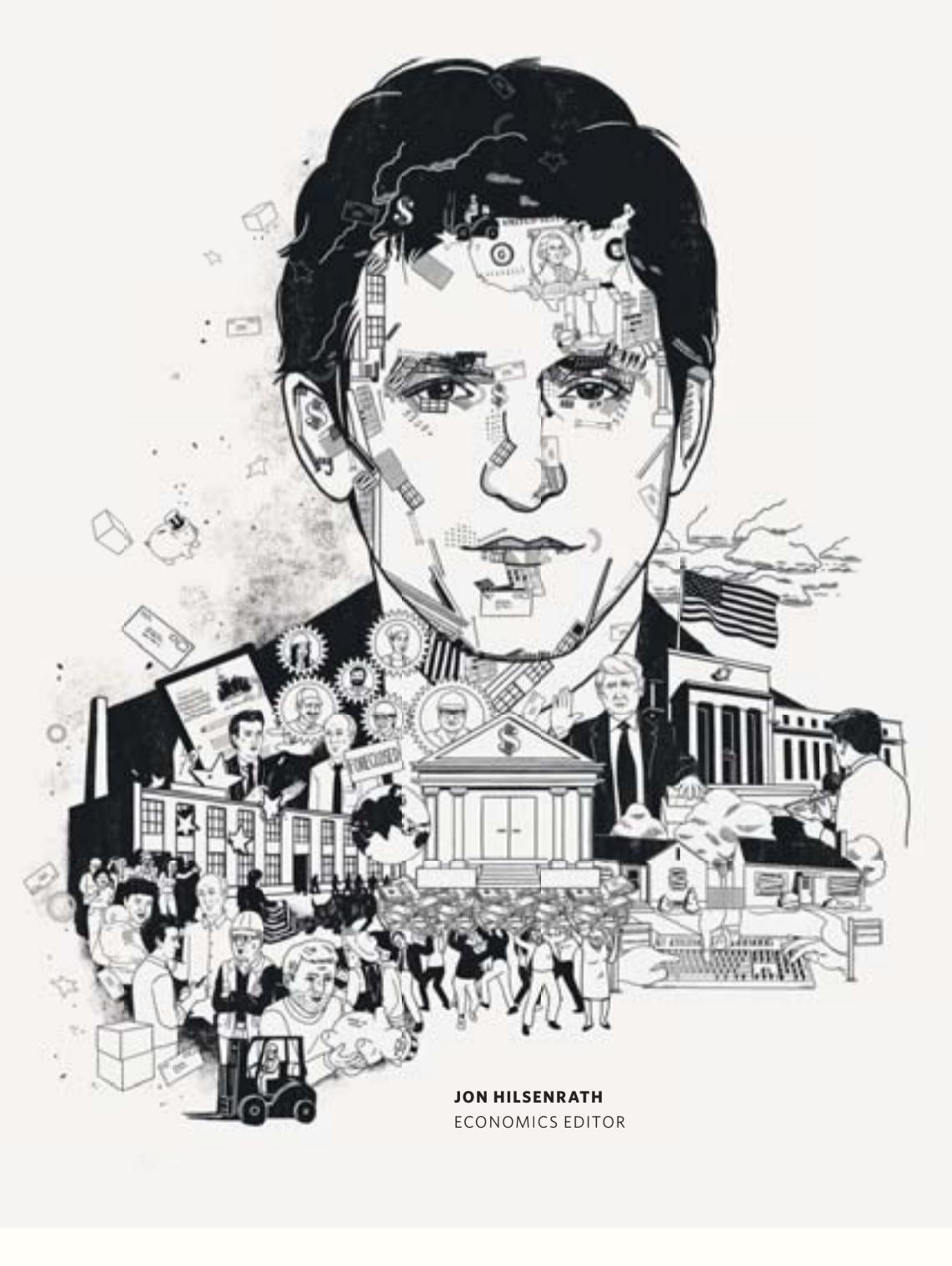
U.S. comic publisher about making Wonder Woman and some other DC characters heroes in its game "Honor of Kings," according to people familiar with the matter.

Mr. Gao, the venture capitalist, points out that turning popular fiction or comics into films and games doesn't always work out. "The synergy won't be as big as" Tencent expects, he says.

Mr. Cheng, the Tencent Pictures chief, says online books, comics and animated series offer easy, relatively low-cost ways to test out stories before adapting them to more expensive formats.

At any rate, Tencent's first-quarter profit this year was \$2.1 billion, bigger than rival Baidu's profit for all of 2016. "We're just getting started," Mr. Cheng says.

Follow Li Yuan on Twitter @LiYuan6 or write to li.yuan@wsj.com.



The Face of Real News

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FINANCE & MARKETS

An Activist Investor Becomes the Target

Buffalo Wild Wings badmouths Richard McGuire, who is pursuing board seats

BY DAVID BENOIT

An activist investor is taking heat in his fight for board seats at Buffalo Wild Wings Inc.

Richard "Mick" McGuire is campaigning for board seats at the chicken-wings purveyor, and the company is waging a heated campaign against the 40-year-old, attacking his performance as a corporate director and questioning his operational prowess.

Shareholders will cast their ballots on the board Friday, with Mr. McGuire seeking a seat for himself and three allies. His hedge fund, Marcato Capital Management LP, is pressing the company to franchise more stores and oust longtime Chief Executive Sally Smith.

Mr. McGuire has "no track record of success," the company said in a recent presentation to investors, citing stock performance at ATM maker NCR Corp. and defunct bookseller Borders Group Inc., where Mr. McGuire was a director.

Mr. McGuire's fund says he and Marcato's other nominees, restaurant-industry veterans, would add fresh perspectives to the board.

The showdown highlights just how personal board fights are becoming as activists push harder for higher returns. Arconic Inc. recently gave Elliott Management Corp. three board seats after a bruising fight that claimed CEO Klaus Kleinfeld. Jonathan Litt is



Mr. McGuire has a reputation for pressing his demands unrelentingly in tussles with management.

fighting mall operator Taubman Centers Inc., comparing CEO Robert Taubman to Superman villain Lex Luthor.

Buffalo Wild Wings began attacking Mr. McGuire last month, after he called for Ms. Smith's ouster. In February, the company privately offered him a board seat, according to a securities filing.

Mr. McGuire is considered something of a prodigy in activist investing. He joined William Ackman's Pershing Square Capital Management LP in his 20s and founded Marcato in 2010.

The San Francisco fund has returned about 10% a year since its founding, besting rival activists but trailing the broader market, according to a person familiar with the matter. Marcato is up about 7% this year through April, outpacing the broader market,

the person said.

Mr. McGuire first met with Buffalo Wild Wings' executives in June 2016, armed with a 50-page presentation on how to stimulate growth and boost the company's stock.

The company, founded in 1982 with a single restaurant near Ohio State University, had grown to a nationwide chain of 1,200 locations. Its shares have returned some 1,700% since its 2003 initial public offering. But growth has slowed in recent years. The stock has dropped about 1% over the past year, trailing the S&P 500's 15% gain.

The fight has centered on how many stores Buffalo Wild Wings should own at the corporate level. Mr. McGuire has pushed for the company to franchise 90% of its stores, a sharp increase from the current 49%, arguing it would im-

prove margins and drive the stock higher.

The company has balked at the idea, saying it is working to boost margins. It has adopted several of Marcato's suggestions, naming five new directors, including one of Marcato's choices, hiring a consulting firm it used and increasing stock buybacks.

Buffalo Wild Wings also has defended its strong returns under Ms. Smith as evidence that she is the right leader. The company fears that Mr. McGuire, if he wins seats, would continue to push the board to keep reviewing a franchising plan it already has rejected, people familiar with the matter said. Directors who have served with Mr. McGuire on corporate boards and battled him in activist campaigns say he can be unrelenting with his demands.

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came the company's chairman when he was 32 as Pershing Square tried to revive the struggling company. He left the board in 2010, a year before it filed for bankruptcy and shut down.

Marcato has racked up several victories, particularly in pushing for financial moves at companies including Lear Corp. and Goodyear Tire & Rubber Co.

Bahram Akradi, CEO of Life Time Fitness Inc., said that when Mr. McGuire took a stake in his fitness company in 2014, the activist provided a different perspective and he understood the company well.

Mr. McGuire has been particularly busy this year. He called for Ugg owner Deckers Outdoor Corp. to explore a sale and backed another activist pushing for a sale of Rent-A-Center Inc. Crane maker Terex Corp. added one of his partners to its board in February.

Sources: the company; Marcato Capital Management LP THE WALL STREET JOURNAL.

EU Backs Italian Bank's Rescue

BY GIOVANNI LEGORANO

ROME—The European Commission has cleared the way for the multibillion-dollar government rescue of one of Italy's biggest and most fragile banks by approving a restructuring plan for the lender.

The agreement caps months of talks between Italy and European authorities over the terms of the bailout of Banca Monte dei Paschi di Siena SpA.

Saving MPS would be a big step forward in shoring up the financial system in the eurozone's third-biggest economy at a politically delicate moment. Italy is holding snap elections in the fall, rekindling concerns of instability in a country whose sound economic health is vital for the future of the single currency.

In focus in the talks between Brussels and Rome on the future of MPS were doubts over management's plan to put the bank on a sufficiently smooth road to recovery. MPS had failed to raise private funds by a December deadline to fill the hole in its balance sheet.

MPS faces a capital shortfall of €8.8 billion (\$9.9 billion), set to be partially made



Banca Monte dei Paschi di Siena headquarters. As part of a restructuring, the Italian government will own 70% of the lender.

up by converting about €2 billion in junior bonds into equity. The rest will come from the Italian government, which will end up owning a 70% stake in the bank.

In parallel with the capital injection, the bank has to implement a restructuring plan aimed at returning it to profitability in the long term. The credibility of the plan is crucial.

Italy will be using a particular type of European bailout, known as precautionary recapitalization, designed to shield taxpayers from the cost of bank failures in the case of solvent banks that aren't at

risk of posting big losses.

"This solution is a positive step forward for MPS and the Italian banking sector," said EU Commissioner Margrethe Vestager. "MPS will undergo deep restructuring to ensure its viability, including by cleaning its balance sheet from nonperforming loans."

The restructuring plan hinges on heavy expenses cuts, including personnel costs, say people familiar with the matter, and the sale of roughly €26 billion of toxic loans.

This week, the bank said that it has entered into exclusive talks about the sale of

the portfolio of bad loans with a group of investors, headed by Quaestio Capital Management SGR SpA, which manages a rescue fund for banks financed mainly by healthier Italian lenders called Atlante II. The exclusivity will be granted until June 28.

The bank will unveil the details of the plan this month, and the government may take control of the bank by the beginning of August, said a person familiar with the matter.

The commission said its approval is subject to the confirmation by the European Central Bank, which supervises Europe's largest lenders, that MPS is solvent and meets regulatory requirements for bank capital.

Rome also has to obtain formal confirmation by private investors on their purchase of the bank's bad loans.

The Italian government earmarked €20 billion to help ailing banks in December, primarily with Monte dei Paschi in mind.

Meanwhile, two other struggling Italian lenders—Banca Popolare di Vicenza SpA and Veneto Banca SpA—have asked to tap public money to stay afloat. European authorities are assessing the requests.

FINANCE WATCH

VENEZUELAN BONDS

Broker Is Penalized Over Hidden Trades

Wall Street's self-regulatory body has barred a former broker at Morgan Stanley from the industry over claims that he concealed \$190 million in Venezuelan bond trades.

John Batista Bocchino agreed to the discipline without admitting or denying the conduct, the Financial Industry Regulatory Authority said. Finra said he executed the trades despite Morgan Stanley's restrictions on buying or selling Venezuelan bonds over regulatory, antimony laundering and reputational risks.

Mr. Bocchino made the 300 trades in 2011 and 2012 through the accounts of five customers who didn't know about the transactions, which made it appear they were willing counterparties. The actual beneficiaries were other customers whose identities he concealed, including a foreign bank based in Venezuela, a regional investment bank

based in Peru, and several brokerage firms that were previously sanctioned for anti-money laundering violations, Finra said.

Morgan Stanley said it terminated Mr. Bocchino in March 2012, reported his conduct to regulators and has been cooperating with Finra's investigation.

An attorney for Mr. Bocchino didn't immediately respond to a request for comment. Mr. Bocchino couldn't be reached for comment. —Dave Michaels

WELLS FARGO

Wealth-Management Chief Will Retire

Wells Fargo & Co. said that David Carroll, the head of its wealth and investment-management unit, will retire effective July 31.

He will be succeeded on July 1 by Jonathan Weiss, who has been head of Wells Fargo Securities, which includes the bank's investment-banking business.

Mr. Carroll, who will retire after 38 years at Wells Fargo and

Wachovia Bank & Trust Co., leads the unit responsible for wealth management, investment and retirement products and services to individual and institutional clients. In the past few years, investment management was added to his responsibilities as the bank reorganized.

Mr. Carroll joined Wachovia in 1979. Wells Fargo merged with the bank in 2009.

—Emily Glazer

TAUBMAN CENTERS

Shareholders Back Board Nominees

Shareholders of luxury mall landlord Taubman Centers Inc. voted in favor of the company's director nominees after a proxy battle prompted the firm to agree days before its annual meeting to hold yearly elections for directors.

Activist investor Jonathan Litt's hedge fund, Land & Buildings Investment Management LLC, had launched a proxy battle to replace two directors from

Taubman's board, saying the firm had shortfalls in its corporate governance and that the Taubman family wielded outside influence over the company through a dual-class share structure that hadn't been approved by shareholders.

Land & Buildings, which owns 1.2% of Taubman, had proposed replacing Taubman Chief Executive Robert Taubman and lead director Myron E. Ullman III with Mr. Litt and Charles Elson, a corporate governance expert.

—Esther Fung

wide loan balances and 15% of its billings during the last half of last year. Its largest co-brand portfolios are with Delta, which accounts for 20% of world-wide loan balances, and Starwood Hotels & Resorts Worldwide Inc., which accounts for 5% of balances, according to AmEx data. All of its other co-brands comprise 9% of balances.

"Co-brands are very important for AmEx...and this particular arrangement is meaningful for us," said Denise Pickett, president of U.S. consumer services at AmEx.

Meanwhile, Jud Linville, chief executive at Citi Cards, played down the loss, saying in a statement that "during negotiations, it became clear that terms of exclusivity given the relatively small size of the portfolio were not economically viable."

Deal means Citigroup will be dropped as joint issuer of hotel group's credit cards.

While Hilton is now in AmEx's win column, investors are also awaiting news about the fate of its Starwood relationship. Marriott International Inc. completed its acquisition of Starwood last year and the hotel is reviewing several scenarios, including whether to merge the Marriott and Starwood credit-card programs, or to leave them separate.

Marriott's credit cards are issued by J.P. Morgan Chase. A decision will likely be made about the Marriott and Starwood cards by the end of the year, according to a person familiar with the matter.

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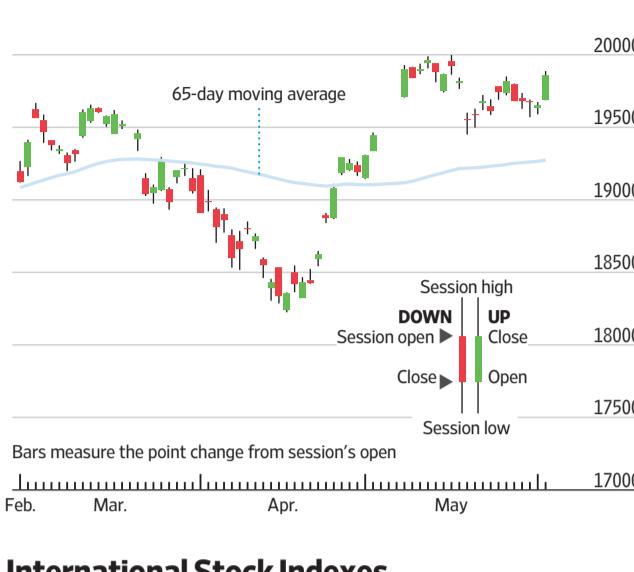
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MARKETS DIGEST

Nikkei 225 Index

19860.03 ▲ 209.46, or 1.07%

High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Feb. Mar. Apr. May

STOXX 600 Index

391.66 ▲ 1.67, or 0.43%

High, low, open and close for each trading day of the past three months.



Feb. Mar. Apr. May

S&P 500 Index

2430.06 ▲ 18.26, or 0.76%

High, low, open and close for each trading day of the past three months.



Feb. Mar. Apr. May

Data as of 4 p.m. New York time

Last Year ago

Trailing P/E ratio 23.94 24.04

P/E estimate * 19.15 17.75

Dividend yield 1.95 2.19

All-time high: 2430.06, 06/01/17

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

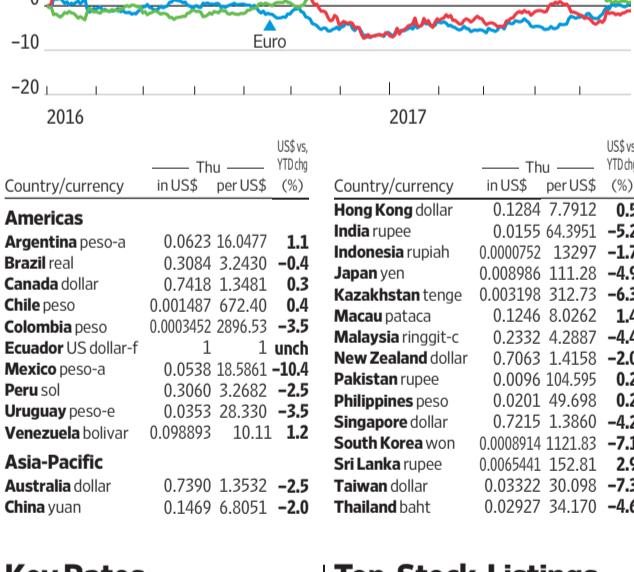
International Stock Indexes

Region/Country	Index	Data as of 4 p.m. New York time					
		Close	Net Chg	% chg	52-Week Range	YTD High	% chg
World	The Global Dow	2770.33	11.41	▲ 0.41	2193.75	2773.08	9.6
	MSCI EAFE	1892.79	2.73	▲ 0.14	1471.88	1956.39	10.3
	MSCI EM USD	1008.42	3.09	▲ 0.31	691.21	1044.05	12.1
Americas	DJ Americas	583.18	4.81	▲ 0.83	480.90	583.19	7.9
Brazil	Sao Paulo Bovespa	62297.45	-414.02	-0.66	48066.67	69487.58	3.4
Canada	S&P/TSX Comp	15471.66	121.75	▲ 0.79	13609.58	15943.09	1.2
Mexico	IPC All-Share	49078.88	290.44	▲ 0.60	43902.25	50154.33	7.5
Chile	Santiago IPSA	3715.99	24.96	▲ 0.676	2998.64	3786.05	15.3
U.S.	DJIA	21144.18	135.53	▲ 0.65	17063.08	21169.11	7.0
	Nasdaq Composite	6246.83	48.31	▲ 0.78	4574.25	6247.07	16.0
	S&P 500	2430.06	18.26	▲ 0.76	1991.68	2430.06	8.5
	CBOE Volatility	9.97	-0.44	-4.23	9.56	26.72	-29.0
EMEA	Stoxx Europe 600	391.66	1.67	▲ 0.43	308.75	396.45	8.4
	Stoxx Europe 50	3224.53	5.27	▲ 0.16	2626.52	3279.71	7.1
Austria	ATX	3147.52	23.98	▲ 0.77	1981.93	3211.08	20.2
Belgium	Bel-20	3897.29	8.97	▲ 0.23	3127.94	4055.96	8.1
France	CAC 40	5318.67	35.04	▲ 0.66	3955.98	5442.10	9.4
Germany	DAX	12664.92	49.86	▲ 0.40	9214.10	12841.66	10.3
Greece	ATG	781.85	6.61	▲ 0.85	517.10	800.08	21.5
Hungary	BUX	34762.46	210.56	▲ 0.61	25126.36	34975.81	8.6
Israel	Tel Aviv	1421.14	1.78	▲ 0.13	1372.23	1490.23	-3.4
Italy	FTSE MIB	20936.07	204.39	▲ 0.99	15017.42	21828.77	8.8
Netherlands	AEX	527.03	2.96	▲ 0.56	409.23	537.84	9.1
Poland	WIG	60181.96	89.89	▲ 0.15	42812.99	62666.49	16.3
Russia	RTS Index	1045.63	-7.67	-0.73	874.88	1196.99	-9.3
Spain	IBEX 35	10881.00	1.00	▲ 0.01	7579.80	11184.40	16.3
Sweden	SX All Share	590.15	1.68	▲ 0.29	443.66	593.34	10.4
Switzerland	Swiss Market	9024.92	8.28	▲ 0.09	7475.54	9136.95	9.8
South Africa	Johannesburg All Share	52840.68	-721.89	-1.35	48935.90	54716.53	4.3
Turkey	BIST 100	97365.79	-175.79	-0.18	70426.16	98794.90	24.6
U.K.	FTSE 100	7543.77	23.82	▲ 0.32	5788.74	7586.45	5.6
Asia-Pacific	DJ Asia-Pacific TSM	1609.56	3.66	▲ 0.23	1308.52	1611.91	13.1
Australia	S&P/ASX 200	5738.10	13.50	▲ 0.24	5103.30	5956.50	1.3
China	Shanghai Composite	3102.62	-14.55	-0.47	2833.07	3288.97	-0.03
Hong Kong	Hang Seng	25809.22	148.57	▲ 0.58	20038.42	25809.22	17.3
India	S&P BSE Sensex	31137.59	-8.21	-0.03	25765.14	31159.40	16.9
Japan	Nikkei Stock Avg	19860.03	209.46	▲ 1.07	14952.02	19961.55	3.9
Singapore	Straits Times	3235.96	25.14	▲ 0.78	2729.85	3271.11	12.3
South Korea	Kospi	2344.61	-2.77	-0.12	1925.24	2355.30	15.7
Taiwan	Weighted	10087.42	46.70	▲ 0.47	8458.87	10108.49	9.0

Source: SIX Financial Information/WSJ Market Data Group

Currencies

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Country/currency

US\$ vs. in US\$ per US\$ (%)

Country/currency

US\$ vs. in US\$ per US\$ (%)

London close on June 1

Country/currency	US\$ vs. YTD chg (%)		
	Thu	YTD chg	YTD %
Europe			
Bulgaria leva	0.5733	1.7444	-6.1
Croatia kuna	0.1513	6.610	-7.8
Euro zone euro	1.1216	0.8916	-6.2
Czech Rep. koruna-b	0.0426	23.484	-8.6
Denmark krone	0.1508	6.6324	-6.2
Hungary forint	0.003642	274.59	-6.7
Iceland krona	0.010139	98.63	-12.7
Norway krone	0.1185	8.4360	-2.4
Poland zloty	0.2671	3.7343	-10.6
Russia ruble-d	0.017799	56.210	-8.3
Sweden krona	0.1151	8.6908	-4.6
Switzerland franc	1.0300	0.9709	-4.7
Ukraine hryvnia	0.0381	26.2725	-3.0
U.K. pound	1.2893	0.7756	-4.3
Middle East/Africa			
Bahrain dinar	2.6518	0.3771	-0.2
Egypt pound-a	0.0556	17.9960	-0.8
Israel shekel	0.2814	3.5533	-7.7
Kuwait dinar	3.2938	0.3036	-0.7
Oman rial	2.5970	0.3851	-0.2
Qatar rial	0.2746	3.	

FINANCE & MARKETS

Venezuela Taps Small Banks

By ANATOLY KURMANAEV
AND LIZ HOFFMAN

CARACAS—Largely shunned by Wall Street, Venezuela is turning to small firms to arrange financing for its operations amid a collapsing economy and daily riots.

The sale of \$2.8 billion of bonds last week to **Goldman Sachs Group Inc.**, brokered by a London firm with less than \$5 million in assets, is the latest example of financing led by a small company. Big banks are shying away from doing deals with the administration of Venezuelan President Nicolás Maduro because they are wary of the risks involved, especially to their reputations.

A \$5 billion bond issue in December was structured by a small Paris private-equity firm. A Miami dealer that was fined in 2016 by regulators was hired last year by Venezuela's state oil company to try to swap \$2.5 billion of debt.

Some of the world's biggest banks have scaled back business with embattled Mr. Maduro. The U.S. has leveled sanctions against some of his government's highest officials, and his rule has grown more authoritarian amid a deepening humanitarian crisis.

"There's a reputational risk here for investment banks, so the government is having to turn to little-known intermediaries," said Asdrubal Oliveros, director at Caracas-based consultancy Ecoanalítica.

Governments rely on big-name banks to market their securities, because they can tap deep pools of capital in different regions and currencies. Small financial firms often lack economies of scale, market recognition and dedicated compliance departments, resulting in higher fees for the government and less transparency for citizens, said Orlando Ochoa, economics professor at Caracas's Catholic University.

Citigroup Inc., the U.S.'s fourth-largest lender by assets, last year closed its dollar correspondence account with



Protesters opposed Goldman's Venezuelan-bond purchase outside its New York offices on Tuesday.

Venezuela's central bank. Citi said it did so for business reasons; Mr. Maduro had accused Citi and other big banks of waging a "financial blockade."

Germany's **Deutsche Bank AG** and **Commerzbank AG** closed their trading platforms for Venezuelan clients last year, former users said. Representatives of the banks declined to comment.

Earlier this year, one of Japan's biggest investment banks, Nomura Securities, passed on a deal that would have involved lending \$1 billion to the central bank in exchange for \$3 billion of the bonds, most of which eventually went to Goldman Sachs, say people involved in the deal.

Bank of America Corp. considered marketing the bonds, but backed away as the situation on the ground worsened, say people familiar with the matter.

The central bank then tapped **Dinosaur Merchant Bank Ltd.** The London-based broker sold the bonds to Goldman's asset-management arm, said people familiar with the matter. Dinosaur booked a profit of \$400,000 in the U.K.

in 2015, according to its latest annual report.

Goldman is facing a backlash for buying the bonds, a transaction that the Venezuelan opposition said was effectively a lifeline to the Maduro administration because the central bank had held them.

While Nomura backed away from the earlier deal, which would have left it exposed to the risk of a default for years to come, the bank did buy about \$100 million in face-value bonds from Dinosaur in the same transaction last week that involved Goldman, people familiar with the matter have said. Nomura aims to resell the bonds, purchased through its trading arm, to clients, the people said.

Dinosaur Chief Executive Glenn Grossman declined to comment Monday, and a managing director for the firm didn't respond to further requests for comment.

For its last debt sale, Venezuela's finance ministry hired Paris-based investment group **Global Emerging Markets**, or GEM, to structure the \$5 billion bond that was privately placed in December, according

to the firm. On its website, GEM says it focuses on small private-equity transactions worth less than \$100 million.

"When things are difficult and people and businesses are pulling out of the country, that creates opportunity," GEM manager Warren P. Baker III told The Wall Street Journal in January, referring to the deal. He couldn't be reached for further comment this week.

State oil producer Petróleos de Venezuela SA last May hired Miami-based broker **CP Capital Securities** to swap \$2.5 billion of contractors' unpaid invoices for bonds, in effect offering the contractors an IOU to resume work, according to deal documents reviewed by The Wall Street Journal.

But the swap collapsed because of concerns over the creditworthiness of the bonds issued and because it was structured by such a little-known entity, said several oil contractors who were offered the securities. "No one wanted to touch those bonds," one of them said.

—Mayela Armas
and Kejal Vyas
contributed to this article.

Stocks Gain as Oil Edges Higher

By RIVA GOLD
AND CORRIE DRIEBUSCH

U.S. stock indexes hit record highs, and European shares also started the month higher, as oil prices stabilized Thursday after two sessions of declines.

THURSDAY'S MARKETS

Energy shares had weighed on major stock indexes this week, as U.S.-traded crude oil fell on investor expectations of production cuts by the Organization of the Petroleum Exporting Countries and other major producers.

On Thursday, the price of crude oil pared earlier gains to end 0.1% higher at \$48.36 a barrel after data released by the Energy Information Administration showed U.S. crude-oil inventories fell much more than expected for the most recent week.

The Dow Jones Industrial Average gained 135.53 points, or 0.65%, to 21144.18, a record close. The S&P 500 and the Nasdaq Composite gained 0.8%, both also hitting record closes.

The energy sector in the S&P 500 was up 0.4% by late afternoon.

In Europe, the Stoxx Europe 600 rose 0.4% to finish at 391.66, snapping a five-session losing streak.

"Oil is what people are paying attention to," said Mohit Bajaj, director of ETF trading solutions at broker Wallach-Beth Capital LLC. However, he added that he doesn't expect any panic in energy stocks unless the price of oil breaks below \$45.

Stock moves have been fairly muted in recent sessions as the first-quarter earnings season has mostly concluded, leaving investors struggling for a new catalyst.

"Markets have been fairly listless—we don't have the earlier drivers, but I don't think anybody is turning par-

ticularly pessimistic about global growth," said Larry Hatheway, chief economist at GAM. The monthly average of the VIX, or Wall Street's "fear gauge," in May was the lowest since 2006 and the second lowest in history.

Better-than-expected figures on U.S. private payrolls from ADP helped lift the dollar and U.S. Treasury yields. The WSJ Dollar Index rose 0.2%, while 10-year Treasury yields edged up to 2.225% from 2.198% Wednesday. Yields rise as debt prices fall.

Speeches from central-bank officials largely drove market attention Thursday ahead of meetings of the European Central Bank and Federal Reserve in the coming weeks.

Fed governor Jerome Powell shrugged off recent weakness in inflation and said "if the economy performs about as expected, I would view it as appropriate to continue to gradually raise rates."

San Francisco Fed President John Williams also played down anxiety over recent weakness in the U.S. inflation rate and expressed confidence that an improving U.S. economy warrants "three or four rate increases" this year.

"Unprecedented monetary stimulus from central banks has really supported the market....As long as that continues, I think investors are pretty optimistic," said Kirk Hartman, global chief investment officer at Wells Fargo Asset Management.

Investors were also watching to see if ECB officials signal a shift in tone, following a strong run of economic data out of the eurozone.

German central-bank President Jens Weidmann said late Wednesday that the ECB should start discussing when to reduce its monetary stimulus.

Earlier, Japan's Nikkei Stock Average rose 1.1% after four consecutive sessions of losses.

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MARKETS

Calm in Riskier Markets Lures Funds

BY IRA IOSEBASHVILI

Emerging markets are the calmest they have been in nearly three years, helping to draw a surge of funds from abroad and boosting returns in a sector that many investors once viewed as notoriously turbulent.

Emerging-market bond funds received inflows of \$1.1 billion in the week to May 24, marking the 17th consecutive week of net inflows, according to data tracker EPFR Global.

This wave of cash has helped drive down bond yields and lift other emerging-market investments, such as stocks. The MSCI Emerging Markets Index is up 25% in the past 12 months, compared with a return of around 15% for the S&P 500. Emerging-market currencies are up nearly 6% since January, powered by gains in the Russian ruble, Mexican peso and others.

Rising prices and low volatility place emerging markets firmly in line with a broader global trend in 2017, in which continued global monetary stimulus and expectations of improving economic growth are helping to mute price swings.

Prices for junk bonds are approaching records. A rally in technology stocks has pushed the Nasdaq and S&P 500 to record levels. The monthly average of the CBOE Volatility Index, or VIX, a closely watched indicator of investor anxiety in the U.S. stock market, reached its second lowest level in history last month.

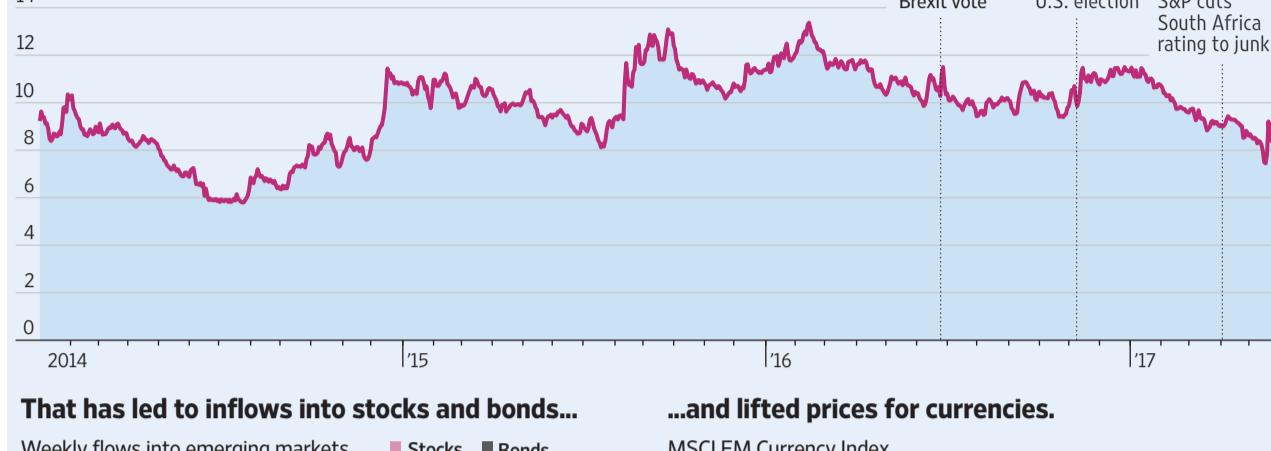
"When investors believe the market is unlikely to be hit by negative surprises, they tend to pile into assets that have the highest risk-reward," said Alvisse Marino, a strategist at investment bank Credit Suisse Group.

Beyond the global trends, many investors see value in emerging markets that is less evident elsewhere. In many

Coming Back

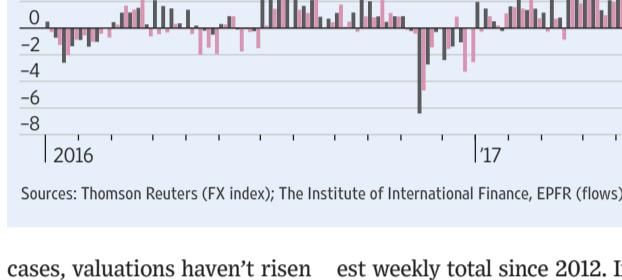
Volatility in emerging-market currencies is near its lowest level in three years.

J.P. Morgan Emerging-Market FX Index



That has led to inflows into stocks and bonds...

Weekly flows into emerging markets ■ Stocks ■ Bonds



Sources: Thomson Reuters (FX index); The Institute of International Finance, EPFR (flows); MSCI (currency index)

...and lifted prices for currencies.

MSCI EM Currency Index



THE WALL STREET JOURNAL.

cases, valuations haven't risen as much as in many other risky investments, such as large U.S. stocks or junk bonds. Bond yields remain high compared with safer debt, meaning that investors continue to receive compensation for the risks they may be assuming.

Accordingly, many investors have routinely shrugged off signs of trouble in developing economies and continue to pour money into these stocks, bonds and currencies. The J.P. Morgan Emerging Market Currency Index, one measure of currency volatility for developing countries, stands near a three-year low.

Brazil equity funds received more than \$785 million in net inflows last week, their high-

est weekly total since 2012. Investors rushed back to buy stocks and bonds that were made cheaper by a one-day rout earlier in May that reflected political turmoil threatening pension and other critical economic reforms.

Sudden market downturns in Turkey, South Africa and Mexico earlier this year sent those nations' currencies reeling, but in each instance investors returned to these markets not long afterward.

"With better commodity prices and rising global growth, there's a lot of room to recover," said Jens Nystedt, emerging-markets fixed-income portfolio manager with Morgan Stanley Investment Management.

One draw for developing

economies has been the carry trade—the practice of borrowing money in the currencies of nations with low bond yields and then buying currencies of nations with high ones to pocket the difference. The tactic thrives when currency price movements are low because a trader is less likely to be forced out of a position due to big fluctuations.

In one popular version of the carry trade, investors borrow in dollars and use the proceeds to buy Mexican pesos or Brazilian reais. If the exchange rate between the dollar and peso or real remains stable, investors can profit from the difference between lower U.S. and higher Mexican or Brazilian yields alone.

But a plunge in the cur-

rency of the higher-yielding nation can hammer carry traders, who often use leverage to amplify returns. The real fell 7% on May 18, potentially wiping away many months of profits.

Some investors say even if they are hesitant to pile back into a developing market during a period of political uncertainty, they are less worried than before that declines in one market will spark a broader selloff.

In the past, investors have tended to sell emerging markets as a group during times of political or economic uncertainty.

"You get shocks, but they're not persistent, and they're not contagious," said Kit Juckles, a strategist at Société Générale.

People's Bank Gives The Yuan A Big Push

BY SAUMYA VAISHAMPAYAN

China's central bank guided the yuan to its biggest one-day jump in roughly five months Thursday, the latest sign that authorities are seeking to bolster the currency in the wake of the downgrade of the country's sovereign-debt rating by Moody's Investors Service last week.

The People's Bank of China set the currency's daily midpoint for trading, known as the "fix," at 6.8090 yuan per dollar, 0.8% stronger than Wednesday's. That put the yuan at its strongest since Nov. 10. This fix, which takes into account where the yuan finished trading the day before, came after the currency surged against the dollar in onshore trading Wednesday.

The yuan rose even higher after trading began at 9:30 a.m. local time Thursday. That is a change from recent weeks, when the central bank guided the yuan to stronger-than-expected levels, only to watch the currency weaken once trading began.

Shifting expectations about the yuan's short-term fortunes are driving the change.

The central bank tweaked the mechanism for setting the daily fix last Friday, in effect taking even more control over the value of the yuan—which has helped persuade investors that it is committed for now to strengthening the currency.

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

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

Email: heard@wsj.com

Time to Cash Out of Akzo Nobel

Akzo Nobel shareholders shouldn't hesitate to sell.

The Dutch paint group's refusal to enter talks with U.S. peer PPG Industries, despite intensifying calls from key investors to do so, has laid bare not just the board's lack of commitment to owners' interests but also the protection from shareholder pressure afforded by the company's capital structure and Dutch law. This can't be the basis for a sound investment—especially at such a lofty price.

Even now that PPG has made clear it won't mount a hostile bid—Thursday was its deadline under Dutch "put up or shut up" rules—Akzo Nobel shares are trading close to an all-time high, and 18% higher than before the company made PPG's first public offer in early March. Just about all investors will be able to sell out at a substantial profit.

These include Elliott Management. The New York activist lost a court case on Monday that would have forced Akzo Nobel to hold a

Pick a Color

Forward price/earnings ratios



Sources: FactSet; Reuters (photo)

THE WALL STREET JOURNAL.



Akzo Nobel makes Dulux paint.

shareholder vote on Chairman Antony Burgmans, who many saw as the obstruction to a deal. It has egg on its face for pinning its hopes on a legal strategy that failed, but can be comforted by big gains on its stake, which was accumulated late last year with a view to pressing management to sell or spin off its specialty chemicals business. One of the ironies of the battle between Elliott and Akzo

Nobel is that the company will end up performing this split as the centerpiece of a stand-alone strategy hurriedly put together in the wake of PPG's offer.

Some investors may be tempted to hold on to their shares on the basis that this split will finally unwind the conglomerate discount at which the shares have historically traded. But hopes are already high: Akzo Nobel

PPG's shares rose 3% on news of its withdrawal. The company, which has had success in consolidating the U.S. industry alongside Sherwin-Williams, may now move to acquire another paint group in the fragmented European market, argues Graham Copley at investment-research house SSR. That will put further pressure on Akzo Nobel, which will be a smaller company after its coming split.

If there's a paint giant to own, PPG looks the one.

—Stephen Wilmot

OVERHEARD

A paradox central bankers around the world have been grappling with: Even as labor markets tighten, wage growth has remained limp. For the Bank of England, the issue is now far more than just abstract economics.

U.K. union Unite said Thursday it is balloting its members working at the BOE on whether to strike in a pay dispute. Unite says BOE staff such as maintenance and security workers are angry about a 1% pay rise this year. Inflation has broken above the bank's 2% target and is expected to remain above target into 2020.

What lessons might BOE Gov. Mark Carney draw from this? It underlines the wage squeeze likely to pressure U.K. consumers this year. But it may also suggest that the extended postcrisis period of low-wage growth is pushing workers to take action. Perhaps the BOE's forecasts that wages will rise more quickly in the coming years might start to pay off.

Buy the Dip In Trading At Big Banks

A decline in second-quarter trading revenues for major banks is no reason for panic. Investors should focus on bigger, more positive trends that will drive bank shares.

Investors were spooked on Wednesday by comments from two top banks. Speaking at an investor conference, J.P. Morgan Chief Financial Officer Marianne Lake said markets revenue in the second quarter is running around 15% below the same period a year earlier. Bank of America's chief executive was less specific, saying trading revenue is down slightly compared with last year.

Shares of both fell about 2% Wednesday, but this reaction seems disproportionate. The second quarter of 2016 was unusually strong, as trading bounced back from an exceptionally weak first quarter.

This year is seeing a more normal seasonal pattern, with strong trading in the first quarter as investors position for the coming year, followed by a slowdown in the second quarter.

Combining the first and second quarters provides a better picture. A second-quarter decline of 15% at J.P. Morgan, as suggested by Ms. Lake, would mean the bank's first-half markets revenue falls just 1.5% from the first half of 2016. That isn't terrible considering that equity-market volatility has been near all-time lows.

More important, the Federal Reserve is set to unveil its latest stress-test results later this month, and is likely to permit banks to accelerate share buybacks and dividends. This powerful lever, not quarter-to-quarter variations in trading performance, is where bank investors should focus.

—Aaron Back

Chinese Debt Problem Is Moved Further Into the Future

Beijing's assault on financial market leverage this spring has driven bond yields skyward, but hasn't sparked the systemic credit crunch that many feared. That doesn't mean the risks have disappeared: Cash-strapped firms have avoided more defaults by skulking back to high-interest shadow lenders instead.

With industrial profits up 14% on the year in the first quarter, firms can probably afford to pay up for expensive loans from sources other than banks and the bond market for now.

But forcing firms to refinance at exorbitant rates—and without the market discipline of China's bond

market—is storing up trouble for the future. And foreign investors eyeing Chinese bonds should be wary: Corporate debt might look like a bargain now, but firms are mostly shifting risks around rather than eliminating them.

Back in the days before China's bond market took off, corporate borrowers used to rely heavily on non-bank lenders like trusts. High-profile repayment problems triggered a crackdown on these trusts in 2013 and 2014, which helped push marginal borrowers into China's nascent corporate-bond market instead.

Now, as regulators have become increasingly con-

Regulatory Arbitrage

Value outstanding, change from a year earlier



Source: CEIC

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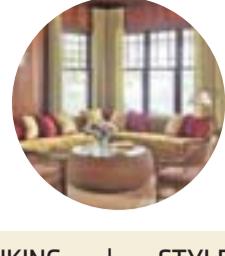
nisms. AA-rated corporates, which in February could issue two-year bonds with a yield to maturity as low as 4.6%, now must choose between bonds paying 6% or trust loans at 7% or higher.

China's economy remains in decent shape for now, and policy makers are unlikely to tolerate a sharp slowdown ahead of a critical Communist Party meeting this fall where the next generation of leadership will be chosen. But the attack on rising near-term risks in the bond market—while permitting a big rotation back into the shadowy world of trust lending—looks a lot like sacrificing much-needed long-term moves toward better pricing of risk in exchange for short-term stability.

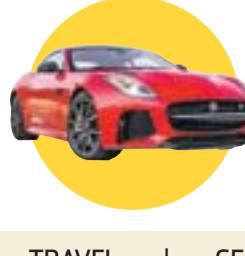
And it also begs the question: Once the party conclave is finished this fall, what happens next?

—Nathaniel Taplin

Interior
designers on 13
ways summer-
house décor can
go wrong
W6



OFF DUTY



Dan Neil drives
the ludicrously
fast Jaguar
F-Type SVR
Coupe
W8

EATING | DRINKING | STYLE | FASHION | DESIGN | DECORATING | ADVENTURE | TRAVEL | GEAR | GADGETS

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Friday - Sunday, June 2 - 4, 2017 | **W1**

My Summer Vacation Is Better Than Your Summer Vacation

For a getaway with bragging rights, try a beach holiday on France's Ile de Ré—a laid-back retreat favored by in-the-know Parisians. Plus: other enviable, unexpected destinations



OCEAN OF DIFFERENCE

Overlooking Saint-Martin-de-Ré,
the historic port town on Ile de Ré

GABRIEL GUIBERT FOR THE WALL STREET JOURNAL

BY KATE MAXWELL

AT 2 P.M. on a sunny Monday last summer, Plage du Lizay was deserted. We'd been warned that Ile de Ré, a three-hour train ride from Paris, would be *emballée* (chockablock) in high season. But for most of the afternoon we had this wide, sandy stretch on the Atlantic Ocean—among the island's finest and a dead ringer for a Hamptons beach—to ourselves.

Then, at around 5 p.m., a modest, almost entirely French crowd arrived on bicycles, the preferred mode of transport on Ile de Ré. Bikini-clad, impressively fit octogenarians strode up and down the shore. Whole families in immaculate linen outfits unfurled matching hamam towels on the sand. When they—and we—left a few hours

later, traffic on the bike lanes was wheel-to-wheel through pine forests and vineyards back to Saint-Clément-des-Baleines, where we were staying.

Forget the Côte d'Azur, infested with helipads and infinity pools. The chic Parisian's current retreat of choice is low-key, high-style Ile de Ré. And word is beginning to wash over the channel: It's fast becoming the summer-holiday destination to name-drop at London dinner parties.

My husband and I had been looking for somewhere to hunker down in the sun for a few weeks with our newborn baby, toddler and 11-year-old, somewhere that was an easy drive from our home in London. Having spent the past few summer vacations in Italy, Corsica and Greece, bumping beach towels and fighting for restaurant tables with fellow tourists, we were on the hunt for a new destination.

Ile de Ré fit the bill, not least because it has oyster beds for miles and I'd been craving the slimy morsels after nine months of pregnancy privation. When our most instinctively stylish friends, who generally spend summer vacations drifting about the Mediterranean on yachts, told us they were heading to the island for a long weekend, we gambled and followed suit.

A skinny 18-mile-long island halfway down France's west coast, Ile de Ré was originally four islands, until silt and man-made salt flats united them. It has been quarreled over numerous times since. Settled by the Romans, it was home to Cistercian monks in the Middle Ages—the skeleton of their Abbaye des Châteliers still survives. The island was passed back and forth between the French and the English from the 12th to the 14th

Please turn to page W2

OFF DUTY

A FINER TIME WAS HAD BY ALL

Continued from page W1

centuries, seized briefly by the Huguenots in 1625, invaded by les Anglais once again in 1627 (who can blame them?), and has been French ever since.

In 1988, Ré was connected to La Rochelle on the mainland via a 1.8-mile bridge, and a direct train service from Paris to La Rochelle accelerated the commute in 2012. It's not just the beaches that recall New York's own weekend playground: With its copious vineyards, surf breaks and fashionable denizens, Ile de Ré feels a little like a mashup of Long Island's North and South Forks. For the most part, though, it's couldn't-be-anywhere-else-but-France.

We found a villa with room for friends in Saint-Clement-des-Baleines, a sleepy town of white-washed houses with arsenic-green shutters that's far enough from the bridge to elude most non-French tourists, and settled into an easy routine of cycling, eating and beach-going.

Our days began with a walk to the town square's boulangerie, whose superlative *pains au chocolat* and *tartes aux fruits* earned it lines out the door. Next came a trawl of the market stalls, which included a grocery, whose proprietor rewarded my toddler daughter's attempts at pilfering his white peaches with the occasional freebie. A butcher's stall yielded "grand-mères" offal-laden pâté and spicy merguez sausages for the grill. Then we'd go on a cycling mission, strategic exercise when you're downing two *pains au chocolat* a day and are being outshone by octogenarians. Cyoland, the local cycle-hire store, even equipped us with a mini chariot to tow our baby along, although perhaps we should just have slung him in a bike basket, as one woman I passed had done.

Cycle lanes crisscross the whole island, bisecting marshes, vineyards and muddy salt flats. Towards the fortified port town of Saint-Martin-de-Ré, the path traces the coast, punctuated by oyster *cabanes* (simple restaurants where oysters are farmed on the premises). The 11-mile ride to Saint-Martin and back was the longest of our vacation, and, after a couple of tantrums and a dramatic skid and fall, future visits were conducted on four wheels.

Its proximity to the bridge and stock of elegant hotels make Saint-Martin-de-Ré popular with French holidaymakers; the restaurants that skirted the port were full of caftan-clad Parisians toting Chloé hand-



LAZY LIZAY A bike path along Plage du Lizay. Bicycle lanes, winding through pine forests and vineyards, crisscross the island.



bags and Londoners bemoaning Brexit and its effect on the Pound-Euro rate of exchange.

We crossed the town's wide moat and formidable stone walls, built in the shape of a star by Louis XIV's foremost military engineer, Vauban, to defend it from the Protestants and the English, and parked our bikes in the handsome main square. We wandered down streets with shutters painted 50 shades of gray, rangy hollyhock plants waving in front of them, to the port. You'll find no Côte d'Azur-size, gin-palace yachts in the harbor at Saint-Martin; instead, relatively modest wooden sailing boats quivered on the water opposite legendary La Martinière ice cream, which serves 50 traditional and avant-garde flavors. We skipped oysters and caviar for best-in-class scoops of salted caramel—made with local *fleur du sel*—fig and blackcurrant.

A less arduous pedal from our house was Ars, whose name pro-

voked titters from our group whenever it was mentioned, "arse" being British for "ass." Another study in stone-and-shutters, Ars is one of France's designated *Plus Belles Villages* ("Most Beautiful Villages"), and has a daily market of local produce, plus an array of French greatest hits: chintzy tablecloths, striped espadrilles and an encyclopedic spread of kitchen utensils (carrot spiralizer, anyone?). But the number one attraction is Monsieur Donin's retro merry-go-round.

Monsieur Donin, who wears red, heart-shape spectacles, has been running the carousel and entertaining visitors with his witty *chansons* since 1983. I felt multiple French parents' eyes boring into my person when I extracted my daughter from her miniature Cadillac at ride's end, so deafening were her shrieks of protest. Their own offspring stepped daintily from their rides.

You might have expected us—with our children in tow, plus our

THAT'S MOOR LIKE IT From top: The port of Saint-Martin-de-Ré sees few yachts but plenty of French holidaymakers in season; the market at La Flotte, on the island's east coast.

friends' prodigious broods—to stay home for meals and mercifully spare fellow diners. But nothing was going to come between me and those bivalves. At Le Chat Botté in Saint-Clement, clear, briny local oysters featured on the highly accomplished lunch menu, a great value, along with exquisite desserts including an ode to the peach, with meringue, sorbet and purées, that resembled a spotty Yayoi Kusama painting.

At most cabanes, shellfish was the only thing on the menu. With its hot-pink-and-green chairs and bar overlooking the sea, Ré Ostréa offered three dozen bivalves—small, medium or large, your choice—with a complimentary bottle of crisp white wine. At another, Cabane du Feneau, our shellfish platter was in fact a large basket of crab, oysters, langoustines, clams and sea snails, and we were presented with our crevettes live and kicking before they were taken to the pot. "What are they?" asked one of the children. "Haute cuisine," replied our waiter.

We devoured many memorable meals; still, it's Ile de Ré's beaches in the late afternoon light that I'll come back for. Beaches like La Patache—with fine-white sand and a strong current that allowed you to drift at great speed from one end to the other—which we discovered on the last day of our vacation. We'd cycled there with a picnic from the market, accompanied by the usual jolly, jostling anthropological study: gaggles of pedaling teenagers singing Taylor Swift in heavily accented English; middle-aged men in Lycra overtaking languorous, linen-clad ladies. As we'd spread out our blankets and uncorked the first bottle of rosé, I'd thought how fortunate the French were to have this island threaded to the mainland, and how lucky we'd been to share it with them.

► For where to stay and eat in Ile de Ré, see wsj.com/travel.

I Hate to Brag, But...
3 other low-key, high-style holiday spots



NORTH FORK, N.Y.

Despite its proximity to Manhattan, array of farm-to-table restaurants and over 40 wineries, Long Island's lush North Fork has maintained a low profile. Predominantly pebbly beaches and fierce zoning regulations, which outlaw Hamptons-style mega-mansions, have helped. Check into the Sound View (pictured), a '50s motel on the outskirts of Greenport that opens this month after a major makeover (from \$250 a night, soundviewgreenport.com). —K.M.



SULLIVAN'S ISLAND, S.C.

Many of the once-rickety 19th-century seaside houses that sit up on stilts have been renovated and equipped with AC and posh kitchens. But plenty still have the Lowcountry charm of screened porches, ceiling fans and rambling floor plans. Try for a place (from \$4,000 a week, beachsidevacations.com) on Marshall Blvd. or Middle St., where, out past the dunes, grandmothers teach offspring to crab and collect sand dollars, before everyone goes to the Obstinate Daughter for local oysters (theobstinatedaughter.com). —Christian L. Wright



FORMENTERA, SPAIN

Most visitors to this island just off Ibiza swing by only for lunch and to swim in its Kool-Aid-colored waters—which means it's delightfully peaceful come nightfall. Concierge service Deliciously Sorted Ibiza rents some of the island's most luxurious villas (pictured) (from about \$11,000 a week, deliciouslysortedibiza.com). For a more affordable family-friendly option, try Paraiso de los Pinos, a clutch of apartments dotted around a pool, next to the excellent Marlaca restaurant (from about \$890 for two nights, paraisodelospinos.com). —K.M.



NOT THE HAMPTONS The medieval Abbaye des Châteliers on Ile de Ré.

SPOILER ALERTS // 3 CLASSIC SUMMER SPOTS THAT AREN'T QUITE AS ENVIRABLE AS YOU IMAGINE

Montauk, Long Island

Perception The "un-Hampton," preserve of scruffy surfing types. You and your family will spend bucolic days building sand castles and playing paddleball on Ditch Plains beach; eating lobster rolls with BYO rosé as the sun slides into Fort Pond; and sleeping it off at a cheap-but-charming motel.

Reality That humble motel has been reimagined as a boutique hotel with an artist-in-residence, artisan coffee shop and mid-range rooms starting at \$600 a night; the lobster restaurant now charges \$105 for a bottle of rosé; and good luck swinging your paddle without hitting an Instagrammer or banker-surfer on Ditch Plains.

Silver Lining Skip summer weekends and go during the week. Montauk more closely resembles its previous self after the last train leaves the station on Sunday nights, and hotel prices dip. Better yet: Wait until October.

Positano, Amalfi Coast

Perception Dolce vita dreams come true amid the candy-colored buildings scattered along a Mediterranean cliffside. Languid days spent sipping prosecco on the beach are punctuated with drives along the storied Amalfi Coast and capped by dinners at hushed seaside eateries.

Reality John Steinbeck wrote that "Positano bites deep." In high season, it just bites. Tourists trip over ceramics piled up outside countless souvenir shops; restaurant workers wave menus and shout promises of free limoncello to passersby; plastic washes up with the surf; and tour buses careen around hairpin turns, threatening to squash your rental car.

Silver Lining The town regains its charms in the off-season, once the holidaying hordes have decamped. But even in summer, Furore, a nearby speck of a village high in the mountains, is a serene perch surrounded by olive and lemon groves.

The Côte d'Azur

Perception Europe's most glittering coastline, retreat and inspiration for Picasso, Matisse, Fitzgerald and Chanel, where you and your Breton-striped-clad children will waft from Cap to Cap, absorbing culture and fine food.

Reality Fitzgerald, who wrote an article entitled "How to Live on Practically Nothing a Year" after moving to the French Riviera with Zelda and their toddler in 1924, would be hard-pressed to stay at any of the grande dame hotels he frequented for under a \$1,000 a night now. His "fairy blue" Mediterranean Sea now gleams with superyachts; the roads with bumper-to-bumper Ferraris.

Silver Lining Drive 70 miles west of St Tropez and you'll hit Cassis, a cute and colorful seaside town surrounded by limestone rocks ideal for sunbathing (prepare for some nudity) and leaping off of. It's also the place to try bouillabaisse—traditional Provençal fish stew. —K.M.



OFF DUTY

Languor For Less

Lounge about in breezy summer dresses whose prices won't stress you

BY CHRISTINE WHITNEY

SUMMER is coming, and women are shedding their layers—the “Game of Thrones” furs, myriad sweaters and stiff jeans—in favor of one thing: dresses.

That said, it's rarely wise to spend a lot on sweet warm-weather nothings. Sustained heat and humidity leave you sweating, and the subsequent need for frequent laundering can be hard on clothes. Even dedicated investment shoppers acknowledge that their quality-over-quantity strategy isn't going to work come June.

“For the price of one designer dress you can get a whole summer wardrobe,” said Lily Semel, a writer in Los Angeles who in recent years has curtailed her practice of splurging on one or two seasonal runway pieces, instead buying several inexpensive dresses.

‘For the price of one [\$1,500] designer dress, you can get a whole summer wardrobe.’

The French label Rouje, designed by Gallic It girl Jeanne Damas, particularly charms Ms. Semel. The brand's elegantly coquettish dresses are all under \$200. “They're in between smart and sexy,” she said. “And they're appropriate for all occasions whether you're going to the beach or a work dinner.”

Rouje exemplifies the new crop of labels that excel at offering appealing frock options under \$300. Another favorite of thrifty women is Döen, a Los Angeles direct-to-consumer brand that makes Isabel Marant-caliber dresses and sells them for between \$150 and \$250. (An Isabel Marant could easily set you back \$700 at least.)

Co-founder and CEO Margaret Kleveland has noticed that customers “tend to be buying in bulk.”

Döen's easy, vintage-inspired pieces align with what's trending this season. Think: Floral prints, lacy crochets and knee-length or longer flowy styles that could easily have beguiled Jane Birkin circa 1969.

If your wardrobe calls out insistently for yet more inexpensive dresses, consider 8-year-old label Reformation (especially if you like brands that try to produce their wares in environmentally friendly ways); its designs generally ring up for around \$200. Though Reformation's silhouettes tend to suit slinkier frames best, its chocolate-box assortment of dresses offers a nice variety, from demure midi-length floral wrap dresses to cheeky mini styles in polka-dot and gingham prints.

Happily, the sensibility that pervades this season's nicely priced summer frocks—not-too-retro, just-bohemian-enough—is also quite versatile. Creative director Maggie Morris, who develops digital strategies for companies like Samsung and BMW and splits her time between New York and Los Angeles, wears her H&M and Madewell dresses with high-heel sandals, sneakers or over a bathing suit with flip-flops. “They're something you can throw on that's always comfortable and cute,” said Ms. Morris. She layers with jean jackets or light sweaters for cooler nights.

A final caveat: It's not always easy to find a summer dress that transcends its low price. The best advice is to seek out ones (like those shown here) that mirror high-end pieces: with longer hems that don't skew so young; in cotton instead of chintzy synthetics. It's a search that pays off. “These are the things I get the most compliments on,” said writer Ms. Semel. “It's nice that they're a couple hundred dollars, not a couple thousand.”



Don't count out the fast-fashioners, which always have a diamond in the rough. From left: Ruffle Dress, \$60, hm.com; Off-the-Shoulder Dress, \$88, jcrew.com; Floral Gingham Dress, \$70, zara.com

Even designer brands offer a few compassionately priced styles. From left: Diane Von Furstenberg Dress, \$248, Saks Fifth Avenue, 212-753-4000; Edie Dress, \$295, loveshackfancy.com; Safari Dress, \$218, thereformation.com

Lesser known, small labels pay attention to design while finding ways to keep prices reasonable. Clockwise from top: Babaton Dress, \$135, aritzia.com; Sorell Dress, \$198, shopdoen.com; Laura Dress, \$185, rouje.com

F. MARTIN RAMIN / THE WALL STREET JOURNAL, STYLING BY JILL TELESNICKI

THAT'S DEBATABLE

WEARING SANDALS IN THE CITY: TOO MUCH OF AN ICK FACTOR?

YES David Hurst considers sandals a no-go in his home of New York City, though less for aesthetic reasons than sanitary ones. Even if you wearing them for just a couple of hours, said the 54-year-old administrator in the department of psychiatry at Columbia University Medical Center, “your feet just get filthy because the streets and sidewalks are filthy.”

Particularly if he's socializing, he'd rather friends not see the muck and mire of Manhattan caked on his feet. It's much better, he said, to shield them in tennis shoes or loafers and leave the sandals for poolside.

Some might counter that women wear decidedly flimsy sandals in cities like New York, Paris and Beijing, where sidewalks are less than savory in mid-July. But there are mitigating factors. While a guy's slapdash daily shower routine is no match for the buildup of grime, many women keep weekly or biweekly pedicure appointments in which their feet are scrubbed intensely and



feel less buttoned-up.” With elevated rubber soles and wide nylon straps, Mr. O'Neill's open-toed designs are better positioned than flip-flops for navigating a grimy summer street.

Cameron Smith, the vice president of ByGeorge, a boutique in Austin, Tex., also approves of city-faring sandals. He steers clients toward more urbane, all-leather styles in neutral colors. The sandals' style should sync with the rest of your wardrobe, said Mr. Smith, who suggested a criss-cross-strapped nubuck option from Dries Van Noten and a matte black pair from Birkenstock as sophisticated sandals appropriate for cosmopolitan surroundings.

As for the ick, before you subject a subway car full of people to a clear shot of your feet, give them a good once-over and attend to any glaring issues. “There are some gnarly feet out there,” said Malibu's Mr. O'Neill. “If you're going open-toed in the city, get a pedicure.”

PAUL TULLER

returned to pristine condition. Besides, it's more socially acceptable for women to bare their feet.

Other men say wearing sandals in the city makes them feel self-conscious. Though he lives in Los An-

geles, 28-year-old writer Kevin Burrows says his sandals have triggered mockery from co-workers and don't seem professional: “You feel like you're on vacation in open-toed shoes.” He saves them for weekends away.

NO A sandal is not a sandal is not a sandal. You shouldn't use the same criteria when choosing open-air shoes for strolling down Madison Avenue as you would when picking a pair in which to lazily scuffle

from your hotel room to a pool cabana.

Kevin O'Neill, founder of footwear brand Malibu Sandals, staunchly defends the right to wear sandals in urban settings. He finds them transporting: “You instantly

Jacob Gallagher

OFF DUTY



GOOD EGG The tortilla española at Té Company in Manhattan is as luscious as a wedge of brie.

LINDA XIAO FOR THE WALL STREET JOURNAL (2); ISTOCK (GARLIC)

The Ultimate Tortilla (Does Not Exist)

It takes under an hour and only four ingredients to make this dish—and a lifetime to make it your own

BY CHARLOTTE DRUCKMAN

IT IS EITHER a most opportune or bewildering time to learn how to make tortilla española. In the last year, at least four new cookbooks on Spanish cuisine have arrived, each with a recipe for the traditional tapa and no two of them the same.

The potato-dense Spanish "omelet" is a compact, satisfying one-pan production. An affable breakfast, lunch, dinner or drinking buddy, it's ready in less than an hour and can be made in advance.

Some may throw chorizo in there, or, in the Basque region, cod, but the classic has only four components, eggs, potatoes, onions and oil; five, if you count salt. Still, finding decent examples in the U.S. isn't so easy. They're often desiccated or floppy, and lacking in flavor.



CRACKING THE CODE Chef Frederico Ribeiro behind the counter at Té Company in Manhattan.

"Most people do not manage heat properly," said New York City chef Alex Raji of El Quinto Piño, where you can enjoy one of the few respectable, appropriately slightly gooey tortilla wedges in town. "You must toggle between high and low and you must know when to stop stirring and start shaping the sides." That's only the half of it. "People are shy about using enough oil, and most hesitate when flipping," she continued. "Both cause problems."

Ms. Raji included her tortilla recipe in "The Basque Book," which she co-authored with her husband, Eder Montero, and the food writer Rebecca Flint Marx. It calls for four flips. She believes this "improves the shape of the edges and keeps the tortilla from over-browning." The only modification the chef makes when adapting her instructions for home cooks is to recommend they use a blend of olive and canola oils, as opposed to olive alone. Canola is less expensive, for one thing. And, as Ms. Raji notes, if you're not working with a delicate one, "100% olive can create bitter flavors."

In Asheville N.C., chef Katie Button serves tortilla española at her tapas bar Currat. The recipe, included in her new cookbook of the same name, has less potato than Ms. Raji's, cooks a bit longer and only flips once, causing it to pick up more color in the pan. Ms. Button, too, calls for a 50/50 blend of oils, to replicate the flavor of a mild Spanish olive oil. She maintains her most valuable lessons were learned at the side of her Spanish mother-in-law. After years of repetition, "I finally feel like I can make a tortilla as good as

hers," Ms. Button said.

In his Spain-focused culinary travel book, "Grape, Olive, Pig," Matt Goulding describes what sounds like my dream tortilla, served at Taberna Pedraza in Madrid. Cooked by co-owner Josefina Pedraza over a low flame, "it arrives to the table soft and pale, jiggling like a waterbed; slice into it and it exhales across the plate."

I had all but given up on finding anything like this in New York City. Then Frederico Ribeiro, a Portuguese chef who trained in Spain, put a slice of his Spanish tortilla down in front of me at Té Company, the tea salon he opened at the end of 2015 with partner Elena Liao. It was custardy, almost like a brie, with the pastel-yellow hue of a newly hatched chick. I asked him how he was able to keep it in that barely solid state and move it in and out of the pan. He mentioned something about a wet plate and I realized I was going to need a demo. Mr. Ribeiro agreed.

Prepared in a small, deliberately crowded pan, his tortilla has an ingredient list that extends to garlic, which he cooks with the onions before adding fingerling potatoes. The onions and garlic become sweet, the tubers, creamy. He beats them together, feverishly, with three eggs, then cooks this mixture for two minutes on each side. The finished product shows not even the barest hint of brown. "It should feel like a baby's bottom," Mr. Ribeiro said, patting his tortilla with a grin.

I took notes, wrote up a recipe and practiced—and practiced some more. It will never be perfect. I'm not sure there is such a thing as the perfect tortilla española. But I know I'm on my way to close.

Frederico Ribeiro's Tortilla Española

TOTAL TIME: 55 minutes SERVES: 6

- 1 medium yellow onion, finely chopped
Neutral oil, such as grapeseed or canola
2 cloves garlic, finely chopped (optional)
3 cups peeled and thinly sliced coins of fingerling potatoes
Kosher salt
3 large eggs

creamier, wetter texture, but avoid mashing them. Season with salt.

6. Just before cooking tortilla, rinse a large, flat plate under running warm water. Remove plate from faucet and shake it off, so plate is still slightly wet. Use your hands to spread drops of water over plate's surface so it's just slick. Place plate beside stove so it's easy to grab when you're ready to flip tortilla.

7. Return clean pan to stove over high heat. Add 2 teaspoons reserved oil and tilt pan to coat. Once oil is just hot, add egg batter, gently swirling pan to prevent sticking as sides begin to set. Once batter starts moving as a unit when swirled, after no more than 2 minutes, you'll know it's ready to flip.

8. To flip, cover pan with inverted plate. Flip plate and pan together to turn half-cooked tortilla onto plate.

9. Let tortilla sit on plate for about 30 seconds while you return pan to stove over high heat and add enough oil just to lightly coat pan.

Once oil is hot, take pan off heat and place on counter next to plate with tortilla. Lift plate and use a wooden or rubber spatula to carefully and gently slide tortilla back into pan, cooked side up. Use spatula to shape tortilla, gently pushing any uncooked batter underneath.

10. Set pan over medium heat and cook tortilla just until it moves as a unit when swirled in pan, 1-2 minutes. Remove from stove, wait 1 minute, then flip finished tortilla onto a plate. Serve warm, at room temperature or cold, sliced into wedges.

SOUR POWER

Tangy tamarind paste punches up all kinds of dishes, drinks and dressings

THINK OF tamarind as the love-child of lemon and caramel. The tart and sticky pulp comes from the pod of a tropical shade tree. Pressed into blocks of paste, it must be reconstituted with hot water and pressed through a sieve to remove any seeds and gnarly fibers. The alternative, a syrupy concentrate available in jars, also tends, confusingly, to be called paste.

Tamarind pairs beautifully with orange, garlic and ginger to make a fast and zingy marinade for chicken and pork. Its tartness renders drinks ex-

tra-refreshing. Tamarind agua fresca quenches thirst across Mexico. Here in the U.S., chef Andy Ricker mixes tamarind with bourbon, lime juice and simple syrup for a bracing whiskey sour.

I love the acidity and richness tamarind brings to a dish. The excellent recent cookbook "Burma Superstar" employs this ingredient extensively—in bright curries, in a puckery sour-leaf soup, in a good-on-everything tamarind-ginger dressing. "Tamarind adds a deeper, rounded kind of acidity," said the book's co-author Kate Leahy.

"It lasts forever in the refrigerator, so it's good to have on hand for those days when there aren't any lemons or limes in the house."

—Jane Black

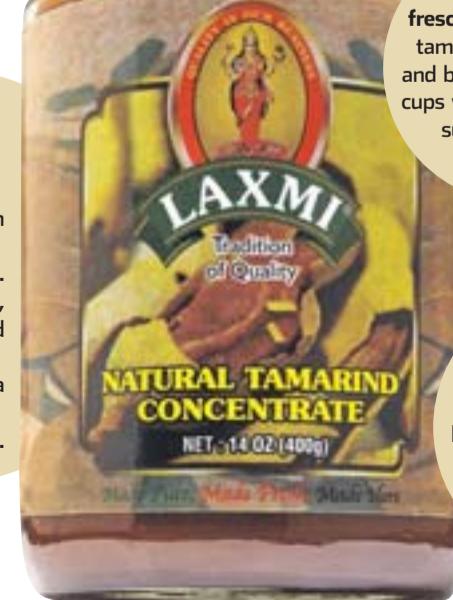
Where to Buy: Both tamarind paste and concentrate are available at Indian, Latin American and Southeast Asian markets. For paste, opt for one labeled seedless, like Cock brand (\$8 for 16 ounces), though a few seeds may be hiding inside even these. Laxmi (\$6 for a 14-ounce jar, plus shipping) is a high-quality concentrate.

Bang out a batch of granola: Heat 2 teaspoons tamarind concentrate with 1/2 cup light brown sugar and 1/4 cup coconut oil until sugar dissolves. Combine with 2 cups oats, 1/4 cup each shredded coconut, cashews and dried apricots and a generous pinch of garam masala.

Gin up a ginger dressing: Soak 2 1/2 ounces

Assemble an agua fresca: Mix 1/4 cup each tamarind concentrate and brown sugar. Add 5 cups water and stir until sugar dissolves. Drink over ice.

Soak 2 1/2 ounces tamarind paste in 3/4 cup hot water and strain. Add 1 teaspoon each sugar, grated garlic and ginger, and salt.



OFF DUTY

MESSAGE IN A BOTTLE NOVELIST ALISSA NUTTING ON THE BOTANIST ISLAY DRY GIN

The Anxiety of Being Under the Influence

"IT'S GIN!" I announce this to my husband in an anxious whisper, like I'm talking about an ex who just texted out of the blue.

We've been waiting until the end of the workweek to open the package from my editor at The Wall Street Journal, expectantly hypothesizing about what's inside. I've agreed to give my impressions of a bottle of alcohol but don't know what it will be. Pitting the box, asking it questions, putting an ear to its cardboard and listening: There's been a time-lapse pregnancy vibe to the whole thing, and for me, seeing the bottle of gin—The Botanist Islay Dry Gin, says the label—is like hearing an ultrasound nurse say, "Surprise! It's twins!"

I feel suddenly and deeply unprepared.

My go-to pet name for gin is "liquid shame." If tequila's my id, gin is my superego. Most liquors motivate me to go do bad things. Gin motivates me to feel bad about things I've already done. *Why did you tattoo the word "ukulele" on your neck?* gin will ask me. *Why did you put a \$5 burrito in a \$200 purse?*

But my husband has zero misgivings. "I'll get the minivan!" he says.

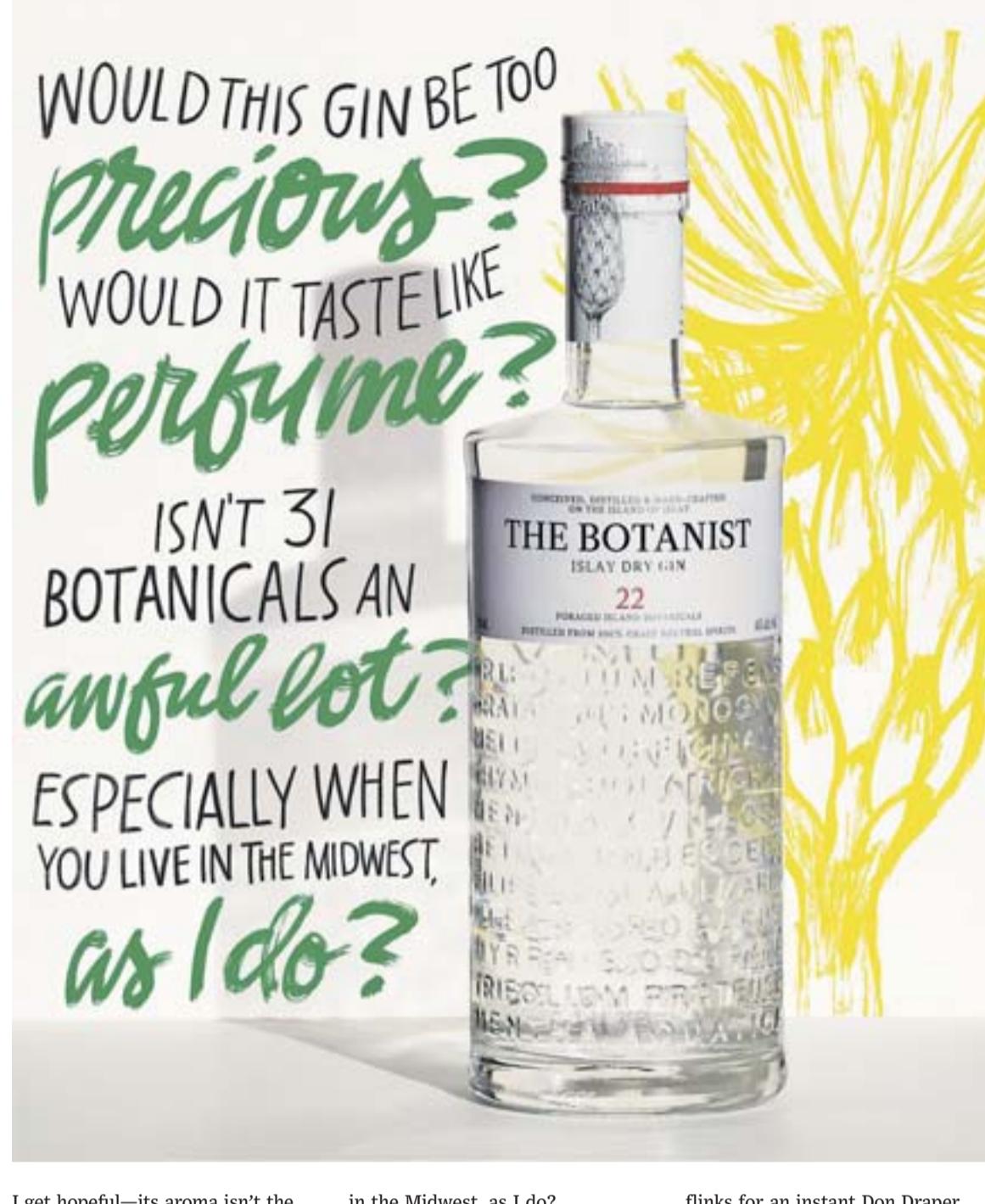
It's the second marriage for both of us; we're a blended family with three children, and sometimes, when those children are asleep, we park our minivan in the backyard and go drink inside of it. It has XM radio and very comfortable seats.

"If I ask you to put on Patsy Cline later," I tell him, "please don't." In fact, I decide that Patsy Cline is going to be my safe word for the evening's activities. "If I say 'Patsy' at all, it's time for me to switch to water."

From the looks of the bottle, I can tell the Botanist is a different species than the gins that make me cry (first hint: the bottle is not a jug or an airplane mini). It's gorgeous and I immediately add it to my mental list of "Earnest Apology Gifts." The next time you act like an ass, if your I'm sorry is accompanied by this gin, the offended party will know you mean it.

But despite its elegance, I'm primed for pain. The gin's name could not have a gentler or more whimsical inspiration: Of the 31 botanicals in this artisanal blend from the Scottish Isle of Islay, 22 of them are local and hand-foraged by botanists. Given my history with gin, though, my imagination is working "Law & Order"-overtime. To me, "The Botanist" sounds like the nickname of a serial killer who presses and keeps a lock of each victim's hair, herbarium-voucher-style.

When I open the bottle and sniff,



F. MARTIN RAININ/THE WALL STREET JOURNAL (BOTTLE); ILLUSTRATION BY ANGELA SOUTHERN

I get hopeful—its aroma isn't the menthol slap across the knuckles with a ruler I always get from the usual gin suspects. Maybe this encounter won't end in aerobic, full-body sobs and attempts at catharsis via karaoke? It sounds strange to describe an alcohol as smelling alive, but this gin does. My nose is telling me the bottle is a vase full of flowers.

Still, when one possible cause of apprehension gets alleviated, I like to ensure its quick replacement. I begin to worry that since this gin isn't going to burn me with harshness, it might kill me with kindness. Fancy is often synonymous with sad for me, since I'm not great at being sophisticated. Would this gin be too precious? Would it taste like perfume? Isn't 31 botanicals an awful lot? Especially when you live

in the Midwest, as I do?

Prior to entering the van, I grab my phone and stalk this gin on the Internet the way I do anything I find suspicious. I want to find a tacky entry point to this refined, vapor-bouquet gin, something that makes it feel approachable in terms of drinking while wearing pajamas inside a van. Just as its botanists forage for Gorse and Heather flowers, I go scrounging for sleaze.

"Dirty Dotty and Ugly Betty!" I finally exclaim.

My husband brightens. "Friends of yours? Are they coming over?

Do they need a lift?" (The minivan does seat seven.) Perhaps the bottle doesn't intimidate him because he's watched and loved every season of *Mad Men*. He spruces up well. (Note to interested parties: Combine this gin with a pair of cuff

links for an instant Don Draper role-play session.)

I'm a little harder to polish. I need a bridge to link my fast-food sensibilities to the fine-dining liquor before me, and I find it in the gin's origin story.

"Ugly Betty" is the name of the copper still this gin is slow distilled in, and the nickname for the waters used in the gin's production is "Dirty Dotty's spring." Ugly/Dirty is totally my squad, so now I'm ready to start drinking. And, potentially, drowning in a vat of overwhelming, unresolved feelings.

Luckily, because of the kids, the van is stocked with prophylactic Kleenex. If a case of the rapid-onset gin weepies hits me, I'm covered.

We shut the van's interior lights off, and my husband begins musing about how gin means it's summer-

time. As writer-professors, our lives revolve around the academic calendar, and the uptick of gin drinking at parties is a seasonal moving of the tassel. I take a sip of the gin, mixed with a little tonic, and, as if on cue, taste a reenactment of this transition in its flavor. In my mouth, subtle wintry mint warms up into bright lemon.

Maybe this association is part of why I normally catalog gin into a space of melancholy: Its annual appearance coinciding with end-of-the-year fêtes, graduation, students and visiting faculty moving on and away.

But as I drink this gin, sadness never arrives. Instead, I find myself having an onslaught of positive thoughts, perhaps one for each of the 31 botanicals. "Isn't it great how gin doesn't stain?" I add. I want to try re-watching Old Yeller while drinking this gin, because I bet if you watch that movie while sipping the Botanist, the dog gets to live.

Thirty-one is not too many, at all. Not in this blend; its notes take on a Wall of Sound intricacy to create a singular distinct flavor. It's so delicious that after my first, I remedy my error of adding tonic.

This is great gin for busy people! And clumsy or lazy people, who, like me, tend to take shortcuts in drink-making by eye-balling measurements and freestyle recipes. There's already so much going on, in just the right amount, there's no need to mix it.

I especially recommend it for parents with young children who are willing to go to delusional lengths for a moment of escape at the end of a long day, such as pretending you're at a bar when you can see the illuminated lights of your vehicle's dashboard console. If you're so tired that you don't want to move, it's lovely to sit back and benefit from the grand efforts of another person. "How nice of those botanists to do all that foraging!" I put forward.

I'm overcome with thanks. This drink makes everything seem a little better than it even should. When we finally go back inside the house, all our furniture appears to have been dusted; everything seems to shine with a lemon-Pledge gleam. The Botanist lets you see the world (and your house, and your van) through cleaning, crisping goggles. For the first time, I got buzzed on gin and didn't cry. I didn't even come close. But if I had, it would've been with gratitude for this drink, my new summer happy place.

Ms. Nutting's latest novel, "Made for Love," will be published by Ecco on July 4.

SLOW FOOD FAST SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES



The Chef
Günter Seeger

His Restaurant
Günter Seeger in
New York City

What He's Known For
Precisely executed,
elegant cooking
that favors excellent
ingredients and at-
tention to detail
over flourishes.

1. Add 2 inches water to a large pot. Set a steamer in pot, high enough so it does not touch water. Bring to a simmer over high heat. Season scallops on both sides with salt.
2. Make marinade: In a small bowl, whisk together rice vinegar, 3 tablespoons grapeseed oil, sesame oil, honey, soy sauce, sesame seeds and ginger.
3. Make avocado purée: In a food processor or blender, purée avocado with half the lemon juice and 2 tablespoons grapeseed oil until smooth. Season with salt and lemon to taste.
4. In a bowl, toss together radishes, 1 pinch salt, 1 dash lemon juice and remaining grapeseed oil. Adjust seasonings to taste.

barely cooked, still raw and creamy in the center. "Farmers markets are the best source," Mr. Seeger said. Grocery-store scallops, whose journey from the boat is typically longer, should steam a minute more and fully warm through. The avocados, meanwhile, should give a little when gently pressed—but only a little. Overripe ones oxidize and brown when puréed.

Being picky about ingredients pays off here, Mr. Seeger insisted. "I have high standards," he said, "and I get everyone around me to have them too." —Kitty Greenwald

TOTAL TIME: 20 minutes SERVES: 4

16 large, fresh scallops	¾ tablespoon soy sauce	Juice of 1½ lemons
Kosher salt	½ tablespoon sesame seeds	1 bunch radishes, quartered
½ tablespoons rice vinegar	½-inch piece ginger, peeled and minced	4 (8-by-8-inch) sheets nori, divided into 16 (4-inch) squares
6 tablespoons grapeseed oil	2 avocados, halved and pitted	
½ tablespoon sesame oil		
½ tablespoon honey		

5. Lightly brush scallops with marinade and place in steamer basket. (Work in batches to avoid crowding.) Cover and steam gently over simmering water to desired doneness. For just-caught scallops served raw at their centers, steam about 1 minute. Otherwise, steam until scallops are just firm to the touch and centers are medium-rare and warmed through, about 2 minutes. Remove scallops and brush once more with marinade.
6. Place a generous dab of avocado purée on each square, top with 1 scallop, sprinkle with salt and fold nori over scallop. Repeat with remaining scallops. Serve radishes alongside, dotted with any remaining avocado purée.



TURN ON THE BITE A simple side of radishes tossed with lemon and salt provides a crunchy counterpoint to the luscious steamed scallops.

OFF DUTY

Seasonal Accessorizing Disorder

Design pros offer remedies for common summerhouse decorating gaffes

SAIBOATS GALORE," said Vanessa Deleon. "Sailboats on front window sills like candelabras for the holidays." Such hokey touches are the sort of missteps folks make when kitting out weekend houses, said the New York interior designer. She suggests welcoming, flower-filled window boxes instead—especially if none of the home's occupants owns even a dingy. Here, summerhouse dcor goofs that make designers wince, and recommended alternatives.

Overly Urban Outfitting "Clients tend to reproduce what they have in the city," said Montreal-based designer Richard Ouellette. "They buy matching end tables from the mainstream or city-furniture stores."

The Fix "Make a run for the flea markets and antiques shops near your weekend house," he suggested. "Find colorful old boxes and stack them to make the best end table, or find old wicker chairs and have them repainted."

Excessive Bead Board "This was the Victorian era's version of Formica, a way to hide imperfections," said New York designer Kati Curtis, who notes that the material has become a country-house cliché.

The Fix "If you have it already, paint it white and try to make it disappear," she said. "If not, and you want to add texture and warmth in a modern way, use a grass-cloth wallpaper."

A Dearth of Plants No reason to abandon indoor greenery just because you might be away for weeks at a time. "Bringing nature inside is absolutely key," said London designer Kelly Hoppen.

The Fix She recommends neglect-

abiding succulents and cactuses. They also complement the textures of white linen and gray seersucker, among her summer favorites. Dallas designer Michelle Nussbaumer adds that orchids, which don't require much water, can also thrive.

Theme Dreck Filling a mountain house with pine and antlers, or a beach house with shells and purely decorative surfboards, borders on tacky. "It's redundant," said Baton Rouge designer Rachel Cannon.

The Fix "Nod to the location through texture, finishes and color," said Ms. Cannon, who recommends using Sherwin-Williams's ColorSnap app to match paint colors to nature. Ms. Curtis incorporates subtle beachy inflections like a mirror with mother-of-pearl inlay, while New York designer Ghislaine Viñas makes over-the-top dcor palatable by simplifying it. A "hideous" mermaid lamp became an agreeable wink to the seaside when the New York designer painted it white.

Staged Produce Using only green apples or lemons in a fruit bowl looks unnatural, said designer James Duncan, based in Key Biscayne, Fla.



ANCHORS AWAY In a Wistow Island, Ontario, cabin, Toronto designer Anne Hepfer forwent nautical dcor and instead left the basswood walls bare. She upholstered the seating in unpredictable chartreuse and raspberry.

The Fix "Try mixing in summer vegetables with odd shapes and strong colors," he said. "Think intriguing still life rather than a boutique hotel from the '90s."

Blue-and-White Mania "Just because you're near the water doesn't mean everything has to be the color of it," said Ms. Curtis.

The Fix "Warm colors like reds and oranges complement the outdoors," she said. "Adding contrast can actually enhance the views by day and be more interesting at night."

Errant Towels "Who wants to go searching for towels or see piles of sandy, wet ones?" said New York designer Harry Heissmann.

The Fix He recommends a hard-to-miss wicker basket of rolled-up towels by the pool or at the door, accompanied by a wicker hamper so guests can easily grab and/or drop.

Dismal Detritus "Summer homes can become catchalls for the pieces that didn't work in the primary home," said Ms. Nussbaumer. "But if something wasn't working in your main house, it probably isn't going to in your weekend retreat either."

The Fix "Purchase things appropriate for the space," she said. "You can find reasonably priced pieces from online retailers like Chairish

and One Kings Lane. And of course, there's always IKEA."

Unchecked Clutter Never a good thing, visual static is especially egregious in a handsome setting. "It takes away from the beauty of the environment that surrounds you," said Ohara Davies-Gaetano, an interior designer in Corona Del Mar, Calif.

The Fix Simplify, simplify, simplify. "Allow the design to be open and expansive so your eye can rest on the landscape that defines your locale," she said.

Chintziness "I've noticed a lot of homeowners choose low-cost, poorly made products for their summer and weekend homes," said Nashville designer Chad James. "But in a weekend house, everything from entertaining to dragging in sand wears on walls, flooring, linens and towels."

The Fix Choose quality products so that they last more than just a season, suggested Mr. James. Added Dallas-based designer Jean Liu, "Summers and weekends are entirely too short for uncomfortable couches, lumpy beds and dorm-room dcor."

Wall-to-Wall Beds "People tend to cram as many beds as possible in

all bedrooms," said Charleston, S.C., designer Tyler Hill. Fearing guests might not be accommodated, hosts furnish their homes like hostels.

The Fix "Air mattresses, believe it or not," said Mr. Hill. "They're easy to assemble and store." Another option: "Makeshift bedrooms, such as an alcove off a main room, which a bed can transform into a little sleeping nook."

Misguided Sophistication "The idea of creating a chic, elevated, hotel-room experience in a vacation home is a wonderful goal, but it's certainly not memorable," said New York designer Tamara Eaton.

The Fix "Create eclectic rooms with lots of personality," said Ms. Eaton, "slightly unkempt and relatively simple—rooms that don't take themselves seriously."

Flimsy Materials "I find clients averse to weightier fabrics at the beach," said New York designer Charlie Ferrer. "But there is such a thing as too much Belgian linen."

The Fix Country weather can get cold and wet. "Fine wools and luxurious cashmeres make those moments cozy," said Mr. Ferrer. "And these materials stay much cooler in the heat than many expect."

—Catherine Romano

LACQUERED UP

Designers embrace the glossy ancient-Asian finish, laboriously crafted by hand (though you'd never guess it)

"IT'S QUITE SURPRISING to people that these could be handmade objects," said Philippe Nigro, one of the many designers who have recently turned to the millennia-old technique of lacquering. For his collection of darkly glittering pieces, from vessels to tables, he partnered with Japanese craftsmen skilled in *urushi*, the process of layering on tree sap, drying and polishing it after each of more than 20 coats. Mr. Nigro's ziggurat-like vases come apart to accommodate lacquering inside and out. The craft determined the shapes, he said.

Layers of lacquer add high-gloss polish to Madeline Weinrib's fabric-enveloped trays, and the labor-intensive approach also ennobles Pentreath & Hall's brightly colored mirror frames. German designer Sebastian Herkner's richly reflective room dividers resemble nearly 6-feet-tall Chicklets—proof that, even in a manufactured world, human hands can still produce a delectably flawless finish. —Tim Gavan



Screens, price upon request,
Studio Sebastian Herkner
49-69-82368081

Tray, from \$495,
madelineweinrib.com

Pentreath & Hall Mirror, \$395,
thelacquercompany.com

Akita Ndà Vases by Philippe Nigro, price upon request,
preorder through David Poletti
at 39-338-3450824

OFF DUTY

The Priority Coast uses a belt drive instead of a traditional chain to keep maintenance to a minimum.



Placid Peddlers

Don't let the relaxed vibe of the latest beach cruisers fool you. These bikes have a lot more to offer than extreme comfort

BY JESSE WILL

WITH AN ULTRA-RELAXED seating position, handlebars that you don't have to reach too far to grip, and big tires that can comfortably roll over a boardwalk's uneven planks (or the speed bumps of a condo parking lot), the beach cruiser has long been engineered for a very particular ride: short trips (its frame design lets you easily hop on and off) over flat land (no need for lots of gears)—which applies to seaside pathways and city streets alike.

Schwinn may have introduced the cruiser way back in the 1930s, but that doesn't mean this classic summer cycle has been too laid back to evolve in the decades since. Gone are the hefty two-wheelers that you could barely carry up to the beach-house deck. Also a thing of the past: the sluggish handling response that made you feel like you were steering a cement mixer.

These new iterations are lighter, sure, but they're also more comfortable and easier to ride. Some sport the easy-rolling 29-inch wheels that are all the rage in mountain biking now. A few are even clad with "fat-bike" tires, which are an almost comical 4 inches in width (or more), for going where few beach cruisers, despite their name, had gone before: over sand.

But you don't have to ride near the shore to take full advantage of a beach cruiser. The only requirement is the right mind-set: comfort over speed, which feels just right for summer.

FOR MINIMAL CARE

Priority Coast

The Coast is engineered to be especially low-maintenance and weather-resistant, brushing off exposure to the beach's constant winds and corrosive sea spray. Instead of relying on a traditional steel chain, which is prone to rust, the Coast uses a Gates Belt Drive—a belt that's infused with carbon-fiber cords. Impervious to sand-clogging, the belt drive offers another key benefit: You'll never have to grease it, ever. While similar chain-free systems were first introduced on high-end commuter bikes several years ago, they're rarely seen on models as affordable as the Coast. Likewise, this bike's aluminum frame and fork resist rust—and help keep the overall weight under 27 pounds. Two one-size-fits-most frames are offered: the diamond-style frame you see here (good for riders from 5-foot-5 to 6-foot-5)—and a step-through frame with a lower down-tube, good for riders from 5-feet to 5-foot-11. The mail-order bike comes with its own tools and a kickstand. Our test unit took about a half-hour to set up, but you can delegate that

chore to a bike shop, if you want to stay true to the bike's low-maintenance roots. \$449, prioritybicycles.com

FOR SMOOTH ROLLING

Linus Rover 3

Based in Venice, California—a beach-cruising mecca if there ever were one—bike maker Linus should know a thing or two about riding near the shore. The Rover 3 is its best offering for coastal towns, since its big 29-inch wheels and wide, puncture-resistant tires travel comfortably over curbs, train tracks and the gravel in the lot where your favorite lobster-roll truck is parked. The Rover 3's steel frame provides a smoother ride than stiffer aluminum frames (at the expense of a slight increase in weight). The medium-size bike is built to fit riders from 5-foot-8 to 6-foot-3—no other sizes are offered. This model offers three speeds, shifted with a twist of the handles, as well as caliper brakes, which are less prone to skidding than more traditional coaster brakes. Internal gearing at the rear, sealed bearings up front, an aluminum head-

set and stainless-steel hardware all help combat rust. But you'll still want to store it indoors. As seasoned beach bikers will tell you, that's the only way to win the fight against corrosion on the coast. \$629, linus-bike.com

HIGH SPEED, LOW EFFORT

Electra Townie Commute Go! 8i

So let's say your weekend place or summer rental isn't oceanfront or ocean-view but more ocean-bikeable—if you're-really-in-the-mood. How can

you pedal miles and miles to the beach, feeling the wind in your hair, without arriving drenched in sweat? Get a battery-powered boost. The Commute Go 8i takes Electra's popular Townie model—among the best-selling bikes in the U.S.—and adds an electric motor that will increase your pedaling efforts to speeds of up to 20 mph. The 250-watt battery is mounted mid-frame, and is good for anywhere from 20 to 100 miles per charge, depending on the terrain and how white-knuckle you want to ride (four modes of assist give you vary-

ing degrees of boost). The added power is seamless and silent, especially compared with e-bikes of just a few years ago, and cruising along on "Turbo" mode is addictive. The frame's crank-forward geometry enables you to put your feet flat on the ground when you stop (no more teetering on your tippy toes). The Commute also comes kitted out with racks and lights at both front and rear, and integrates a lock into the frame, so no one will make off with your e-ride while you're neck-high in the surf. \$2,999, electrabike.com



Too tired to pedal hard?
Engage the supersmooth
and very quiet electric
motor on the Electra
Townie Commute Go! 8i.

PEDAL PARTNERS

Three must-have accessories for your beach cruiser—or any other two wheeler



The Compact Lock

Abus Bordo Granit X-Plus 6500

Folding Lock

Hardcore U-locks are great at foiling thieves, but they're bulky. The Granit X-Plus offers comparable protection, but its 5.5mm bars fold up into a compact package that fixes to a bike tube via Velcro straps. A silicone coating prevents the lock from scratching your frame. \$180, abus.com

The Ventilated Helmet

Bell Annex MIPS-Equipped Helmet

Although designed for commuters, the Annex pairs robust protection with enough ventilation that you won't mind wearing it for a purely recreational ride in the heat of summer. A sliding vent opens to let in the breeze, while the integrated visor ensures you can enjoy the view despite the glaring sun. \$125, bellhelmets.com

The No-Nonsense Bell

Spurcycle Bell

This is a bell that rings with purpose—you're not going to be mistaken for the ice cream man. The tiny brass-and-steel Spurcycle, available in raw or black finishes, emits a loud, path-clearing ring with a quick flick of your thumb. Its mounting system (a simple metal strap) adapts to any handlebar. \$49, spurcycle.com

Big, 29-inch wheels on the Linus Rover 3 make for easy rolling over varied terrain.



OFF DUTY

RUMBLE SEAT DAN NEIL



Jaguar F-Type SVR Coupe: Speed Has Its Limits

ANOTHER 200-MPH sports car doesn't rank very high in the needs of a troubled world. And reasonable minds might ask, *To what end?* After all, there are only a handful of places in the world where any automobile, in the best of circumstances, can touch those speeds. Let me take you to one:

Nevada State Highway 447, between Nixon and Gerlach. Imagine John Ford landscapes and Bob Wills on the radio. You are looking down an asphalt road 50 feet wide and 50 miles long, as straight as the Department of Transportation could make it, descending the slope of Pyramid Lake toward the inconceivable flatness of the Black Rock Desert. Otherwise known as Burning Man Highway.

You can see for miles. No cops. Wouldn't that be nice? Oh God, trust me, it is. And it would take such a road to verify the Jaguar F-Type SVR's claimed 200-mph top speed, the company's fastest-ever series production car. I would also require diplomatic immunity and a set of X-rayed, Bibendum-approved Michelin. Failing these circumstances, the SVR's Vmax will remain theoretical and unobservable.

Let's confront the absurdity head-on: Jaguar knows none of its customers will attempt 200 mph in this car. No racetrack is straight enough, or long enough. And on open roads such a pass would be a highly fraught exercise, which so little a thing as a ground squirrel could bring to a fireballing end. Top speed claims are purely for the convenience of materialistic men comparing their inseams. We call them connoisseurs.

Which isn't to say such claims are false, just hard to prove. And yet Jaguar is obliged to build every F-Type SVR car as if it were going to be trucked directly from the showroom to Nevada State Highway 447 and the sunburned brow of Pyramid Lake.

I marvel at the disconnect, the



JAGUAR

ACCELERATED DEVELOPMENT

With a top speed of 200 mph, the F-Type SVR Coupe is Jaguar's fastest series production car.

distance between can and will, at the effort and technology expended by auto makers to offer customers none-other-than-theoretical top speed. Jaguar is by no means alone invoking the deuce. All the exotics now go faster than 200 mph: Ferrari, Lambo, Aston Martin, McLaren. Two-hundred mph is the new black in limited-edition supercars, too, from Dodge Hellcats and Bentley sedans to now this barely holstered phallus of a car.

Does a 200-mph top speed automatically make a car better? In the day to day, often not. Loud, rough,

stiff—and that's just the SVR's 200-mph-approved Michelin, with special heat-dissipating properties. The car's chassis is yet stiffer and more vivid, with new lightweight die-cast rear knuckles, revised spring/damper rates and tuned anti-roll bars. I love taking a drive in the country and returning with blood in my pee.

Two-hundred mph certainly makes things hella expensive. Built by the company's Special Vehicle Operations (SVO) department, the SVR retails for more than double the price of the F-Type V6 Coupe (\$62,350).

Howza bit of background, guv'nor? The F-Type is a front-engine, rear- or all-wheel drive two-seat luxury sports coupe/convertible, with all-aluminum construction and a decent little boot of 14.3 cubic feet. Weekend-getaway size. The F-Type is available with either the eight-speed automatic—and a fine piece it is, too—or a six-speed manual, on some models.

Even after five years on the market, the F-Type makes a fairly pronounced mate-selection display, on par with a horny tropical bird you can hear for miles. You drive up to the horse show in one of these and you could easily find yourself in a hayloft with a stranger.

By the time the SVO folks are done with it, it practically needs a restraining order. Balled up in the SVR's wheel wells are the 20-inch forged alloys, wrapped in the be-spoke Michelin. Behind them, the optional canary-yellow brake calipers gripping carbon ceramic rotors the diameter of Imagine Dragons' taiko drums. These lighter brakes take a whopping 46 pounds out of the car's unsprung mass, which is critically important at top speed—

which, to reiterate, no one will ever see.

The SVR multiplies torque with the eight-speed automatic, paddle shifted at will, with feistier-than-usual shift calibrations. The SVR also gets the rear-biased all-wheel-drive system, with an mechatronic rear differential distributing torque fore and aft and across the rear axle, abetted by brake-based torque vectoring and some very driver-flattering dynamics software. I sampled a version of this system in the Project 7 car on a racetrack in Portugal last year, when I dubbed it Sir Drifts-a-Lot.

Under the torpedo nose, behind extra-large body openings for breathing and cooling, is the same lionheart as in the Project 7: a supercharged 5.0-liter, direct-injection V8 summoning 575 hp at 6,500 rpm and 516 lb-ft at 1,500

headers is beyond belief, a bright, battering song of violently dissembled hydrocarbons that could rouse a smile out of Sean Spicer. But they are not there merely to tantalize your reptilian regions. The titanium exhaust cuts 35 pounds off vehicle weight. At the rear of the car, the exhaust tracts feed into two silencers instead of one big one, as they do in the F-Type R.

Now you might assume the SVR's plumage of rear wing with end-plates is there to add downforce (air pressure holding the car to the road) at 200 mph. Sorta. To hit top speed the car has to lower its wing to reduce form drag. In the lower position, the wing reduces lift by 20—not nothing, but still.

And here we meet the edginess of things. I've been over 200 mph in road cars a dozen or so times. It's not all that pleasant. You don't want to hang out there for long. Because road cars must have sufficient ground clearance to negotiate the real world, at high speed air piles up beneath them, lifting them. There are also lifting effects associated with automobiles' winglike section, flat on the bottom and curved on top, but the big issue is ride height.

Most exotics that attempt such speeds use adaptive ride-height systems to lower the car to the ground. The SVR has very competent adaptive damping, but, with a static ride height of 4.2 inches, sits rather high for a 200-mph car, big wing notwithstanding. I bet it's right on its tiptoes.

I would like to shake the hand of the test driver who hit that mark, because that was some derring do, dude.

Can it go 200 mph? It probably can. You first.



2017 JAGUAR F-TYPE SVR COUPE

Price, as tested \$126,945

Powertrain Supercharged direct-injection 5.0-liter DOHC V8 with variable cam phasing; eight-speed automatic transmission; rear-biased, on-demand all-wheel drive with rear torque vectoring.

Power/torque 575 hp at 6,500

rpm/516 lb-ft at 1,500 rpm

Length/weight 176.0 inches/3,759

pounds

Wheelbase 103.2

EPA fuel economy 15/23 mpg, city/highway

Luggage capacity 14.3 cubic feet

Jaguar knows none of its customers will attempt 200 mph in this car. No racetrack is straight

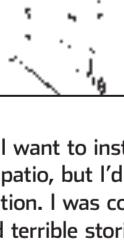
enough, or long enough.

rpm. That's enough *raus* to send the car to 60 mph in 3.5 seconds, and it would be even quicker except for the sky-high 2.56:1 final drive ratio.

The SVR has been fitted with a fabulously exotic titanium exhaust system from the headers all the way to the twin silencers, which, when you push the active-exhaust button on the console, become the twin loudenators.

The juiciness of these Inconel

THE FIXER MICHAEL HSU



Outdoor Solar Lights That Really Shine

Q I want to install outdoor lighting in our garden and patio, but I'd like to avoid an elaborate and costly installation. I was considering getting solar lights—but I've heard terrible stories about them. Do they really work?

A It's true solar outdoor lights have a reputation for flakiness and an eerie light quality. That said, I've been experimenting with various versions for years, and am a fairly passionate supporter. The lights turn on automatically at dusk and stay lit until their batteries die down into the night. The best ones I've tested manage to stay illuminated for hours come twilight, even on cloudy days. Plus they're bright enough to serve as accent lighting and install easily.

My only complaint: Many solar fixtures cast a cold, bluish glow. At night, you crave warm light. But without seeing a light in action, you can't assess its color temperature; I've ordered models labeled as "warm" that turned out to be cool.

One spotlight-style solar light that lives up to its warm-light promise: MicroSolar's \$27 "SP2-WARM" (not to be confused with the SP2; search Amazon for "MicroSolar warm 24 LED solar spotlight"). You can

spike its light into the ground up to 16 feet away from its (particularly sturdy) solar panel; a detachable wire connects the two. I prefer this design to lights topped by a solar panel, because you can position the solar panel in direct sun and the light fixture nearly anywhere you wish. Additional wire is available for \$6, should you need to place the light farther away.

Inno Tech's "8 Mode Decoration 200 Solar String LED Lights" (\$13 on Amazon) also impressed me. Similar to Christmas tree lights, this 72-foot-long string chains 200 tiny, warm-white LEDs.

One drawback to solar lights: Over time, the battery that stores all the solar-generated power eventually loses its mojo. The lights won't stay lit as long, no matter how much sun they're exposed to. When this happens, simply replace the rechargeable battery, located inside the solar panel. MicroSolar sells replacement batteries for its unit. The Inno Tech string light uses a standard AA NiCd rechargeable battery, accessible by removing four screws.

Have a problem that a gadget might solve? E-mail us: thefixer@wsj.com



KIERSTEN ESENPREIS

MANSION

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

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THE WALL STREET JOURNAL.

*If I fished only to capture fish,
my fishing trips would have
ended long ago.'*

—Zane Grey

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How the Rich Fish

In their quest for the best fishing, avid anglers are spending \$200,000 to \$750,000 to create and stock personal streams with computer-controlled conditions.



LUXURY REEL ESTATE In Jackson Hole, Wyo., Don and Jenny Felsinger spent about \$16 million to build a home on 15 acres with man-made ponds and streams. The couple hired Case Brown, shown fishing, to help create their trout habitat, located in the 3 Creek Ranch gated community. Four homes in the development are currently on the market, priced between \$4.1 million and \$19.8 million.

BY AMY GAMERMAN

SOME AVID ANGLERS travel thousands of miles to fly-fish for trout in the rivers and streams of the Rocky Mountains. Don Felsinger can cast a line from his patio. Over 2 acres of man-made ponds and streams stocked with native cutthroat trout surround the 8,000-square-foot-home that Mr. Felsinger and his wife, Jenny, built on 15 acres in Jackson Hole, Wyo., in 2015. "When I only have an hour or two, I will just walk off on my porch and fish my own water," said Mr. Felsinger, 69, the retired chairman and CEO of Sempra Energy who spent about \$16 mil-

lion to create his home and trout redoubt at 3 Creek Ranch—a gated community with a Rees Jones-designed golf course, 3 miles of private trout streams, and a full-time fishing coordinator. "My passions in life are playing golf and fly fishing, and I get to do both."

To lure home buyers hooked on fly-fishing, developers are creating luxury ranch resorts that offer blue-ribbon trout streams along with exclusive amenities. Some anglers are even designing their own private fisheries, with help from a cadre of biologists, stream restoration specialists and water-rights consultants that has grown to meet the rising demand for luxury angling properties.

"When we've surveyed clients through the years, the No. 1 critter that is sought after is trout," said Alex Maher, president and co-founder of Live Water Properties, a ranch-brokerage company based in Jackson Hole, Wyo. "Great fly-fishing properties are rarer than great hunting properties—it's a more finite resource. A lot of the trout water in the West is public, so when you have private trout water it's pretty special."

In the quest for private trout water, some will spend six-figure sums to improve or repair degraded creeks and streams. "The people we work for are wealthy," said Scott Davis, a fisheries biologist and a principal of Pond and Stream

Please turn to page W12

JANIE OSBORNE FOR THE WALL STREET JOURNAL

IN LONDON, LOOKS ARE DECEIVING

Behind the facades of these Victorian-era palaces is a bevy of cozy apartments, built when elevators were the hot new technology; now these spaces are considered some of the most desirable homes in London.

BY RUTH BLOOMFIELD

FOR BUYERS WITH mansion tastes on apartment budgets, London offers an attractive compromise: the mansion block.

Located in some of the capital's most exclusive neighborhoods, these red-brick palaces—called mansion blocks because of their size and the fact that they look like a family home—are actually apartment buildings with towering front doors guarded by uniformed doormen. And although the concept initially proved a hard sell in Victorian London, mansion blocks today are among the most desirable homes in London.

"They have great proportions, they are rock solid with nice thick walls, good ceiling heights, and they are not just a carbon copy, cookie-cutter new build," said Simon Tollit, director for central London sales at Sotheby's International Realty. "I think they have got a lot of character."

One of the most spacious mansion apartments for sale is a 3,840-square-foot, three-



MONTPELIER HALL, a mansion block in Knightsbridge.

bedroom, three-bath apartment in Montpelier Hall, a redbrick mansion block in Knightsbridge. The property, which has an 80-foot frontage, is listed with Strutt & Parker for about \$18 million.

It is this generosity of scale that attracts buyers, said Andy Shepherd, managing director of Dexters estate agents.

For Felicity Walker, sales manager of Foxtons estate agents in South Kensington, who has lived in a mansion apartment herself, another great advantage is the presence of a porter, or doorman, who often lives on site. As well as offering security, these porters carry out myriad small tasks for residents, from delivering mail and collecting trash, to changing lightbulbs and making minor repairs.

Mansion blocks were born of necessity in the late 19th century, said architectural historian Melanie Backe-Hansen. London's population was exploding, and new building sites were in short supply.

Apartment buildings, aimed for the first time at wealthy buyers, seemed an obvious solution to specula-

tive developers.

"At first people really did not like the idea," said Ms. Backe-Hansen. "People did not like the idea of all sorts of different classes sharing the same front door."

To overcome these snobbish reservations, developers rebranded their apartment buildings as mansion blocks and hired fashionable architects to create lavish-looking buildings with hotel-style lobbies. They also installed the latest technology—like elevators—and provided doormen to greet residents as they came and went.

One of the earliest mansion blocks is Albert Hall Mansions, which stands beside the Royal Albert Hall in the upscale Knightsbridge neighborhood. When celebrated architect Richard Norman Shaw designed the building in 1879, he created a sumptuously grand affair in red brick—in vogue at the time—featuring an impressive 15-foot tall lobby.

Albert Hall Mansions contained family apartments that had balconies overlooking the adjacent Kensington Garden and were large

Please turn to page W12

HOUSE OF THE DAY
wsj.com/houseoftheday



New York

A Victorian home by the water in Sea Cliff, N.Y.



Hawaii

A contemporary Honolulu getaway



Connecticut

A gentleman's farm in Litchfield County

RUSSELL PRATT PHOTOGRAPHY

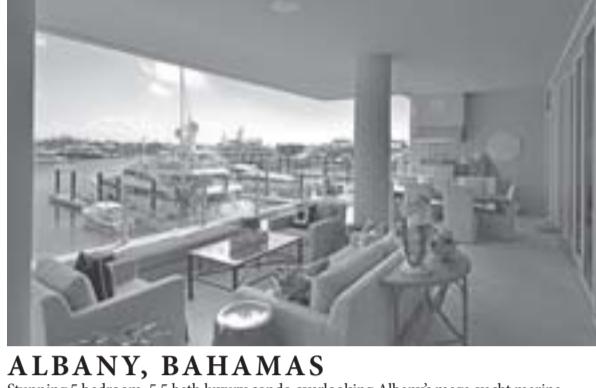
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ALBANY, BAHAMAS

Stunning 5 bedroom, 5.5 bath luxury condo overlooking Albany's mega-yacht marina. Spanning 6,299 sq. ft. with media room, Crestron Smart Home system, and designer furnishings. Resort amenities. WEB: 4ZV66Y. \$7,250,000 US.

Lana.Rademaker@SIR.com

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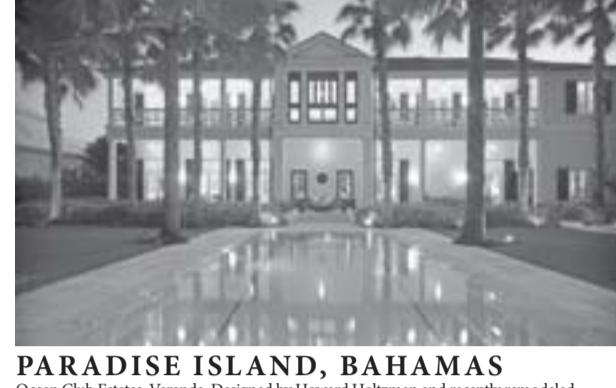


PARADISE ISLAND, BAHAMAS

38 Ocean Club Estates. Gated golf community, 121 ft. sandy beach, contemporary 6 bedroom with 2 master suites, sea views from every room, indoor/outdoor lifestyle. Smart home technology, elevator and resort amenities. WEB: Z8LNGV. \$12,500,000.

George.Damianos@Sothebysrealty.com

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PARADISE ISLAND, BAHAMAS

Ocean Club Estates. Veranda. Designed by Howard Holtzman and recently remodeled. 5 bedrooms, 6.5 bath with 6,500 sq. ft. under roof and 4,000 sq. ft. of verandas, balconies and a cabana. WEB: 22185. \$5,900,000 US.

Monty.Roberts@SIR.com

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ST. BARTH, CARIBBEAN

St. Barth's most spectacular estate. Nine bedrooms including a caretaker residence. Panoramic views including, the islands of Saba and Statia and year round sunsets. Private five bedroom main residence, two bedroom guest house, and two pools. \$46,000,000. tom@stbarth.com

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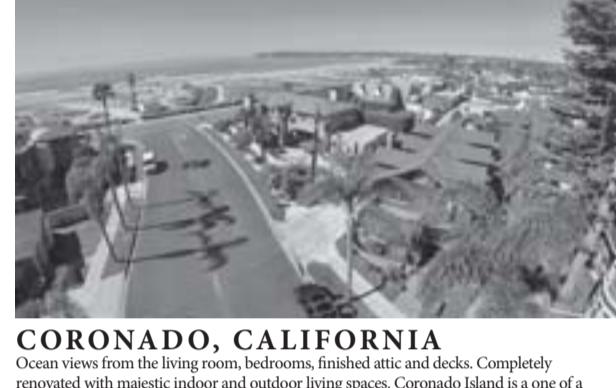


BELVEDERE, CALIFORNIA

Imagine living between sky and sea, where enveloping views of San Francisco and the Golden Gate Bridge greet you at dawn and captivate you at sunset, and glass, steel and stone anchor you while floating above an azure horizon. \$7,900,000.

Bill Bullock and Lydia Sarkissian.

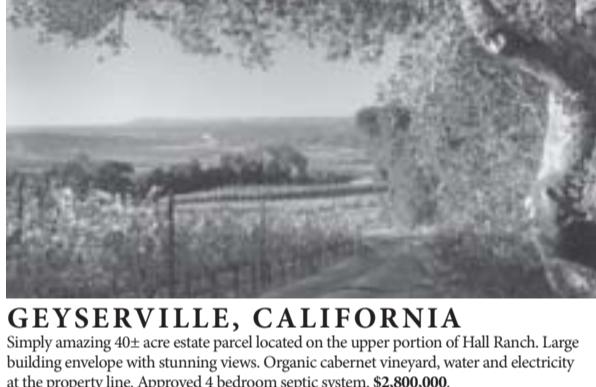
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CORONADO, CALIFORNIA

Ocean views from the living room, bedrooms, finished attic and decks. Completely renovated with majestic indoor and outdoor living spaces. Coronado Island is a one of a kind community with gorgeous beaches, gentle surf, and sparkling sand. 6 bedrooms, 4,650 sq. ft. \$4,750,000. Scott Aurich.

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Carole Sauters and Eric Drew.

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One-of-a-kind coastal estate. New construction on the Pacific Coastline. Only 18 miles from San Francisco. 360-degree views. Completely custom, meticulous craftsmanship, expansive view decks, pool, gourmet kitchen, completely fenced and landscaped. \$11,700,000.

Alex and Karin Narodny.

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SAN DIEGO, CALIFORNIA

Newly constructed coastal Mediterranean masterpiece, uniquely positioned on the southernmost waterfront lot in Del Mar, neighboring Torrey Pines State Reserve, providing unparalleled, unobstructed ocean views. \$25,900,000. Eric Iantorno and Lindsay Dunlap.

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SAN DIEGO, CALIFORNIA

Situated in an exclusive gated community on the sand, this spectacular oceanfront estate offers unobstructed ocean views, private courtyard with pool/spa and an expansive oceanfront deck spanning 50 ft. \$19,000,000-\$23,000,000.

Eric Iantorno and Clinton Selfridge.

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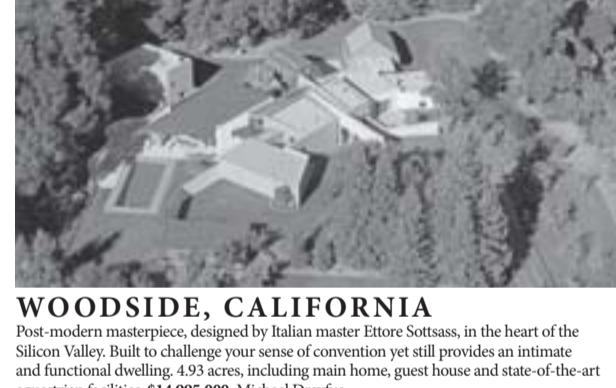


SAN DIEGO, CALIFORNIA

Del Mar coastal contemporary masterpiece redefines ultimate style and luxury. Extraordinary architecture, design and high quality material matched with the finest technology to embrace modern living. \$18,000,000-\$22,500,000.

Eric Iantorno and Clinton Selfridge.

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WOODSIDE, CALIFORNIA

Post-modern masterpiece, designed by Italian master Ettore Sottsass, in the heart of the Silicon Valley. Built to challenge your sense of convention yet still provides an intimate and functional dwelling. 4.93 acres, including main home, guest house and state-of-the-art equestrian facilities. \$14,995,000. Michael Dreyfus.

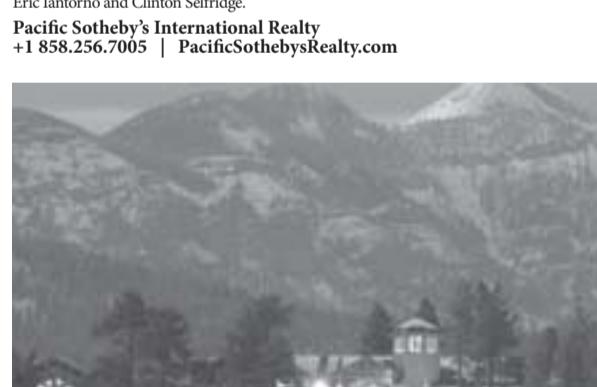
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DURANGO, COLORADO

This estate has 35 acres of the most captivating, unblemished views in a very private, secure and pristine setting. Turnkey 11,700 sq. ft. home with everything imaginable ready for your comfort and entertaining in style. \$11,750,000. Zach Morse.

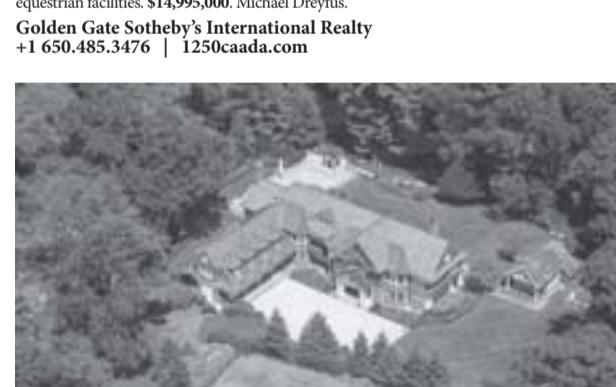
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CORAL GABLES, FLORIDA

Hammock style estate in guard-gated Hammock Lake. Unique custom home features unparalleled lake views in almost every part of the home. Theatre, 3-car garage, pool, Jacuzzi, generator, elevator, and guest house. \$9,250,000. Dennis V. Carvalja.

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ATLANTA, GEORGIA

Built in 1940, this almost 6-acre estate is rich in history. The privacy this home affords is a rare find in Atlanta's Buckhead community. A true entertainer's delight with lush gardens, pool and guest house. \$3,800,000. Ally May. ally@atlantafinehomes.com

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Eileen Campbell and Tim Salm.

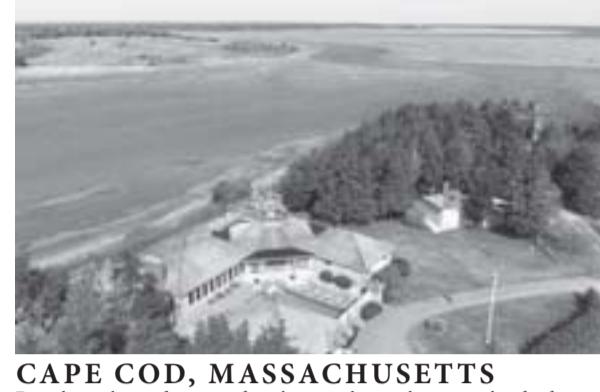
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BOSTON, MASSACHUSETTS

Spacious 2 bedroom, 2 bath unit at the Four Seasons Residences. Expansive entertaining area and an oversized master bedroom with a custom walk-in closet and spa bath. 1 valet garage parking space and storage are included. **\$3,495,000.**
Michael L. Carucci.

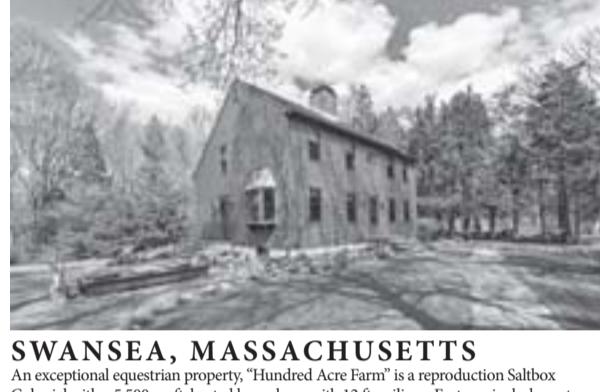
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MISSOULA, MONTANA

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NEW YORK, NEW YORK

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NEW YORK, NEW YORK

The dramatic double story living room with 18 ft. ceilings has north and west exposures, a gas fireplace, 15 ft. window with open city views, dining room, 3 masters and 2 baths. **\$5,250,000.** Lois Nasser. lois.nasser@sothebyshomes.com

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NEW YORK, NEW YORK

Located in the heart of SoHo, this tastefully renovated, 2 bedroom, 2 bath pre-war loft features a key-locked elevator, oversized windows, soaring ceilings, exposed brick and beautiful hardwood flooring. **\$3,295,000.** Jeremy V. Stein.

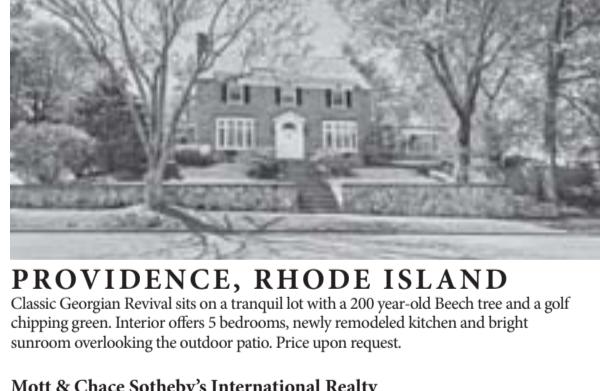
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SOUTHAMPTON, NEW YORK

Legendary Gin Lane. Magnificent and meticulously detailed 9 bedroom, 9.5 bath home is sited on 2 acres of magical, park-like grounds with beautiful gardens, heated pool and tennis. WEB: 0056940. **\$17,000,000.** Patricia Petrillo. Pat.Petrillo@sothebyshomes.com

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MANSION



COMFORTS OF HOME The kitchen, top left, and open-plan great room, above, of Don and Jenny Felsinger's fishing retreat in Wyoming. At left, the property has a water wheel that helps aerate the water on hot days.

FROM TOP: JANIE OSBORNE FOR THE WALL STREET JOURNAL (6); BETH HALL FOR THE WALL STREET JOURNAL (3)

AVID ANGLERS BUY LUXURY REEL ESTATE

Continued from page W9

Consulting, based in Bozeman, Mont., who charges between \$10 to \$50 per foot of water frontage for stream reparation. "We can turn a basically fishless mud stream that has no recreational value other than shooting ducks in hunting season, into something that supports thousands of fish."

At Mr. Felsinger's home, four computer-controlled pumps regulate the temperature and flow rate of his ponds and recirculating streams. A redwood water wheel made by their home builder, Schlauch-Bottcher Construction, aerates the water; on very hot days, an air compressor pumps in extra oxygen. Undercut banks planted with wetland grasses shelter the trout from eagles and attract tasty bugs. Gravel beds provide a spawning habitat during the spring runoff season, when rivers and streams in the Rockies swell with snowmelt—or in this case, when Mr. Felsinger taps a touch-screen panel to release a gush of cold groundwater from a dedicated well.

"The whole concept was to make the fish think they are in the Snake River," said Mr. Felsinger, who practices catch and release. The fishery is biologically self-sustaining, although Ms. Felsinger, 52, occasionally tosses the trout extra treats. "I call all the fish my boys—I check on them a couple times a day," she said.

Creating a large trout fishery from scratch can run from \$200,000 to \$750,000, according to Case Brown, whose Clearwater Restoration built the Felsingers' fly-fishing idyll, collaborating with Verdone Landscape Architects on the design. Mr. Felsinger declined to disclose the cost.

If he ever tires of his own trout, he can fish 3 Creek Ranch's exclusive trout streams, tributaries of the nearby Snake River. The Felsingers' homeowners association fees—about \$20,000 a year—support continuing maintenance of the fisheries, and entitle them to private fishing trips with Jim Brungardt, 3 Creek's fishing coordinator.

Sale prices for large lots at 3 Creek Ranch are now meeting or surpassing pre-reces-

are restoring a natural spring creek that had been turned into a drainage ditch. "It will flow year-round into the Yellowstone, and at certain times of the year that hopefully will allow the fish to come back and spawn," said Mr. Gattle.

When the Gattles don't have time to fly to Montana, they drive about 5½ hours to their fishing preserve in Arkansas' Ozark Mountains, which they co-own with two other couples: Madison and Suzanne Murphy and Danni and Bert Jones. The couples acquired a 750-acre property on Big Creek, a tributary of the Buffalo National River, for about \$400,000 in 1994 and have been adding to it ever since; the retreat now encompasses about 1,450 acres. The group declined to disclose the cost of the property, but public records indicate that their limited liability company has spent over \$1 million on land acquisitions since 2015.

"It's very pristine," said Mr. Jones, 65, a former NFL quarterback who owns a lumber company in Louisiana. "You can cast into a rifle with the intention of catching a rainbow, and catch a smallmouth bass—and then throw right back into the same rifle and catch a rainbow."

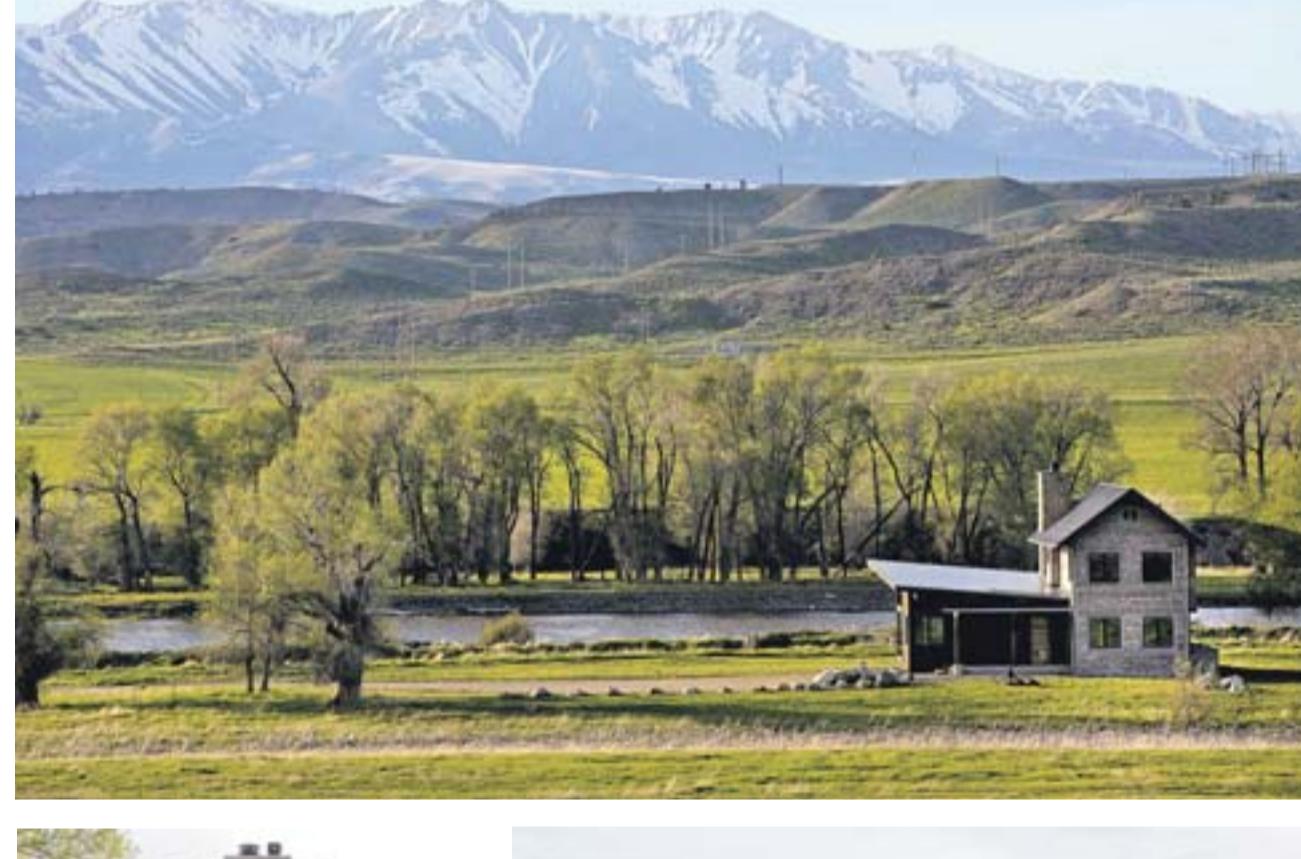
After roughing it for over 15 years in an old cabin with no electricity or running water, the three couples spent over \$1 million to build and furnish a spacious five-bedroom house in 2010.

In Meeker, Colo., the 50 member families of Elk Creek Ranch have exclusive access to 25 miles of the White River and its tributaries. The six currently available ranch lots are priced between \$1.1 million and \$1.7 million. Homesites are small—about ¼ an acre—but are essentially tick-tocks to an elite fishing club.

"When you want to go fishing, your guide will be there, and when you get back your favorite bottle of wine will be there," said Ken Mirr, who owns a Denver-based ranch-brokerage firm.

Scott Asbury, a 45-year-old Dallas real-estate developer, spent about \$4 million to build a 3,715-square-foot riverfront home in Elk Creek in 2010, as well as \$2 million for two additional lots. He pays annual fees of about \$30,000 per lot, which go toward the management of the 2,850-acre preserve and support the staff.

Mr. Asbury has listed the home, which he built, in part, as an investment property, for \$5.25 million. But he plans to hold on to at least one of his lots, since his annual dues entitle his family to stay in one of the ranch's six well-appointed guest cabins. Members also have access to a clubby lodge restaurant and bar, a gym—and a fly shop. "You don't come here if you don't want to go fishing, because other than eating and drinking, there's nothing else to do," Mr. Asbury said.



THE BACKYARD Edna and Tom Gattle spent almost \$1.4 million to build a fly-fishing retreat in Montana. Mr. Gattle, above, can go fly fishing in the Yellowstone River, which runs through his land.



WATER WORLD In addition to their Montana retreat, the Gattles co-own a fishing preserve in Arkansas' Ozark Mountains with two other couples. The three couples spent over \$1 million to build and furnish a spacious five-bedroom house in 2010. At right, the kitchen and a master bedroom.

sion levels, according to Todd Domenico, owner of the development's real-estate company, who said the ranch currently has 81 homes with another 17 under construction; four homes are on the market, priced between \$4.1 million and \$19.8 million, along with 15 remaining lots.

Over a mile of the Yellowstone River flows through Tom and Edna Gattle's 220-acre property near Livingston, Mont., a former cattle ranch that they purchased for about \$550,000 in 2014.

"It's not the Yellowstone in its widest spot...but what was really exciting is there is so much character in the

river—a lot of shoals, a lot of riffles"—wide, shallow stretches—"that really makes it a better place to fish," said Mr. Gattle, 65, president and co-owner of Terral River Service, a Lake Providence, La.-based river-transportation company.

The Gattles cleared dilapidated ranch buildings from the property and built an 1,885-square-foot contemporary farmhouse on the footprint of the old farmhouse. The three-bedroom home—built with salvaged timbers, corrugated metal and frontier sandstone—sits just 140 feet from the river bank. Mr. Gattle can grab a fly rod and

wade straight in to cast for brown and rainbow trout whenever he chooses.

"That house was created for fly-fishing," said Reid Smith, the Gattles' architect. "We specifically designed the back porch to scoop the sounds of the small section of riffles to the east, while creating shelter from the prevailing westerly breezes."

Transforming a cattle ranch into a fly-fishing retreat has been a continuing project for the Gattles, who have invested \$1.4 million in the property to date. In addition to stabilizing about 1,000 feet of riverbank and planting native grasses, they

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\$3,295,000 <http://dehaventeam.com/3980WaldenShores/>

Coldwell Banker Burnet

Ellen DeHaven

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KIAWAH ISLAND, SOUTH CAROLINA

With 5,022 square feet, 5 bedrooms, and 5 1/2 bathrooms, 161 Flyway Drive is just steps from a boardwalk leading to the Atlantic Ocean and 10 miles of uninterrupted beach. The shingle-style home is bright and airy, with natural light streaming through the windows. Take a virtual tour online! A Kiawah Island Club Membership is available.

\$3,795,000

kiawahisland.com/real-estate



ORLANDO, FLORIDA

Twin Lakes is now selling homes from the \$200s in the Orlando Area. Here residents will enjoy a magnificent 20,000 sq. ft. clubhouse with amenities that are usually reserved for fine resorts. The outstanding views and location are only surpassed by our cutting edge home styles and luxurious included features that are an upgrade to other builders. Twin Lakes is a 55+ Active Lifestyle Community.

From the \$200s TwinLakesFL.com



NAPLES, FLORIDA

Minto Single-Family Estate Homes located in an area famous for extraordinary golf communities. TwinEagles boasts not just one championship course awarded "Best New Private Course in America" by Golf Magazine, but two 18-hole, tour-quality courses and a spectacular 47,000 sq. ft. country club lavished with every imaginable amenity. Best of all, golf membership initiation fee is included with every Minto new home purchase.

From the mid \$500s to over \$1 million mintofla.com

Kiawah Island Real Estate
phone: 866.312.1780 info@kiawahisland.com

Twin Lakes
phone: 407.499.8865

Minto Communities
phone: 888.379.9868



JACKSONVILLE, OREGON

This historic Tudor style home was built in 1929. 4485 sq ft. 5 bedroom, 5 + 2 1/2 bath, artist studio/guest cottage. 20x40 saline pool. Shop, 3 stall garage and 2 barns. 11.4 acres with well, irrigation and pond. There is an option for a second homesite. If you want to grow and raise your own food or simply get more privacy this could be your new home.

\$2,200,000. www.3188ross.com

For Sale By Owner
email: home@3188ross.com



NORDLAND, WASHINGTON

Olympic Mountains unobstructed view. Waterfront 548 linear ft. Tidelands Expansive geoduck, clams, oysters 5.08 Private water well (drinkable). Gently sloped bank; old growth timber, 2400 sq ft older house. Seattle accessible.

\$895,000

Darlene Wood
phone: 253.370.7664 email: darlenewood911@gmail.com



BOYNTON BEACH, FLORIDA

Simply the Best 55+ Lifestyle in Florida - Valencia Bay goes above and beyond with luxury conveniences that rival the finest resorts. In the heart of the community is an opulent clubhouse featuring a fully-equipped fitness center, onsite restaurant, grand ballroom, resort-style pools, Har-Tru tennis courts, an on-site Lifestyle Director and more – right in your own neighborhood.

From the \$500's to \$800's glhomes.com/Valencia-Bay

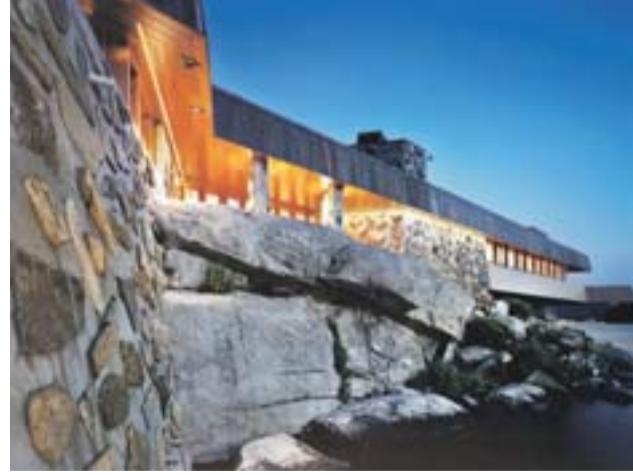


BEAUFORT, NORTH CAROLINA

20 ACRE WATERFRONT PENINSULA Twenty acre waterfront peninsula on Davis Bay with views of Cape Lookout and Harkers Island. Cross a wooden bridge to your own coastal wildlife sanctuary with egrets, herons, ospreys and more. Ready with electric connections and septic permit. Extraordinary opportunity in Beaufort, NC, rated one of America's coolest small towns. Land can be divided into two 10 acre parcels.

\$2,100,000

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14,920,000. www.petraisland.net

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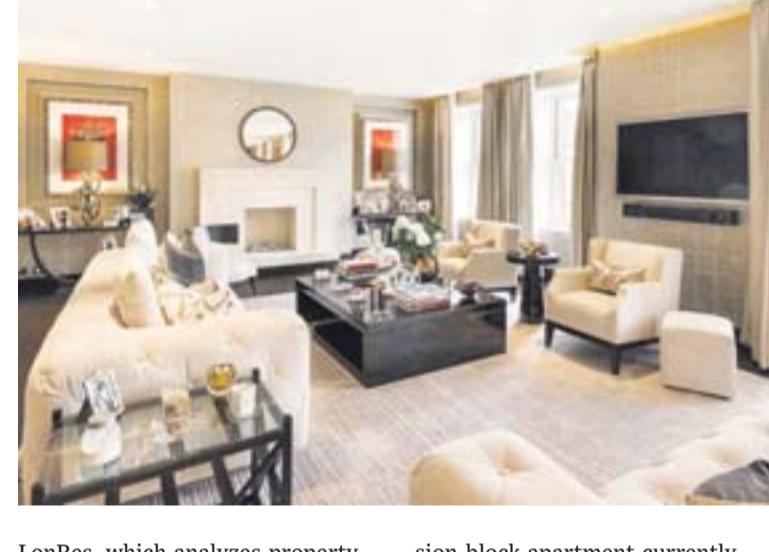
GL HOMES
phone: 800.281.9239

MANSION

IN LONDON, LOOKS ARE DECEIVING



STATELY A four-bedroom, four-bathroom apartment inside Albert Hall Mansions, above, is listed for about \$6.351 million. Below, the living room of a 3,840-square-foot, three-bedroom, three-bathroom apartment in Montpelier Hall is listed with Strutt & Parker for about \$18 million.



LonRes, which analyzes property data in central London, the average sale price of a London man-

sion-block apartment currently stands at \$1,832 per square foot, which is marginally less than the

average price for other central London apartments (\$1,900).

But mansion-block apartments often outdo their modern rivals when it comes to floorspace. LonRes found that in the past year, the average mansion apartment sold in London measured 1,167 square feet, some 18% larger than the 993-square-foot average for other apartments.

Jake Russell, a director of Russell Simpson estate agents, says mansion blocks are popular among affluent first-time buyers, as well as those looking to downsize. They also attract buyers of pieds à terre from the U.K. and beyond.

"Mansion block apartments tend to appeal to more established European and North American buyers," said Mr. Russell. "Those from the Far East and Middle East do still tend to want brand new."

On the Mansion Block



\$6.543 million

Artillery Mansions, Westminster

Three bedrooms, three baths

This apartment measures 2,357 square feet and is located close to the Houses of Parliament and St. James's Park. The renovated property has two terraces, as well as a balcony to take advantage of panoramic views across historic London—including Big Ben. Agent: Sotheby's International Realty



\$1.989 million

Prince Edward Mansions, Notting Hill

Four bedrooms, three baths

This apartment has undergone a contemporary renovation, creating a stylish and light-filled modern home. The property measures 2,739 square feet, and the building has a live-in porter, or doorman. Agent: Strutt & Parker

HOUSE CALL | PRIYANKA CHOPRA

Frequent Moves Meant Reinventing Herself

'Quantico' star lived in the U.S. as a teen, won pageants in India; savoring films in her Manhattan duplex

Hospitals still make me queasy. When I was growing up in India in the 1980s, both of my parents were doctors. After school, I'd play at the hospital with the nurses until my mother finished working. The smell of formaldehyde was overpowering and the sight of blood made me lightheaded. Med school was out.

My parents were overachievers, to say the least. My father, Ashok, was a general surgeon and, in his spare time, a musician and artist. My mother, Madhu, is a gynecologist and an ear, nose and throat doctor who studied Indian classical dance and was a licensed pilot.

Surprisingly, my parents never placed those demands on my younger brother, Siddharth, or me. Instead, they were supportive of whatever we wanted to do. They just wanted us to be happy.

My parents were in the Indian Army, so we relocated to different bases every two years. When I was 5, being uprooted was hard. To help ease the anxiety, my father turned the moves into a game.

He told me that moving would give me a chance to reinvent myself. When we moved, he said, there would be new people who didn't know me, and I could start over. Positioned that way, moving seemed intriguing, and it worked.

The town I remember most growing up was Bareilly, about five hours east of New Delhi. I was in the fifth grade, and we lived in an army barracks that housed four families. I was what you'd call a tomboy. I ran around with the boys and climbed things in search of adventure.

My mother was often busy at work with her patients and only cooked on special occasions. The rest of the time we had a really



good cook. Despite my parents' schedules, we usually managed to eat one meal together every day as a family.

My brother and I had a nanny. But no matter where we lived, my grandmother, Mary John Akhoury, swooped in to look after us for a time.

When I turned 14, I spent the summer of 1996 visiting my mother's sister and my three cousins in Queens, N.Y. My father had always insisted I follow my heart, so I asked my aunt if I could stay and go to school there. America was so exciting.

We spoke with my parents and they agreed. For six months, I went to Robert F. Kennedy High School in Flushing, Queens. Then my aunt changed jobs and moved us to Cedar Rapids, Iowa.

We lived in a four-bedroom apartment in a complex. It was one of the best experiences. We



DAY WATCH Priyanka Chopra, above, at the Empire State Building in New York in November. Left, in her early 20s, with her parents, Madhu and Ashok.

were the only Indian family in the area, but our neighbors were so warm and kind.

After 10th grade, I moved to my uncle's house in Newton, Mass. Like most teenage girls, I had major self-esteem issues. I was skinny and gawky, and a girl in school constantly bullied me, calling me "curry." There was no getting her to stop. At the end of 11th grade, I decided to return to India to finish

To everyone's surprise, I won. My dad wasn't happy. Boys started coming around. One even tried to come down through the roof.

I automatically was entered in Miss World, and I won that pageant, too. Immediately after, I was offered Indian film roles.

Initially, I had to balance film work with my aeronautical engineering studies at the university. But as acting demands grew over the next two years, I had to make a decision.

I turned to my dad. He said, "Look, if you love to act, see how it goes. You don't want to wake up one day and have a what-if moment. If it doesn't work out, you can always return to school."

So I left college and was in more than 50 films in India between 2003 and 2016. I learned to act by studying more experienced actors on the set and in films.

In 2010, I met my U.S. manager, Anjula Acharia, and signed a global recording deal with Universal. Five years later, I signed with ABC, eventually auditioning for "Quantico" and getting a lead role.

Today, I have homes in New York and in Mumbai, where I moved into my own place after my father died in 2013. In New York, I live in a duplex apartment on the Upper East Side. My favorite space is the screening room. I love watching old American and Indian movies.

My mom and I talk all the time by phone and FaceTime when I'm in the States. If she hears me sneeze, she's on the next flight to New York.

—As told to Marc Myers

Priyanka Chopra, 34, is a singer-actress who has appeared in more than 50 Indian films. She stars on ABC's "Quantico" and in the new action-comedy film "Baywatch."