

# THE WALL STREET JOURNAL.

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★★★★ \$4.00

DJIA 24813.69 ▲ 178.48 0.7% NASDAQ 7606.46 ▲ 0.7% STOXX 600 388.11 ▲ 0.3% 10-YR. TREAS. ▼ 12/32, yield 2.939% OIL \$64.75 ▼ \$1.06 GOLD \$1,293.10 ▼ \$1.70 EURO \$1.1699 YEN 109.81

## What's News

### Business & Finance

**M**icrosoft agreed to buy coding-collaboration site GitHub for \$7.5 billion in stock, as the software giant focuses on fast-growing areas like cloud computing. **A1**

◆ The Nasdaq rose 0.7% to a record 7606.46, snapping its longest streak without a fresh high since 2016. **A1, B1**

◆ Other major indexes also gained. The Dow added 178.48 points to 24813.69. **B1**

◆ Starbucks' Schultz is stepping down as chairman, a move likely to fuel speculation that he is preparing to run for political office. **B1**

◆ Apple unveiled controls to help people curb the time they spend on iPhones and iPads, as well as let parents monitor their children's use. **B1**

◆ Chinese regulators are probing chip makers Micron, Samsung and SK Hynix. **B5**

◆ Nickelodeon's president is leaving the TV network, the latest executive shake-up at parent Viacom. **B5**

◆ AmTrust delayed a vote on its \$2.7 billion going-private deal, indicating it has yet to obtain needed backing. **B10**

◆ Cerberus offered \$125 million to acquire the private-equity business of embattled Abraaj Group of Dubai. **B10**

◆ A novel immunotherapy method led to complete regression of breast cancer in a metastatic patient. **B3**

◆ Toshiba is selling its once-vanguard laptop business to Sharp. **B3**

◆ Hudson's Bay is selling flash-sale site Gilt to Rue La La for under \$100 million, far below its purchase price. **B3**

### World-Wide

◆ The Supreme Court sidestepped a decision on whether religious merchants have a right to deny service to gay people, instead ruling narrowly that a Christian baker didn't get a fair hearing. **A1**

◆ The court voided a ruling ordering the administration to let an illegal immigrant get an abortion, finding the case moot because she already had the procedure. **A2**

◆ Trump claimed the Mueller probe is "totally unconstitutional" and asserted that he had the "absolute right" to pardon himself. **A5**

◆ Mueller's office accused Manafort of trying to tamper with potential witnesses in the criminal lobbying case he faces in Washington. **A4**

◆ Koch-financed groups are launching a multimillion-dollar campaign against Trump's tariffs on imports. **A3**

◆ Bolton's new chief of staff is publicly disassociating himself from controversial views of Islam contained in a report he co-wrote. **A5**

◆ Trump effectively dismissed the NFL champion Philadelphia Eagles from their White House visit. **A5**

◆ Guatemalan rescue teams searched for survivors in the wake of a volcanic eruption that killed at least 65 people and injured scores more. **A6**

◆ Jordan's prime minister resigned after thousands protested in recent days against a plan to increase taxes. **A16**

◆ An EPA official testified to congressional investigators that Pruitt asked him to carry out personal tasks. **A4**

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# U.S. NEWS

## Ruling Voided in Migrant-Abortion Case

BY BRENT KENDALL

**WASHINGTON**—The Supreme Court wiped out a lower-court ruling ordering the Trump administration to allow an illegal immigrant to get an abortion, finding the case moot because the teen had already gotten the procedure.

The high court's action on Monday hands a potential boost to the administration as it continues to defend its stance because the lower-court precedent will no longer exist. Related litigation is continuing, and the issue could come back to the Supreme Court.

The court's action came in an unsigned opinion with no recorded dissents.

A Washington, D.C., appeals court ordered the administration in October to let the teenager leave government custody

so she could get an abortion. The girl—from an unnamed country—had crossed the southern U.S. border in September when she was eight weeks pregnant.

The Supreme Court said the lower-court ruling should be wiped away because the teen left custody and aborted the pregnancy less than 24 hours after the appeals-court ruling.

The Justice Department, in defending the policy, had alleged that the American Civil Liberties Union, which represented the teen, misled the government about the timing of the girl's abortion, and that this prevented the administration from seeking Supreme Court intervention before the abortion took place. It had asked the high court to consider sanctions against the ACLU lawyers.

The ACLU said the allega-

tions were baseless, and the Supreme Court didn't order any disciplinary action.

Unaccompanied minors who cross the border illegally are typically placed with family members living in the U.S. Those without family are placed

*'The federal government is not required to facilitate abortions for minors.'*

in shelters under the jurisdiction of the Office of Refugee Resettlement, an agency within the Department of Health and Human Services, while their cases are being adjudicated.

ORR, under the Republican

administration of President Donald Trump, has barred federally funded shelters from taking "any action" to facilitate abortions without approval from the head of the agency, currently Scott Lloyd, a long-time antiabortion activist.

The administration said it has an interest in protecting fetal life and shouldn't have to assist an abortion for someone who has no right to be in the U.S.

"The Supreme Court has repeatedly made clear that the federal government is not required to facilitate abortions for minors and may choose policies favoring life over abortion," said Kerri Kupec, a Justice Department spokeswoman. "We look forward to continuing to press the government's interest in the sanctity of life."

A federal trial judge issued

a preliminary injunction against the underlying policy in March while litigation continues. The administration is appealing that ruling.

Challengers to the policy said the government can't force girls to stay pregnant against their will.

"We won't stop until we strike it down once and for all," ACLU attorney Brigitte Amiri said. The court's action Monday wouldn't affect the group's efforts to ensure that teens in custody can obtain abortions if they need one, she said.

Under the Democratic administration of former President Barack Obama, pregnant girls in the shelters were allowed to obtain abortions, though taxpayer dollars weren't used unless the pregnancy was the result of rape or incest or the life of the mother was in danger.

## U.S. WATCH

STORMS

### Several States Deal With Flood Warnings

Flood warnings remained in effect Monday in parts of West Virginia, Maryland and Virginia, after drenching storms rolled over the region this weekend.

The weather system dropped up to half a foot of rain on areas to the west of Washington, D.C. The storm arrived days after a separate subtropical storm, Alberto, caused flooding from the Southeast to the Great Lakes.

Andrew Snyder, a meteorologist with the National Weather Service, said the more recent storm gained strength as moisture was drawn up from the Gulf of Mexico. The above-normal period of rainfall in parts of the three states followed an already wet May, Mr. Snyder said.

—Kris Maher

GUN PROTESTS

### Students Plan Advocacy Tour

Students from the Florida high school where a gunman killed 17 people in February said Monday they would tour the U.S. this summer to urge young people to vote and to press for changes to gun laws and policies.

"At the end of the day, real change is brought from voting," Cameron Kasky, a rising senior at Marjory Stoneman Douglas High School in Parkland, Fla., said Monday at a press conference at a local amphitheater.

The event came the day after Stoneman Douglas seniors attended their graduation ceremony, where families of four of the fatally shot victims received their diplomas. Jimmy Fallon, host of "The Tonight Show," delivered the commencement address.

—Arian Campo-Flores

OVERSEAS TAXES

### Treasury Works on Companies' Concerns

The U.S. Treasury Department will give multinational corporations some—but not all—of what they want in closely watched international-tax regulations that are stemming from the 2017 tax law, a senior Treasury official said Monday.

The proposed rules, expected by year's end, will attempt to balance concerns about disadvantages for U.S.-based companies operating overseas with the need to avoid opening up new tax-reduction strategies.

"It will not be a thing of conceptual beauty," said Chip Harter, deputy assistant secretary for international tax affairs. "We will not make anyone completely happy."

—Richard Rubin

LEWINSKY SCANDAL

### Clinton Bristles At Questioning

In an interview with NBC's "Today Show" released Monday, former President Bill Clinton bristled at questions over whether he should have resigned 20 years ago over his relationship with Monica Lewinsky, a White House intern at the time, and whether the #MeToo movement has changed his perspective.

At the same time, the former Democratic president claimed credit for empowering women in his orbit and disputed that he might owe Ms. Lewinsky a private apology, insisting his public televised apology was adequate.

Ms. Lewinsky wrote in March that their relationship "was not sexual assault" but "constituted a gross abuse of power." "I deal with it 20 years ago, plus," said Mr. Clinton.

—Associated Press

## CORRECTIONS & AMPLIFICATIONS

**Space Exploration Technologies** Corp.'s Falcon Heavy rocket had its maiden launch in February. In some editions Monday, a Business News article about a delay in SpaceX's plans for tourist voyages incorrectly said the launch was in March.

**NativeStone** is a product of Native Trails. An Off Duty article on Saturday about atypical materials for kitchen sinks omitted the company's name.

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



Progressive groups protested the court's decision to side with a Colorado baker who refused to make a cake for a same-sex couple.



Charlie Craig, left, and David Mullins, the same-sex couple, discussed Monday's ruling in Denver.



Cake-shop owner Jack Phillips

ment, suggesting difficulty in finding the required four votes to put the case on the argument calendar.

On Monday, Justice Gorsuch joined the majority opinion, along with Chief Justice John Roberts and Justices Stephen Breyer, Samuel Alito and Elena Kagan.

Justice Gorsuch also joined Justice Clarence Thomas's separate opinion supporting the outcome but complaining that the majority should have grappled more seriously with Mr. Phillips's free-speech claim.

Justice Ruth Bader Ginsburg, joined by Justice Sonia Sotomayor, dissented. Among other reasons, she said the commissioners' remarks shouldn't have invalidated the uncontested fact that Mr. Phillips turned away a same-sex couple, particularly because no allegation of religious animus had been leveled at either the administrative judge who first considered the case or the state appeals court.

Indeed, the opinion embraced none of the constitutional arguments for such exemptions that Mr. Phillips had asserted, such as his claim that baking a cake for a same-sex wedding amounted to government-compelled speech endorsing same-sex marriage or official interference with his free exercise of religion.

"The court did make clear, however, that states like Colorado may continue to protect the LGBTQ community, reaffirming principles my office has consistently defended for the past six years," said Colorado Attorney General Cynthia Coffman, a Republican.

Still, Justice Kennedy's opinion didn't suggest that respectful treatment of believers' claims must translate into granting them exemptions from civil-rights laws.

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ed none of the constitutional arguments for such exemptions that Mr. Phillips had asserted, such as his claim that baking a cake for a same-sex wedding amounted to govern-

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cian.

Justice Kennedy, who since

1996 has written a series of

landmark decisions extending

gay rights, signaled he was not

retreating from that jurispru-

dence. "Our society has come

to the recognition that gay

persons and gay couples can-

not be treated as social out-

casts or as inferior in dignity

and worth. For that reason

the laws and the Constitution

can, and in some instances

must, protect them in the exer-

cise of their civil rights."

Mr. Phillips told them he

didn't make cakes for same-sex

weddings, though gay people

were welcome to buy birthday

cakes or other goods. Mr. Craig

and Mr. Mullins said they were

humiliated, and subsequently

filed a complaint with the

state civil-rights division.

An administrative-law judge

found for the couple, the com-

mission approved that decision, and a state appeals court upheld the commission's ruling. The commission cannot impose fines, but it did order Mr. Phillips to cease discriminating against gay people, train his staff in the law's requirements and file "quarterly compliance reports" for two years.

The Colorado Supreme Court declined to review that decision, and the U.S. Supreme Court initially appeared to be in no hurry to wade in either. Mr. Phillips filed his petition in July 2016, but the court took no action until June 2017, after Justice Neil Gorsuch's appoint-

ment, suggesting difficulty in finding the required four votes to put the case on the argument calendar.

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The Colorado Civil Rights Di-

vision said the court "has sent a message...requiring that its deliberations remain objective."

The Supreme Court ruling "offers very little by way of guid-

ance in future cases," said Uni-

versity of Georgia Law Professor Hillel Y. Levin, who teaches on

the First Amendment. "If I were a lower court, I would now be

scrutinizing the records produced

by state equal-opportunity com-

missions for evidence of animus or hostility toward religion," Prof. Levin said. But the court, he noted, offered little direction for

judges in other cases that lack

the sort of evidence of bias that

Justice Kennedy seized in the

Masterpiece opinion.

—Jacob Gershman

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## U.S. NEWS

# New Jersey Gears Up for Midterms

Tuesday's primaries pick contenders for 2 open GOP House seats; Democrats seek gains

BY KATE KING

New Jersey's Democratic and Republican voters head to the polls Tuesday for primary elections that will set the stage for several competitive midterm races, including two open seats in the U.S. House that are up for grabs.

Democrats, who are eager to capitalize on President Donald Trump's poor approval ratings in the state and the retirements of two incumbent GOP congressmen, have largely coalesced behind front-runner candidates in their primaries.

The Republican races are more up in the air, and the candidates who win Tuesday will face the formidable task of wooing voters who are angry over some of the national GOP's policies, including the new federal tax law.

"The Democrats in New Jersey are incredibly unified and incredibly focused, more so than ever," said Matthew Hale, a political-science professor at Seton Hall University. "It seems to me that they just weren't and aren't organized on the Republican side."

Douglas Steinhardt, who took the helm of the New Jersey Republican State Committee as chairman in November, said he wasn't concerned by the lack of GOP front-runners in Tuesday's primaries. He said the party is newly energized and has seen robust support from small-dollar donors in recent months.

Republicans currently hold five of New Jersey's 12 seats in the House, while Democrats control both Senate seats.

Democrats are hopeful that they can flip the two districts where the GOP incumbents aren't seeking re-election.

Rep. Rodney Frelinghuysen, who has represented his suburban district in northern New Jersey for 23 years and chairs the powerful House Appropriations Committee, announced his retirement in January. His once-solidly Republican district has become more competitive in recent years, with voters only narrowly voting for Mr. Trump in 2016.

The Democratic front-runner to succeed Mr. Frelinghuysen is former Navy pilot and federal prosecutor Mikie Sherrill. Ms. Sherrill has won the support of all four of the district's county Democratic organizations—endorsements that are considered key to winning primaries in New Jersey.

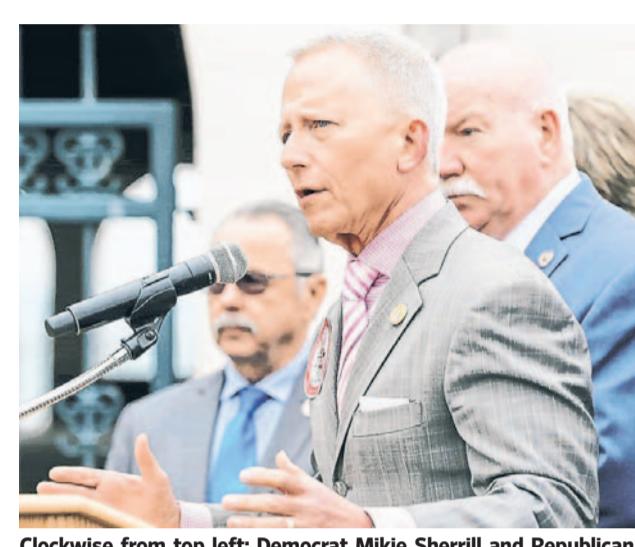
She has several challengers in Tuesday's primary, including social worker and businesswoman Tamara Harris.

Ms. Sherrill has raised the most money in the race, with federal election records showing she had brought in \$2.9 million for her campaign as of mid-May, compared with Ms. Harris, who has raised just over \$700,000.

On the GOP side, state Assemblyman Jay Webber appears to have the most name recognition, though businessman and Navy veteran Peter De Neufville also has raised several hundred thousand dollars. Mr. Webber has raised just over \$400,000 for his campaign, while Mr. De Neufville has brought in about \$200,000, according to federal election records.

New Jersey's southernmost congressional seat is also open after longtime GOP Rep. Frank LoBiondo said last year that he wouldn't seek re-election.

Voters in southern New Jersey



Clockwise from top left: Democrat Mikie Sherrill and Republican Jay Webber are front-runners for retiring GOP Rep. Rodney Frelinghuysen's seat, and Democratic state Sen. Jeff Van Drew is seeking an open seat in southern New Jersey.

sey tend to be more conservative than those in the northern part of the state, and the Democratic Party establishment has coalesced behind state Sen. Jeff Van Drew, who has a record as a conservative Democrat. Mr. Van Drew, who has voted against progressive measures such as raising the minimum wage and gun control, has won the backing of his district's county Democratic organizations and raised more than \$600,000.

His primary opponents include retired public-school teacher Tazie Youngblood, who has raised just under \$100,000, and William Cunningham, who worked as an oversight investigator in the House of Representatives and has raised nearly \$70,000, per federal records.

On the Republican side, engineer Hirsh Singh has won the support of several GOP county organizations and

raised \$127,000 as of mid-May, according to federal election records. His competitors, former state Assemblyman Samuel Fiocchi, attorney Seth Grossman and former Federal Bureau of Investigation agent Robert Turkavage, have each raised less than \$60,000 for their campaigns.

Democrats are also eyeing the congressional seat in the northern part of the state held by five-term Republican incumbent Leonard Lance. Mr. Lance won re-election by 11 percentage points in 2016, but his district also narrowly voted for Hillary Clinton over Mr. Trump.

Democratic front-runner Tom Malinowski was an assistant secretary of state during President Barack Obama's administration. Mr. Malinowski's opponents include attorney Goutam Jois and community organizer Peter Jacob.

## Sanders Support Does Little in 2018

BY REID J. EPSTEIN

**DES MOINES,** Iowa—There is no candidate in the U.S. for whom Bernie Sanders has expended more political capital this year than Pete D'Alessandro.

Mr. Sanders hosted a rally for Mr. D'Alessandro, a U.S. House candidate who ran the Vermont senator's 2016 presidential campaign in Iowa. He twice emailed his supporters soliciting campaign funds for Mr. D'Alessandro and recorded his only TV ad of the year to urge support for him.

Yet, Mr. D'Alessandro, a longtime Iowa Democratic political operative, appears from public polling, set to place third in Tuesday's Democratic primary. The Sanders seal of approval, for Mr. D'Alessandro and a handful of other Democrats, isn't turning out to be a winning one in this year's congressional elections.

"Bernie is Bernie, it's a one-person movement," said Sean Bagniewski, the Democratic Party chairman for Polk County, which includes Des Moines.

If the Sanders machine can't produce votes for a candidate who shares his policy platform, has a full-throated endorsement and remains connected to top volunteers, it raises the question of whether Mr. Sanders can turn out his voters for any candidate here and beyond.

The Sanders endorsement hasn't spurred other Democrats to victory in contested House primaries.

Last month in Pennsylvania, Mr. Sanders backed Rich Lazer and Greg Edwards, who each finished third in Democratic congressional primaries in the Philadelphia suburbs. Marie Newman lost a hard-fought March primary for a congressional seat in Illinois 12 days after Mr. Sanders endorsed her.

Weaver, Mr. Sanders's chief political aide. "What is important is the number of candidates running on the issues that Bernie talked about in 2016."

Mr. D'Alessandro's distant third place showing in the Des Moines Register's poll is the latest evidence that despite the political mainstreaming of Mr. Sanders's once-considered-fringe policy ideas—such as implementing a single-payer health-care system and a \$15-per-hour minimum wage—his personal endorsements can't carry candidates to victory in tough primaries.

But Mr. D'Alessandro said he is a viable candidate only because of help from Mr. Sanders. The email solicitations from Mr. Sanders raised between \$135,000 and \$150,000—about half of the \$283,000 he has raised, according to the latest campaign finance reports.

*'Bernie is Bernie, it's a one-person movement,' an Iowa Democratic Party chairman says.*

have won primaries against establishment-minded opponents without the benefit of the Vermont senator's explicit support.

"Even candidates who don't win can make a tremendous impact on the country and we saw that in the 2016 race," said Jeff



The Trump administration said last week that it is moving forward with plans to impose tariffs on steel and aluminum.

message to Republican lawmakers to hold their ground against tariffs.

Pro-business Republicans worry about the increased cost of industrial supplies that would result from the tariffs, while Farm Belt interests fear retaliation from China and others on exports from the U.S. The tariffs have been wel-

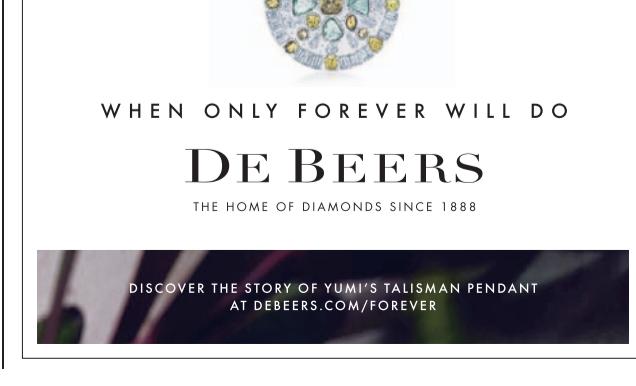
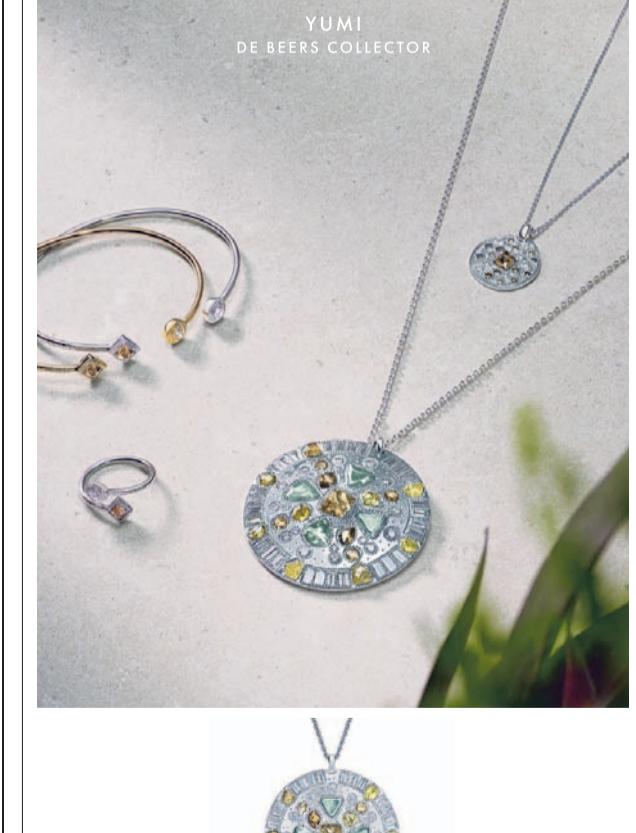
comed by some Democrats and union members.

"This campaign makes a clear statement: Trade is a major priority for our network," Freedom Partners Executive Vice President James Davis said in a statement. "We will work aggressively to educate policy makers and others about the facts."

The Trump administration said last week that it is moving forward with plans to impose tariffs on steel and aluminum imported from the European Union, Canada and Mexico, a move rooted in a section of trade law that allows the president to act on national security grounds.

"Subsidies to prop up industries that the free market is leaving behind? This policy is antithetical to what Republicans and conservatives stand for," Sen. Jeff Flake (R., Ariz.) said in a tweet over the weekend, that was consistent with the views of other GOP lawmakers who object to the tariffs. Mr. Flake introduced legislation to nullify the tariffs when they were proposed in March.

All three organizations in the campaign receive funding from Charles and David Koch, the deep-pocketed brothers who have poured money into conservative causes and political campaigns.



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## U.S. NEWS

# Election-Year Immigration Split Roils GOP

**CAPITAL JOURNAL**

By Gerald F. Seib

There's nothing subtle about the campaign ad on immigration that Republican Matt Rosendale is running in his quest to win the right to challenge Democratic Sen. Jon Tester in Montana this fall.

"Liberals from California to Washington are fighting

President Trump on illegal immigration," a grim Mr. Rosendale

tells a group of Montanans

seated around him. "They

push for amnesty. They pro-

teet sanctuary cities....I'll

stand with President Trump.

We'll get tough, and we'll

build that wall."

As it is in Montana, so it is across the nation. A broad array of Republican challengers are running on similar tough-on-immigration messages. They may not embrace Donald Trump in every way, but they are em-

bracing his immigration message with a passion.

It's easy to see why. A tough-on-immigration message motivates the core base of Trump voters like few others. The core Trump segment of the party is an obvious target for Mr. Rosendale, who is favored to win a GOP primary election Tuesday for the right to challenge Mr. Tester in the fall.

But is an immigration message designed to excite core Republican voters in the primary season a good message in the fall general election, when those Republican candidates face the broader electorate?

**R**epublican pollster and analyst Frank Luntz, who holds regular focus-group discussions with voters, doesn't think so. "The problem is that the GOP primary voter position runs counter to the general-election voter position," he says. For one thing, he adds, Americans have broadly come to support a path to legal status for Dreamers, the young immigrants brought to the U.S. illegally as children.

Steve Bannon, Mr. Trump's sometimes political strategist and de facto leader of the Republican Party's populist insurgency, disagrees, completely. "You put Dreamers on the ballot



Former Trump strategist Steve Bannon sees a tough stance as key to Republican midterm success.

in November, we win," he declares in an interview.

Immigration, along with a tough stance on trade, he argues, is key not merely to motivating the Trump base, but also to turning out a new general-election electorate that includes voters who show up for presidential elections but normally wouldn't for midterm congressional races.

He calls this vision of a new 2018 turnout a "deplorable-plus electorate." That is

a reference, of course, to the core Trump supporters derided by Hillary Clinton in 2016 as a "basket of deplorables."

Mr. Trump's goal for this year's crucial midterm election, Mr. Bannon says, is to "get the deplorables, plus Reagan Democrats, plus the guys who never vote in a midterm election" all to turn out for Republican candidates.

The disagreement over immigration embodied in the contrasting Luntz and Ban-

non views is, at the moment, ripping the Republican Party down the middle. Moderate Republicans in the House, sensing that their districts don't share the president's hard-line views on immigration and are generally sympathetic to the Dreamers' quest for citizenship, will be pushing this week for a vote on immigration legislation that would give Dreamers exactly that. Conservatives aren't happy, and it isn't clear Mr. Trump would sign the bill the moderates want.

Those moderates are backed by polling data suggesting a wide gap between Trump supporters' views on immigration and those of voters more broadly. In a March Wall Street Journal/NBC News poll, for example, 61% of core Republican voters called protecting borders and limiting immigration a priority—but only 26% of independent voters did so.

**I**n the same survey, independent voters said by 42% to 31% that they would oppose organizations that want to reduce immigration. Similarly, a recent Quinnipiac poll found that 85% of Republicans approve of the way Mr. Trump is handling immigration, while just 42% of independents do.

Overall, Mr. Luntz says, polling suggests that two-

thirds of Americans support granting legal status to Dreamers, including nearly equal numbers of Democrats and Republicans. "It's the only issue, and the only detail of this issue, on which there is bipartisan support," he says.

Mr. Bannon argues that polls miss the broader uneasiness about immigration and the intensity of feelings the issue generates. But he agrees that the issue is splitting the GOP. "The Republican establishment are globalists," he says. "They want unlimited cheap labor...You have a globalist leadership and a populist base."

He also contends that Republicans will err if they campaign mostly on the virtues of the big tax cut they passed late last year. A tax cut, Mr. Bannon says, "doesn't resonate as an electoral issue, ever."

The wave of new tough-on-immigration ads in recent weeks represents a "sea change" in thinking among Republican candidates, he argues.

It's a big bet, considering how crippled the Trump presidency may be if Congress switches hands to the Democrats this fall. "It's very clear that the entire Trump revolution is going to come down to this vote in November," Mr. Bannon says.

## Pruitt Asked Employee To Do Personal Tasks

BY ERICA ORDEN

**WASHINGTON**—Environmental Protection Agency Administrator Scott Pruitt asked an agency official to carry out a number of personal tasks for him, including an effort to buy a used mattress from the Trump International Hotel in Washington, D.C., according to testimony the aide gave to congressional investigators.

Millan Hupp, the EPA's director of scheduling and advance, in September 2017 emailed the managing director of the hotel after Mr. Pruitt "had expressed interest in securing a mattress," according to testimony released Monday by the House Oversight and Government Reform Committee.

Mr. Pruitt had spoken with someone at the Trump Hotel who had indicated that there could be a mattress that he could purchase, an old mattress," Ms. Hupp testified in May. She said she didn't know whether he ultimately bought a used mattress from the hotel.

Ethics laws ban Mr. Pruitt from "requesting and accepting services from a subordinate employee that are not part of

that employee's official duties," the top Democrats on the committee wrote in a letter releasing parts of Ms. Hupp's testimony to the panel's chairman, GOP Rep. Trey Gowdy.

The letter was released in an effort to persuade Mr. Gowdy to subpoena Mr. Pruitt concerning material related to Ms. Hupp's testimony.

"We...are in full cooperation in providing the Committee with the necessary documents, travel vouchers, receipts and witnesses to his inquiries," EPA spokesman Jahan Wilcox said Monday.

Ms. Hupp also testified that she conducted other inquiries over several months on Mr. Pruitt's behalf related to his housing hunt.

The House panel's investigation is one of at least 16 continuing federal reviews of Mr. Pruitt's actions. He is being examined for issues involving travel and security costs.

At a Senate subcommittee hearing last month, Mr. Pruitt said some of the accusations are false. Other actions he took were justified by policy needs or cleared by ethics and security officials, he said.

## Manafort Faces New Mueller Claims

BY ARUNA VISWANATHA

**WASHINGTON**—Special counsel Robert Mueller's office accused former Trump campaign chairman Paul Manafort of trying to tamper with potential witnesses in the criminal lobbying case he faces in Washington.

In a court filing late Monday, Mr. Mueller's office sought to revoke Mr. Manafort's release before his trial, saying he had tried to communicate with two contacts who had worked with him on a project at issue in the case.

The specific allegations involve Mr. Manafort's dealings with "former senior European politicians" who allegedly worked with Mr. Manafort to

secretly act as paid lobbyists for Ukraine.

"This is Paul," Mr. Manafort texted an associate who had allegedly helped arrange for the European politicians to contact American lawmakers directly, according to Mr. Mueller's office. That contact, via an encrypted application, came just after related charges were filed against Mr. Manafort in February, prosecutors wrote.

"We should talk. I have made clear that they worked in Europe," Mr. Manafort wrote again to the person several days later, according to the filing. The person "knew that the...group worked in the United States—not just Europe," Mr. Mueller's office wrote.

The recipient of the messages provided them to the special counsel, and felt the communication was an effort by Mr. Manafort to improperly falsify the associate's testimony, the filing said. Mr. Manafort has been accused of not registering his lobbying work for Ukrainian politicians, which he was required to do if he or those he was directing were contacting American officials about the project.

That contact with the witness violated the conditions the court laid out for Mr. Manafort's release while his case remains pending, the special counsel prosecutors said as they asked for the judge to hold a hearing on the issue.

After his October arrest, Mr. Manafort was released from custody on a \$10 million bond and subject to home confinement. He hasn't yet satisfied the financial conditions of the bond.

A spokesman for Mr. Manafort had no immediate comment.

Mr. Manafort has denied the criminal lobbying allegations and pleaded not guilty to indictments filed by Mr. Mueller's team in federal courts in Alexandria, Va., and Washington. The two cases accuse him of failing to register his lobbying work for Ukrainian politicians between 2008 and 2014, and failing to report income from that work and pay taxes on it.

## Value Investors Turn It Up

Continued from Page One

further to run.

Other investors have turned to studying momentum trading, crowded positions, fund flows and event-driven trading, strategies not typically associated with value investing.

While the Nasdaq is notching records, value stocks have been stuck in a rut for most of the nine-year rally in equities. The Russell index of 1,000 of the biggest value stocks in the market has fallen 2% in 2018, the fifth straight year—and the 10th of the past 11 years—that the index has lagged behind its growth counterpart, which is up 7.7%.

"One of the toughest things is being able to articulate what value investing is anymore," said Laton Spahr, portfolio manager of Oppenheimer's value fund. "It's hard to pinpoint what value investing is today, and that is the hard thing to make it relevant to retail clients again."

Many investors say they aren't looking back, even as most analysts generally agree the U.S. is in the later stages of an economic cycle. That would suggest stocks are due for a pullback, putting investors who have altered their strategies at risk of missing out if the pendulum swings back in favor of traditional value stocks that historically shine when the broader market is under pressure.

Perhaps one of the more controversial changes among value investors is the drift toward growth companies. Value investors who justify buying shares of Amazon.com Inc. or Netflix, for example, say it is because those companies are still undervalued by the broader market, despite their



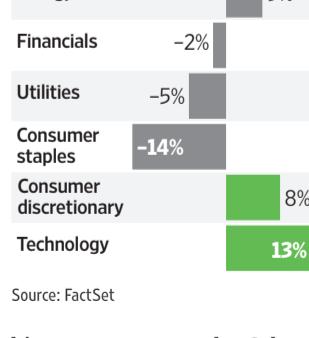
Even Warren Buffett gave in to the changing value landscape.

NATHAN RAVI/ASSOCIATED PRESS

### Searching for Value

Highflying technology and consumer discretionary stocks are outperforming traditional value sectors, while the gap between growth and value stocks has widened in recent years.

#### Percentage change in the S&P 500, year to date



Source: FactSet

#### Indexes' performance



THE WALL STREET JOURNAL.

big revenue growth. Others call it portfolio window-dressing to boost returns.

Eddie Perkin, chief equity investment officer at Eaton Vance, said value funds that have ignored the hugely popular FANG stocks—Facebook Inc., Amazon, Netflix and Google parent Alphabet Inc.—run the risk of being left behind in the market.

"The FANG stocks are so dominant in those benchmarks that to not own them, you got really hurt the last few years," he said. "So you had to have those in your portfolio to keep up with other growth managers."

With a cash pile of about \$110 billion, Mr. Buffett and

Eaton Vance's Large-Cap Value Fund, which has existed for more than 80 years, is tilted toward financial stocks such as JPMorgan Chase & Co. but also counts a position in Alphabet.

Even longtime value investors like Mr. Buffett eventually gave in to the changing value landscape, though his timing hasn't been ideal. His conglomerate Berkshire Hathaway Inc. first took a position in Apple in early 2016, after the stock was already expensive by some measures and has steadily increased its stake since then.

Over the past five years, Oppenheimer has been trying to determine which banks are in a position to surprise the market with higher capital returns or faster dividend growth during their annual stress tests.

"We had to become slightly more tactical and trade a little more. There's more awareness of what the catalyst events are," said Mr. Spahr, whose value fund is down less than 0.1% so far in 2018 after returning 10% last year.

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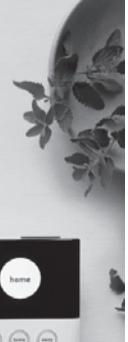
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## U.S. NEWS

# Bolton Aide Denies Anti-Muslim Views

BY DION NISSENBAUM

WASHINGTON—White House national security adviser John Bolton's new chief of staff is publicly disassociating himself from controversial views of Islam contained in a report he co-wrote, including a proposal to strip some Muslim Americans of their citizenship.

After drawing fire from some Jewish and Muslim leaders, Fred Fleitz went on social media over the weekend to disavow some of the ideas included in the report he helped promote before joining the White House.

In response to social-media questions about his role in a report that called for the deportation of some Muslims and said that 80% of U.S. mosques were incubators for subversion or violence, Mr. Fleitz rejected those views.

"Please don't associate me with the above criticism of mosques or the idea that the US should deport Muslims or strip their citizenship," Mr. Fleitz, a former Central Intelligence Agency analyst, wrote on Twitter. "I do not and have never supported this."

In 2015, Mr. Fleitz, then serving as senior vice president for policy at the Center for Security Policy, a Washington think tank that has promoted the idea that the U.S. is embroiled in an ideological war against "civilization jihad," co-wrote the report, "The Secure Freedom Strategy: A Plan for Victory Over the Global Jihad Movement."

Among other policy prescriptions, the 94-page booklet called for deporting some Muslims from the U.S. if they promote or support "Islamic supremacism." It also characterized most mosques in the U.S. as centers for radicalism, suggested that some interfaith groups were being commanded by "stealth jihadists" and urged the U.S. to declare war on the "global jihad movement."

Mr. Fleitz didn't respond to requests for comment. On Monday, a senior administration official said Mr. Fleitz didn't support all the ideas and recommendations presented in the booklet.

"The 2015 report doesn't accurately reflect Fleitz's views," the official said. "The report had 16 'authors' and they, including Fred Fleitz, didn't agree on everything."

The Anti-Defamation League, which seeks to counter anti-Semitism and racism, and Muslim Advocates, which works to combat anti-Muslim views in the U.S., along with other groups, said Mr. Fleitz shouldn't serve as Mr. Bolton's chief of staff because he has advanced what they call anti-Muslim views.

On Twitter over the weekend, Mr. Fleitz called himself a supporter of "moderate Islam."

"I have criticized radical Islam and radical Islamists—not all of Islam," he wrote.

Mr. Fleitz is drawing fresh criticism from Democratic lawmakers. "The hiring of Fred Fleitz demonstrates again how President [Donald] Trump empowers radical views that have long occupied the far-right fringes of American politics," Rep. Adam Schiff, (D., Calif.), said on Monday. "Fleitz's history with hateful, Islamophobic groups should be disqualifying."

Frank J. Gaffney, founder and president of the Center for Security Policy, praised Mr. Fleitz and took no issue with his former vice president for policy distancing himself from some parts of the report.

"It is often the case that individual authors may have a more nuanced view of something, but go along with it in the interest of a consensus," he said.

The administration official characterized the criticism as a "deliberate smear campaign by the left against the Trump administration."



The president on Twitter Monday called the Mueller investigation unconstitutional and reiterated that he has 'done nothing wrong.'

JOSHUA ROBERTS/REUTERS

# Trump Says He Can Pardon Himself

BY VIVIAN SALAMA

AND JESS BRAVIN

WASHINGTON—President Donald Trump claimed Monday that the investigation by special counsel Robert Mueller is "totally unconstitutional" and asserted that he had the "absolute right" to pardon himself, citing "numerous legal experts."

The U.S. Constitution, unlike many state governments, centralizes prosecutorial authority under the president. That means he could forbid the Justice Department from investigating or pursuing criminal charges against anyone, including himself, so he may never reach the point of having to pardon himself. Any move in that direction, however, could provoke a political clash with Congress.

Mr. Mueller is investigating whether the Trump campaign colluded with Russia to boost his candidacy in 2016 and whether the president obstructed justice by trying to shut the probe down.

"The appointment of the Special Counsel is totally UN-

## President Disinvites Philadelphia Eagles

President Donald Trump effectively disinvited the Super Bowl champion Philadelphia Eagles from the team's scheduled visit to the White House, furthering his feud with the country's most popular sports league.

Mr. Trump announced the unusual move in a statement Monday evening, saying the players "disagree with their president" over his insistence that they should be forced to stand for the national anthem.

Late Monday, Mr. Trump wrote on Twitter: "The Philadel-

phia Eagles Football Team was invited to the White House. Unfortunately, only a small number of players decided to come, and we canceled the event. Staying in the Locker Room for the playing of our National Anthem is as disrespectful to our country as kneeling. Sorry!"

The National Football League didn't respond immediately to a request for comment. The Eagles said in a statement on Twitter: "It has been incredibly thrilling to celebrate our first Super Bowl championship. Watching the entire Eagles community come together has been an inspiration."

—Andrew Beaton  
and Michael C. Bender

CONSTITUTIONAL! Despite that, we play the game because I, unlike the Democrats, have done nothing wrong!" Mr. Trump tweeted Monday.

A number of Trump campaign associates have been cooperating with Mr. Mueller's team. Mr. Mueller also filed two cases against a former Trump campaign chairman,

Paul Manafort. Mr. Manafort has pleaded not guilty.

In 1974, some of President Richard Nixon's lawyers advised the president that he could pardon himself. In 1992, the Iran-Contra special prosecutor reached the opposite conclusion regarding President George H.W. Bush.

Neither president took that

step, and constitutional scholars say the question of the presidential self-pardon remains unresolved.

"It's an abuse of the pardon power for the president to self-pardon," said Gillian Metzger, a constitutional-law scholar at Columbia University. "It violates constitutional prohibitions on self-dealing, and if you use the pardon power to eviscerate checks on the presidency, that's also an abuse of the pardon power."

The White House suggested the issue is moot, with press secretary Sarah Sanders telling reporters on Monday that "the president hasn't done anything wrong and wouldn't have any need for a pardon."

"No one is above the law," Ms. Sanders added.

Senate Minority Leader Chuck Schumer (D., N.Y.) responded to Mr. Trump in his own tweet Monday: "Mr. President—you are 0 for 2 on the Constitution this morning."

The Justice Department has taken the position that a president can't be prosecuted. Past special prosecutors have disputed that conclusion.

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# WORLD NEWS

## In Guatemala, a Grim Search Unfolds

Rescue teams look for survivors as officials fear rising toll from Volcán del Fuego blast

By ANTHONY HARRUP  
AND JOSÉ DE CÓRDOBA

Guatemalan rescue teams assisted by the military worked Monday to search for survivors in the wake of a volcanic eruption that killed at least 65 people and injured scores more.

Officials of the nation's disaster-response agency said late Monday that the death toll from the eruption had risen to 65, and that 46 people were hospitalized for injuries.

They said 3,271 people had been evacuated from the vicinity of the Volcán del Fuego, which erupted Sunday with a massive plume of smoke and ash, affecting at least 1.7 million people.

The thunderous explosion sent columns of ash up to 33,000 feet into the air, and brought the ash, sand and red-hot mudflows down into nearby villages. Along with the casualties, the eruption destroyed a bridge, knocked out electricity in some parts and led to the temporary closure of the capital's airport. Crops were also destroyed.

"People can't get out," said



**Firefighters carried a body in San Miguel Los Lotes. Guatemala's seismological institute said the eruption was over but warned of mudflows.**

a woman covered in ash as she walked out of the disaster area in a video shown on CNN en Español. "People are buried." Other footage showed people in trucks desperately fleeing the disaster area as a huge cloud of volcanic ash and mud descended behind them.

José Antonio Rivera said a current of ash and mud had swept away nine members of his family. "I'm the only one left," he told a local television reporter.

The country's seismological institute declared the eruption over and said the volcano had returned to normal activity on Monday. It warned, however, of the risk of continued mudflows from the unstable sides of the

mountain and the hot volcanic material in ravines.

The government declared a national emergency Sunday and called for three days of official mourning for the victims.

Authorities fear the death toll could rise as rescue workers, firefighters and soldiers search for the missing. Rainfall complicated the rescue

work Sunday, and flows of volcanic mud cut road access to some communities, authorities said. They expressed concern Monday that expected heavy rainfall presented a danger in coming days given the amount of debris deposited by the volcano.

The explosions of ash and molten rock hit the village of El Rodeo, and other nearby

communities were also affected.

Guatemalan President Jimmy Morales said Guatemala received offers of assistance from a number of countries, including Israel, Mexico, Colombia, Panama and El Salvador.

Photographs posted by Guatemalan police and civil-defense officials showed officers carrying ash-covered children on their backs, and houses blanketed by mud and ash.

Eddy Sánchez, director of the seismic institute, said Monday some inhabitants had been slow to evacuate in part because rivers and gulches around the volcano were swollen with rain. He denied authorities had been too slow in warning of the eruption and in evacuating people.

"There were warnings and recently there were evacuation drills," he told the NTN24 television station. "People didn't take this seriously, and there were also circumstances such as the rising rivers in the villages near the volcano."

The 12,343-foot high Volcán del Fuego, located some 30 miles from the capital, Guatemala City, is one of three active volcanoes in the Central American country. It last erupted in February of this year.

—Santiago Pérez contributed to this article.



Pope Francis, center, celebrated Mass in Ostia, near Rome, Sunday.

## Pope Blocks German Communion Plan

By FRANCIS X. ROCCA

VATICAN CITY—Pope Francis blocked a plan by German Catholic bishops to expand the ranks of Protestants who may receive Communion in Catholic churches, in a setback for progressives despite the pope's apparent openness to the move as recently as May. The decision indicates that

the pope, who has allowed bishops around the world to take divergent approaches on such matters as how to translate the Mass and when to let divorced Catholics in second marriages receive Communion, recognizes doctrinal impediments to such decentralization.

The pope's decision came in a letter dated May 25 from

Archbishop Luis Ladaria, head of the Vatican's doctrinal office, to Cardinal Reinhard Marx, president of the German bishops' conference. The letter, which the Vatican confirmed as authentic, was earlier published by the Italian journalist Sandro Magister of L'Espresso magazine.

Archbishop Ladaria, whom the pope will elevate to the

rank of cardinal this month, specified that he was writing with the "explicit consent of the pope," following two private discussions with him in May.

The archbishop wrote that Vatican officials had been assigned to prepare a "timely clarification" of church law relevant to Communion for Protestants. He didn't specify when that document would appear.

### FROM PAGE ONE

#### Microsoft's Big Bet On Cloud

Continued from Page One

Mr. Nadella, after its \$27 billion purchase of LinkedIn Corp. in 2016. It is the fourth biggest in Microsoft's history, including its purchase of Nokia Corp.'s phone business in 2014, which ultimately cost \$9.4 billion, and its \$8.5 billion acquisition of Skype SARL in 2011.

Microsoft said it would pay for GitHub entirely in stock, although the Redmond, Wash., company held \$132.27 billion in cash and short-term investments as of the end of March, and paid cash for LinkedIn. Microsoft stock is up 42% in the past 12 months; it closed Monday at \$101.67, up 0.87%.

Microsoft intends to increase its stock repurchasing to offset within six months the shares paid for GitHub, finance chief Amy Hood said during a conference call after the deal was announced.

That strategy should help the sellers defer the tax impact of the transaction, said Stifel Nicolaus & Co. analyst Brad Reback. Microsoft expects the GitHub deal to close by the end of the year.

Github's largest investor is venture-capital firm Andreessen Horowitz, which invested \$100 million in an early round and more money in later rounds. Its proceeds from the deal will total just more than \$1 billion, according to people familiar with the investment.

#### Lofty Ambition

Microsoft is buying GitHub, in part, to boost its

cloud-computing business.

#### Public cloud market share, 2017

Amazon 42%

Microsoft 14%

Alibaba 4%

Google 5%

Other 36%

Sources: Gartner; Goldman Sachs

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Several companies expressed interest in acquiring GitHub over the years.

storage on the service six months after its launch.

In a blog post, Mr. Nadella said Microsoft plans to "accelerate enterprise developers' use of GitHub" by selling the service through Microsoft's sales channels. He also expects GitHub to bring Microsoft's developer tools and services to new customers.

Mr. Nadella explained the price Microsoft is paying by pointing the boom in software development in recent years, noting that non-tech companies increasingly are hiring developers, and those companies often use GitHub.

Microsoft has long courted developers among its important constituents. The company became the dominant tech power in the 1990s in large measure because developers chose to build their applications for its Windows operating system.

Now Microsoft is playing catch-up in the cloud-infrastructure market to Amazon, which has its own loyal following of partners that build applications for the service. GitHub could lure developers to create services that help make Azure more appealing to customers.

Microsoft made a similar, though far smaller, acquisition two years ago when it bought Xamarin Inc., which makes software tools to help developers who use Microsoft products build apps for Apple Inc.'s iOS and Google's Android mobile operating systems. That deal allowed Microsoft to build a stronger presence on devices that don't run Windows.

With Monday's purchase, Xamarin founder Nat Friedman, now a Microsoft vice president, will become GitHub's CEO.

Microsoft said developers on GitHub would continue to be able to use the programming languages, tools and operating systems of their choice, and will still be able to deploy their code on rival cloud services and devices.

Github co-founder and CEO Chris Wanstrath will become a Microsoft technical fellow after the deal closes.

—Rolfe Winkler contributed to this article.

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## IN DEPTH

# Movie Fans Go Solo To Theater

Continued from Page One

More movie lovers are hitting the theater alone. When they do, some report an almost liberating experience.

For 24-year-old Shazi Lyle, a membership to MoviePass, a discount ticket service, and a New Year's resolution to beef up her pop-culture knowledge led to her inaugural trip to a theater alone.

She took in the tear-jerker "Love, Simon," a gay coming-of-age drama. If there had been friends flanking her in the theater, she probably would have tried to keep her emotions corked, she says. By herself, however, she felt uninhibited from letting the tears flow. "I was there in this theater full of strangers, letting it out. It felt kind of cathartic," she says.

Since "Love, Simon," she has been on a tear. She has been to 15 movies in theaters in the past five months, 11 of them

unescoled. "Coco," about a boy in Mexico who connects with his dead ancestors through music, was especially potent, inducing a "sob-cry" from Ms. Lyle at least three times.

Long before he wrote and directed Marvel's "Guardians of the Galaxy" movies, James Gunn was a 12-year-old weird kid in Manchester, Missouri, going to see every single movie I possibly could." He routinely went by himself, walking to the local second-run theater. But he was petrified he would be spotted. "I remember that very well, being afraid that other people would think I was a loser, that I didn't have friends, or whatever negative thing you think about yourself when you're that age."

In fact, no one ever did hassle him. Still, Mr. Gunn's paranoia lingered until he was about 20 and spent a year in Tucson, Ariz., playing in a band and binging on new releases at the theater, surrounded by total strangers. "No one knew me so there was no fear. I got over it."

When Mr. Gunn tweeted that companionless is "one of my favorite ways to see a film," he sparked an online discussion about the pros and cons of going it alone.

Hefty ticket and snack



A scene from 'Solo: A Star Wars Story.' Amid changes in the business, some movie lovers are going to theaters on their own.

prices, plus the lure of Netflix and other alternatives at home, have driven down attendance at movie theaters. Last year, ticket sales in the U.S. and Canada dropped 6% to 1.24 billion, the lowest level since 1995.

New subscription services are also encouraging solo outings. MoviePass allows its 2.7 million members to see one movie a day in theaters for \$9.95 a month, a business model some investors and even customers doubt is sustainable.

But the deal has changed the way many MoviePass subscribers see movies—giving about half of them incentive to consider hitting the theater alone, according to a recent survey.

For Chrisaldo Torrecampo, there was only one way to see the latest "Star Wars" spinoff: For "Solo" he was solo. The 31-year-old psychiatric technician in Napa, Calif., wanted to minimize distractions during a 2-hour and 15-minute engagement with his favorite

franchise. "From a nerdy point of view, 'Star Wars' is more like a religious thing to me. When I'm by myself, I can pay more attention and just be in my own zen state," he says.

Not all moviegoers can relate. While waiting for "Avengers: Infinity War" to start, sitting alone, he got tapped on the shoulder by an elderly woman seated behind him with her husband. She asked if Mr. Torrecampo was expecting a date to arrive.

Thomas Berry of Fort Worth, Texas, makes rogue runs to the multiplex in part to avoid eye-rolls and exasperated questions from his mother and in-laws about why he pays to see the same movie over and over.

He went to "Star Wars: The Last Jedi" six times in theaters, scouring every frame and line of dialogue for new details and references. For that, sometimes it's just easier to work alone.

"While my wife likes these films, she's done after one or two viewings," says the 37-year-old middle-school theater teacher, who is anticipating a summer vacation of spontaneous dates with himself at the movies.

For some lone-wolf cineastes, the ultimate experience is

to be the only paying customer in the house.

In an otherwise deserted theater in Tacoma, Wash., 20-year-old Seini Saaleea let loose with cheers and shouts of encouragement at the characters in "12 Strong," an action flick about U.S. Special Forces soldiers storming through Afghanistan on horseback.

"I love an empty theater. I have very big reactions when I'm by myself," she says.

While traveling often for work, 28-year-old Shaka Farr, a campus recruiter based in Minneapolis, says it took some getting used to walking into a movie theater alone. Now he embraces it as a perk of the job, he says, "a little permission slip to enjoy myself."

By the fourth time he saw "Black Panther" in a theater, he knew every little joke and bracing burst of action in the blockbuster. He got an extra kick out of those moments when people sitting nearby chuckled or whooped, including a smattering of fellow moviegoers who, like him, were soaking it in solo.

"It was cool to share the experience," Mr. Farr says, "without having to share the experience with someone in particular."

Bojan Bojkovic, who was in charge of efforts to sell the mill for the Serbian government. "A lot of people, especially so-called economists, wanted to shut it down immediately," he says.

Meanwhile, in March 2015, Hesteel signed an agreement with China Investment Corp., which has more than \$200 billion in foreign assets, to fund Hesteel's overseas expansion.

During the talks with the Serbians, Hesteel pledged to invest at least \$300 million in the plant over the next three years. Beijing touted the €46 million (\$54 million) acquisition as one of China's flagship overseas investments. Chinese President Xi Jinping visited the mill for the June 2016 signing ceremony.

Hesteel executives have said that they quickly turned around the money-losing plant after taking control in June 2016. Serbian corporate records show an operating loss of \$34 million over the next six months. Records for 2017 aren't yet available.

"This is all part of a huge political initiative," says Markus Taube, professor of East Asian economic studies at the Mercator School of Management in Duisburg, Germany. "They are extremely insensitive to losses."

The EU for years has applied tariffs to low-price Chinese steel exports. Now, Hesteel's Serbian plant can export tariff-free into the 28-nation bloc.

"We feel like the Serbian plant is a Trojan horse," says Sonia Nalpantidou, a trade-policy expert with Eurofer, a trade association representing EU steel producers.

At Hasteel's booth at a steel expo in Beijing last month, pins in a map marked countries where the company had invested—Serbia, Macedonia, Switzerland, South Africa, Australia and the U.S. It is planning to build more plants in regions such as North America, a representative said, and plans to derive 20% of revenue from non-Chinese markets by 2020.

After purchasing the plant in Serbia, Hesteel began selling its output, including a sheet-steel product called wide hot-rolled coil, onto the U.S. market through Dufurco, a Swiss trading company in which it owns a 51% stake.

Since 2001, China's domestic producers of that product have faced antidumping tariffs of more than 64% at U.S. borders, effectively shutting them out of the market. Hesteel's Serbian plant could export to the U.S. with minimal tariffs—until the additional Trump tariffs took effect earlier this year.

In March, one of the Serbian plant's U.S. customers, Priefert Ranch Equipment of Mount Pleasant, Texas, asked the Trump administration for an exemption from the tariff to import 24,000 metric tons of steel sheet annually made at the plant. Priefert argued it has long relied on overseas steel mills to supply product that domestic mills don't produce. Priefert executives didn't respond to a request for comment. The Trump administration hasn't yet decided on the request.

"We want to be the world's Hesteel," Yu Yong, the company's chairman, said when he signed the deal to buy the Serbian plant. He pledged to make the Serbia plant "the most competitive steelmaker in Europe."



A steel mill outside Smederevo, Serbia, was bought and revived by Hesteel Group, a Chinese state-owned steelmaker.

MARIO RISOVIC FOR THE WALL STREET JOURNAL

ufacturers, mostly on steel, depriving the domestic market of an important outlet.

Beijing responded by ordering capacity cuts: a net of 150 million tons of annual steel capacity is slated to be shut between 2016 and 2020. At the same time, in 2014, the government launched a plan, called International Capacity Cooperation, that enlisted Chinese state financial institutions to help manufacturers add production overseas.

Analysts and Western government and industry officials say Chinese manufacturers are receiving hundreds of billions of dollars of state support to build and purchase plants on foreign soil, through money provided by institutions such as China Development Bank, Bank of China and funds like China Investment Corp.

"China is just moving whole industrial clusters to external geographies and then continuing to overproduce steel, aluminum, cement, plate glass, textiles, etc.," says Tristan Kenderdine, research director at Future Risk, a consulting firm that tracks China's overseas investments. "None of this is economically viable under a supply-demand regime without state subsidies."

Chinese steel companies have signed agreements to build plants in Malaysia, Pakistan, India and elsewhere.

In northern Brazil, a Chinese consortium is expected to break ground later this year on an \$8 billion project to build one of the world's biggest steel plants, expanding Brazil's potential steel output even though the industry there operates at less than 70% of capacity.

"This is total nonsense, with all the idle capacity that we have," says Alexandre Lyra, chairman of the Brazilian Steel Institute, which represents Brazilian producers.

Chinese companies also are building new steel mills in Indonesia. Last year, Tsingshan Group Holdings, a state-backed steel producer based in Wenzhou on China's southeastern coast, opened a two-million-ton stainless-steel plant on the Indonesian island of Sulawesi that accounts for 4% of the world's stainless-steel production. The mill, built using a \$570 million loan from the China Development Bank, is now pushing

down prices from Asia to the U.S. industry executives and analysts say.

Tsingshan declined to comment.

Tsingshan's product is entering the U.S. through a joint venture with Pittsburgh-based stainless-steel producer Allegheny Technologies Inc. The joint venture is restarting a stainless-steel rolling plant in western Pennsylvania that Allegheny had shut in 2016 partly because of pressure from inexpensive Chinese imports. The new company is importing 300,000 metric tons of semifinished stainless-steel slabs from Tsingshan's Indonesian plant—replacing slab Allegheny made in a now-closed production line—and processing them into sheets for products ranging from household appliances to medical equipment.

That put downward pressure on U.S. stainless-steel prices last year, industry executives say. "We're moving from being a high-cost producer, which we've been for a while, to being the low-cost producer in the market," Robert Wetherbee, an Allegheny executive, told analysts in November.

In 2014, officials from Hebei province, a pollution-choked

steelmaking region near Beijing, began hunting for overseas investments for the province's most important company: Hebei Iron & Steel Group, renamed Hesteel Group in 2016.

When Hebei officials approached the Serbian government in 2014 about investment opportunities in the country, Belgrade immediately thought of the Železara Smederevo steel company, which had a mill on the Danube River, say people familiar with the deal.

The Serbian government had purchased the plant in 2012 for \$1 from United States Steel Corp. After shutting the plant for several months, Belgrade restarted it to make it attractive for potential buyers, pumping tens of millions of dollars into it to keep it alive.

But with its public finances deteriorating, Serbia in 2014 sought a standby loan facility from the International Monetary Fund, which along with the European Commission, ordered it to stop subsidizing the steel company.

In early 2015, the Serbian government pulled the plug on subsidies for Železara, says



KEVIN FRAYER/GETTY IMAGES

Chinese steel production rose sevenfold between 2000 and 2013. A plant, above, in Hebei province.

## Global Expansion

Chinese steelmakers have been buying and building plants overseas, fueled by tens of billions of dollars from Chinese state-owned lenders and funds.

### Chinese overseas steel projects, in millions of metric tons of production capacity

Operational	Under construction	Planned
Malaysia 3.5		
Indonesia 3.0		
Serbia 2.2		
	Indonesia 6.0	Brazil 10.0
	India 2.0	Indonesia 7.5
	Texas 0.5	Bangladesh 2.0

Note: Projects for Tsingshan, Alliance Steel, Hesteel, Kunming Iron and Steel Holding Company, CBSteel, Shaanxi Iron & Steel Group, Tianjin Pipe, Delong Holdings

Sources: Xinhua; Maranhão State of Brazil; the companies

THE WALL STREET JOURNAL.

# GREATER NEW YORK

## Molinaro Draws a Comparison to Pataki

Like the ex-governor, the GOP nominee is an underdog but party sees a path to victory

BY JOSEPH DE AVILA

Facing another tough slog to win a statewide race in New York this November, Republicans say their gubernatorial nominee Marc Molinaro has a template for success: former Gov. George Pataki.

Both Mr. Molinaro, the Dutchess County executive, and Mr. Pataki, who served as governor from 1995 to 2006, hail from the Hudson Valley. And both were unknown to most New Yorkers at the beginning of their first gubernatorial campaigns and thought to have slim chances of winning.

In Mr. Pataki's case, he faced incumbent Gov. Mario Cuomo, who was seeking a fourth term in 1994. Mr. Molinaro could face off against Mr. Cuomo's son, Gov. Andrew Cuomo, who is seeking a third term and faces a Democratic primary challenge from actress Cynthia Nixon.

"The path to victory is the same path any underdog walks down," said Mr. Molinaro, the



Marc Molinaro, right, is the GOP candidate for New York governor.

### NYC Suburbs Are The Key to Success

For Marc Molinaro to wage a competitive gubernatorial campaign, political observers say he will have to perform well in New York City suburbs like Long Island and Westchester, which helped George Pataki win the 1994 election.

Nassau County's Republican Party was a big part of Mr. Pataki's success on Long Island, said Jay Jacobs, the chairman of Nassau County's Democratic Party. The Republicans "don't have that strength anymore,"

Mr. Jacobs said.

Mr. Molinaro said he plans on competing throughout the state. "My goal is to be everywhere as often as is possible, knowing obviously that the city and the suburbs have a density and they need a governor that speaks and understands them," Mr. Molinaro said.

George Arzt, a New York Democratic strategist, said Mr. Pataki also benefited greatly from the backing of then-U.S. Sen. Alfonse D'Amato, an influential Republican from Long Island.

Mr. D'Amato was instrumental in helping Mr. Pataki outraise Mario Cuomo \$14.5 million to \$11.1 million.

how can he win?" Mr. Pataki said at the New York GOP convention in May. "You wrote the same thing about me in 1994."

Voters had already begun to sour on the elder Mr. Cuomo during the 1994 race. His approval numbers dropped into the 30s at the time. The current governor's approval rating is 51%, according to a Morning Consult poll from April.

The Molinaro campaign also said it could benefit when more voters learn about the coming corruption trial involving Mr. Cuomo's signature economic development program called "Buffalo Billion." Mr. Cuomo hasn't been accused of wrongdoing, but one of his former aides was convicted of bribery and fraud in March in a related case.

Mr. Cuomo's spokeswoman said Mr. Molinaro "is desperately trying to deflect from the sad state of his campaign."

Ms. Nixon, who is challenging Mr. Cuomo from the left in the Democratic primary, could also shake up the contest if she loses the primary and runs as a third-party candidate in the general election, Mr. Miringoff said. "That becomes a more interesting dynamic," he said.

The Nixon campaign didn't comment.

former mayor of Tivoli in Dutchess County. "And that is day in and day out exposing the failures of this governor and the abuses of a state government that too often forgets the little guy or gal."

While Mr. Pataki's early career path mirrors Mr. Molinaro's in many ways, the Dutchess County executive faces several obstacles, including matching up against an incumbent candidate with a \$30 million war

chest, political observers said. The Molinaro campaign declined to disclose how much money it has raised.

During Mr. Cuomo's third gubernatorial run, his campaign has highlighted the governor's achievements like raising the minimum wage to \$15, increasing education funding and signing paid-family leave legislation. "It's rabid Republicans like Molinaro who are trying to turn back the clock on all that we've

achieved," said a spokeswoman for Mr. Cuomo's campaign. Mr. Molinaro has said he wouldn't have raised the minimum wage.

Mr. Pataki's first victory came during the 1994 Republican Revolution, when the GOP seized control of Congress for the first time in decades. This year, progressive voters upset with President Donald Trump are expected to drive turnout for Democratic candidates.

"It remains a very uphill

fight," said Lee Miringoff, the director of the Marist College Institute for Public Opinion.

Mr. Pataki, who began his political career in the early 1980s as the mayor of Peekskill and served nearly a decade in the state Legislature before launching his gubernatorial campaign, has embraced the comparison between him and Mr. Molinaro.

"To our friends in the media who have written their stories Molinaro is a great guy, but

## Broadway Tries a Translation App

BY CHARLES PASSY

GalaPro, a three-year-old Israeli mobile-app company that provides accessibility services for Broadway theaters and patrons, is introducing a translation feature by the end of the month. The idea is to let non-English-speaking audience members follow a show, word for word, on their phones, much as moviegoers or even opera-goers have done with subtitles for decades.

Six shows are offering the translation feature as part of the initial rollout, say GalaPro officials. They are "The Phantom of the Opera," "The Band's Visit," "A Bronx Tale," "Chicago," "Come From Away" and "School of Rock."

The shows can choose the languages for translation with selections varying from production to production, the officials say. Spanish, Chinese, Japanese and Portuguese are among the more popular picks.

GalaPro entered the Broadway market by providing theaters with accessibility solutions on its app, such as closed captioning and audio descriptions, for patrons with hearing and vision problems. But GalaPro Chief Executive Yonat Burlin says the idea has always been to add the translation feature.

GalaPro charges theater owners for the various app-based services it offers, through the

owners may pass on some costs to the shows themselves, GalaPro officials say. An initial GalaPro setup fee for each theater runs \$5,000 to \$7,000. The cost for translations runs \$2,000 to \$3,000 per language per show.

In addition, GalaPro plans on charging theatergoers to use the translation feature. A final price hasn't been determined, but Ms. Burlin said \$4.99 was being considered.

New York City set a record of 13.1 million international visitors in 2017, according to NYC & Company, the city's official destination marketing organization. The Broadway League, an industry trade group, says that anywhere from 14.1% to 22.5% of the annual Broadway audience came from foreign countries in the past 10 seasons through 2016-17.

With such numbers in mind, Broadway League President Charlotte St. Martin said the GalaPro translation offering represents an opportunity for the theater world to expand its audiences.

One challenge that arises with an app-based technology is that theatergoers have been told for years to turn off their phones before the start of every performance. And theater personnel are trained to make sure they do.

Now, they are learning that exceptions can be made, Ms. Burlin said.



'The Band's Visit' is one of six Broadway shows offering theatergoers the translation feature as part of the initial rollout.

## Beach Closing Irks Rockaway Residents

BY MELANIE GRAYCE WEST

The city's recent decision to close a stretch of Rockaway Beach this summer because of erosion has some neighbors along the peninsula worrying that their shorelines may be closed in the future.

"All options are on the table" for short-term solutions, said Dan Falk, project manager for the U.S. Army Corps of Engineers, New York District.

In Belle Harbor, roughly 25 blocks to the west of the now-closed beach, Hank Iori, president of the **Belle Harbor Property Owners Association**, sees the erosion differently and worries the city will close parts of the beach in his neighborhood.

"When the weather gets nice and people start going to the beach with their carts and umbrellas, they are going to find no place to sit" because so much of the beach has eroded, he said.

A spokeswoman for the New York City **Parks Department**, Meghan Lalor, said the beach in the Belle Harbor area "is smaller than it was in previous

years, but it is still large enough for the amount of swimmers that typically use it."

Local and federal officials set out to develop with the Army Corps a comprehensive plan for the entire Rockaway peninsula, from the Atlantic Ocean side around to Jamaica

would be authorized long-term subject to federal funding.

If the restoration project is delayed, there are other possible options. Sand could be trucked over from nearby Long Beach, said a person familiar with the Rockaway project. Or, sand could be piped in from dredging that is planned for a nearby shipping channel, the person said.

Both options require approval and authorization from the Army Corps. Mr. Falk said these potential approaches are "on the range of options" and declined to comment further.

An April shoreline monitoring map developed by the Parks Department comparing the Rockaway shoreline from 2015 to 2018 shows a beach gain along 69% of the total shoreline.

Roughly a third of the shoreline beach has been lost, with an average loss of 21 feet and the greatest loss measured at 55 feet. In the area of beach that the city closed, the shoreline loss measures between zero and 50 feet. The loss is similar in areas in Belle Harbor, Beach 36 and Beach 73.

approval from the **U.S. Army Corps of Engineers**.

Piling on more beach sand, an albeit temporary remedy, is dependent on other nearby projects, the availability of a dredger and authority from the federal government.

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## GREATER NEW YORK WATCH

CONNECTICUT

**Carson Pledges Help For Crumbling Homes**

U.S. Housing and Urban Development Secretary Ben Carson pledged Monday to work with federal, state and local officials to help thousands of Connecticut residents whose homes are falling apart because of defective concrete foundations.

Mr. Carson made the promise while visiting the home of Maggie and Vincent Perracchio in Willington. Cracks began forming in their basement walls about three years ago and have spread upstairs, striking fear that the home might collapse someday.

The Perracchios' home is one of an estimated 30,000 or more houses and condominiums built in eastern and central Connecticut from the mid-1980s to 2016 that could have failing foundations because of the presence of the mineral pyrrhotite in the concrete. It reacts naturally with oxygen and water, causing concrete to crack and crumble over the decades. Fixing the problem can cost \$200,000 or more, which is more than some of the homes are worth.

Mr. Carson was joined by members of Connecticut's congressional delegation. U.S. Sen. Chris Murphy said thousands of Massachusetts homes could also be affected. Mr. Murphy and fellow Democratic Sen. Richard Blumenthal are sponsoring bills that would provide \$200 million in aid to homeowners. Half the money would come from Mr. Carson's agency.

—Associated Press

NEW JERSEY

**Lawmakers Advance Sports Betting Bill**

Professional sports leagues came out swinging against New Jersey's sports betting law on Monday, largely because it doesn't compensate them for keeping watch for corruption.

But state lawmakers brushed back those concerns, telling the leagues that such payments aren't going to happen.

Lawmakers made some key decisions Monday as they race to legalize sports betting after winning a case in the U.S. Supreme Court.

State Senate and Assembly committees advanced a bill that would authorize sports betting. The bill is expected to get final votes in both houses on Thursday and advance to Democratic Gov. Phil Murphy's desk.

Officials from Major League Baseball, the NBA and the PGA Tour testified against the bill. They say the leagues need the integrity fee payments and additional tools like information sharing and real-time data controls to make sure betting is conducted honestly.

But they stopped short of threatening to sue to block the law, saying they hope to negotiate the desired changes. That tactic appeared to bear fruit later in the day as the Senate included an amendment that would require gambling regulators to meet with the professional sports leagues before issuing final regulations governing sports betting.

—Associated Press

BY JEANETTE SETTEM BRE

Working-class man Jon Bon Jovi is enjoying a taste of the good life.

The New Jersey-born rock star, whose anthems of economic struggle and making ends meet catapulted his band into the Rock & Roll Hall of Fame in April, traded the Jersey Shore for Long Island's East End to promote his new rosé wine, Diving Into Hampton Water, at Montauk hotel and restaurant, the Surf Lodge.

He dreamed up the idea with his 23-year-old son Jesse Bongiovi one summer night out East and bottled up the \$19 blend of Grenache, Cinsault, Mourvèdre and Syrah from southern France with the help of French winemaker Gérard Bertrand.

Mr. Bon Jovi, 56 years old, discussed his new business ventures, which include expanding his New Jersey restaurant, JBJ Soul Kitchen, where customers donate or work in exchange for free meals to help communities in need. Here are excerpts.

**You grew up in New Jersey going to the Jersey Shore, what brought you to the Hamptons?**

Friends, initially. When you're from New Jersey, you think you need to bring your passport to come to Long Island, you know? We were like, "Where is Long Island?" We had the Jersey Shore. But I started coming out here, and 13 years ago, I bought the house [in East Hampton] and never looked back. This is our favorite place on the Earth to be. I love it here.

**What inspired you to get into the wine business?**

The idea was that we were creating this wine around an aspirational lifestyle...Rosé hasn't really caught on from coast to coast. We were very aware of that when we were doing

## GREATER NEW YORK

**Rosé Is a Hit With Bon Jovi**

BY JEANETTE SETTEM BRE



MADISON/MCGAW/BILLY FARRELL AGENCY

**Jon Bon Jovi and his son Jesse Bongiovi recently promoted their new wine, Diving Into Hampton Water.**

this and having brought back so many [bottles] from the South of France over the years or the Caribbean, we realized we've almost known a secret and now we're able to share it with the middle of the country and the West Coast.

**How did you pick those two New Jersey locations for the restaurants?**

Red Bank we had a foothold in that location and then Toms River was deeply affected by [superstorm] Sandy and those were the people that were inland from the Seaside Beach area. These are truly the working, blue-collar folks who were the ones working on the boardwalk, and Toms River was devastated from Sandy, so there were a lot in need and so that's why it made sense.

**You supported Gov. Andrew**

Cuomo's push to raise the minimum wage, helping out fast-food employees. The state Labor Department is considering raising the minimum wage for tipped workers. Do you back this?

All busboys and waiters work their butts off, I know from washing dishes in the kitchen, it's a hard job, and so anything to help guys make ends meet, of course I'm supportive.

**Why do you think your songs that speak to the working class have resonated?**

We're fortunate enough to have had a number of those kinds of songs, but the truth is, if it comes from the purest of places, that's what matters. Whenever you try to chase a fad or a fashion, you're always going to be late. "Wanted Dead or Alive," "Living on a Prayer," nothing else sounded like it. People related to Tommy and

Gina and that was them. To generations all across the globe, that classic working-man's story was something that people could relate to. A little throwback and a working man's story and bam. "It's My Life," and "Who Says," and "Bed of Roses," all those songs came from that place.

**CORRECTIONS & AMPLIFICATIONS**

The last name of Bob Schwarz, an assistant division engineer with Amtrak, was misspelled as Schwartz in an article Monday about plans to replace a railroad bridge over the Hackensack River in New Jersey.

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



JESSICA HILL/ASSOCIATED PRESS

HUD Secretary Ben Carson viewed damage to a Connecticut home.

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# LIFE & ARTS



## WELLNESS

# Can Astronauts Help Earthlings Get More Sleep?

BY ROBERT LEE HOTZ

**A**S NASA, SpaceX and other groups plan for voyages to the moon and Mars, researchers are working to figure out the secret of an essential for life on any planet: a good night's sleep.

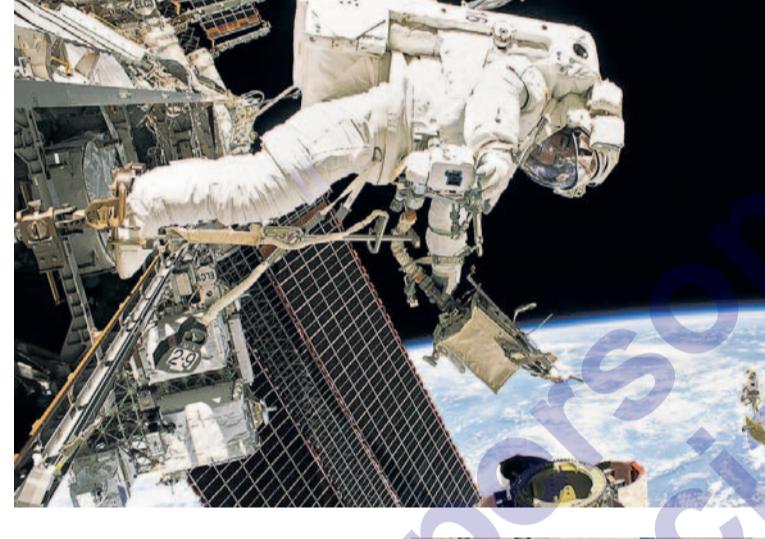
Scientists and NASA engineers are coming to grips with how the body's natural biorhythms are affected by artificial light, whether from a bedside lamp, the overhead fixtures of a hospital room or the cramped quarters of a space capsule in the twilight between planets.

Tests aboard the international space station—including \$11 million worth of adjustable LED lighting that mimics the changing spectrum of natural sunlight through the day—may help the next generation of astronauts sleep soundly on space flights. The research also may improve the quality of slumber for shift workers, bleary business travelers and insomniacs.

Many astronauts lose sleep because they have severed an intimate connection with the natural 24-hour cycle of sunset and sunrise under which humankind evolved on Earth, researchers discovered. Like many body functions, sleep is regulated by exposure to light, which sets a biological tempo called the circadian rhythm.

To address the problem, spacecraft engineers and sleep physiologists are trying to put things in a different light. For the past 18 months, astronauts have been replacing the 85 fluorescent lights aboard the international space station—similar to those used in hospitals, warehouses and office cubicles—with energy-efficient LED lighting that can help reset the body clock because their light can affect production of a sleep-related hormone called melatonin.

"It is like the sun in a box," said



Scientists are learning how the body's natural biorhythms are affected by artificial light.

flight surgeon Smith Johnston at NASA's Johnson Space Center in Houston, who supervises astronaut medical matters.

The experimental fixtures have three settings that simulate changes in natural sunlight throughout the day. The first is rich in blue wavelengths of light like the noonday sun, for normal work lighting. The second setting is brighter and more intensely blue to heighten alertness during emergencies. The third is low in blue and rich in red, like the afterglow of the setting sun, to promote sound sleep.

"This is something you can do in your own home," said Harvard neuroscientist Steven Lockley at Brigham and Women's Hospital who studies lighting. "It is just a matter of choosing the right light bulb for the right time of day."

Astronauts in orbit often can't



Astronauts Mark Vande Hei, left, on a spacewalk; Mike Fincke, above, with lights designed to help the crew sleep and work better; Paolo Nespoli, below, at rest during an expedition.

sleep soundly because they are disturbed by noise, stifling air and odors, space agency records show. Sleep deprivation can muddle their thinking, dull their reflexes, and make them accident-prone. In fact, three-quarters of astronauts in orbit take Ambien or other medication to fall asleep, according to space-agency medical studies and sleep logs. "Sleeping in space is a challenge," said Scott Kelly, a former NASA astronaut who spent an entire year aboard the international space station. "I would be Velcro-ed to the wall, wearing long johns because I was cold, ear



plugs, and a hat. I'd have my knees pulled up because my back hurt."

In the largest study of sleep in space so far, Harvard Medical School physiologist Laura Barger and her colleagues in 2014 analyzed the sleep patterns of 85 astronauts during space missions. The average astronaut slept just 6 hours a night, they reported in the Lancet Neurology.

"Any of us can shave our sleep for a day or two," said George Brainerd, a light and biology researcher at Thomas Jefferson University in Philadelphia. "On a long mission to Mars, a lapse in performance or a

lapse in alertness can cause an error fatal to the entire mission."

In low Earth orbit, where the sun rises and sets every 90 minutes or so, the lighting cues that orchestrate everything from hormones to eating habits are abnormal. Researchers led by Erin Flynn-Evans at the Fatigue Countermeasures Laboratory at NASA's Ames Research Center in Mountain View, Calif., found that astronauts typically lost an hour's sleep every night because they were no longer synchronized with a 24-hour day. They suffered a kind of jet lag caused by the mismatch between their workday, their own internal timer and the activity of their cells.

Aboard the space station, the interior lights weren't strong enough to ensure the body's master clock kept proper time, which could affect immune function, brain metabolism, blood chemistry and digestion, experts said. In a study published last month in the Lancet Psychiatry, scientists at the University of Glasgow found that disrupted circadian rhythms also heightened the risk of mood disorders, including depression and bipolar disorder.

"I do think there is growing evidence there are medical consequences," said Rockefeller University biologist Michael Young, who won the 2017 Nobel Prize for Medicine for work on the genetic regulation of biological clocks.

Sleep researchers are trying to understand the hazards of interplanetary jet lag, spurred by tentative plans to launch the first of what SpaceX CEO Elon Musk predicts could be a million Mars colonists starting in 2024. NASA plans its first Mars mission sometime after 2030.

"Imagine sitting on a plane and the trip takes years," said psychiatrist Mathias Basner, an expert in sleep and chronobiology at the University of Pennsylvania. "We know next to nothing about how people will respond in these environments."

## TRENDING

# 'RBG' DOCUMENTARY THRIVES AT BOX OFFICE

BY KEVIN LINCOLN

**AFTER FOLLOWING** the career of Supreme Court Justice Ruth Bader Ginsburg and observing her growing popularity among millennials, filmmakers Betsy West and Julie Cohen knew that the 85-year-old liberal justice had a story to tell.

But they weren't expecting their documentary, "RBG," to be holding its own during a crowded season at the box office.

Co-produced with CNN Films, which holds U.S. broadcast rights, "RBG" premiered at the Sundance Film Festival in January, where world-wide distribution rights sold to Magnolia Pictures and Participant Media. It opened in the U.S. in May, and in its first month of release, it has earned \$7.9 million, making it the 29th-highest grossing documentary of all time, according to Box Office Mojo.

"RBG" traces the liberal judge's life, including her early, trailblazing career, her relationship with her late husband, and her impact as a judge, including her unlikely friendship with conservative Justice Antonin Scalia.

"We knew that it's a story that would appeal to a lot of people," Ms. West said. "It's got conflict and heroism and romance."

Documentaries typically aren't major moneymakers during their theatrical releases. Only one, Michael Moore's "Fahrenheit 9/11," has grossed more than \$100 million in the U.S., according to Box Office Mojo data.

"Now's actually a great time for documentaries as a form, but what makes it hard for us theatrically is there's so much available. There's so much on Netflix, there's so much available for home consumption," said Matt Cowal, co-executive vice president of Magnolia Pictures. "For something to pop theatrically, a lot of things have to go right. It has to really resonate, it has to get really strong reviews, and it has to be a movie of the moment."

When he and his colleagues saw "RBG" at Sundance, they saw the potential it had to replicate the success of Raoul Peck's "I Am Not Your Negro." The documentary focused on the late writer James Baldwin earned just over \$7 million during its theatrical release.

Please see TRENDING page A11



Justice Ruth Bader Ginsburg, second from right in this 1993 Supreme Court photo, is the subject of 'RBG,' a documentary that has earned more than \$7 million since it opened in theaters last month.

## LIFE &amp; ARTS

BONDS: ON RELATIONSHIPS | By Elizabeth Bernstein

# Should You Keep a Secret?

**A WHILE BACK**, my sister, Rebecca, called with a request: She wanted me to book a flight to come and see her immediately—and not tell anyone.

Rebecca explained that she was having a breast biopsy the next day, was terrified to hear the results, and wanted me there for support. But she didn't want to worry others in our family.

I jumped on a plane but wrestled with a dilemma. Many members of my family are doctors. Rebecca herself is an internist.

Our father is an orthopedic surgeon and another sister is a gynecologist. I knew they would have advice for Rebecca—and would want to know if she were sick.

But my sister asked me not to share what she told me. And I didn't.

How do you decide whether to keep someone's secret when there are good reasons to tell?

Imagine you discover that a friend is having an affair, and you know that person's spouse well. A family member has begun secretly drinking heavily and needs help. Or a loved one who has died led a double life. You might want to disclose someone's secret if it will help him or her in the long run. Or if someone else is being hurt or has a right to know the information.

Three new studies from psychologists at Columbia University and the University of Melbourne, in Australia, soon to be published together in the Journal of Experimental Social Psychology, show that we often feel closer to a loved one when we know a secret of theirs,

but that this information can also be a burden. The studies show that the closer a person is to a friend or loved one whose secret they know, the more he or she is likely to think about the secret. And the more friends the two people have in common, the more likely one person is to keep another's secret. But

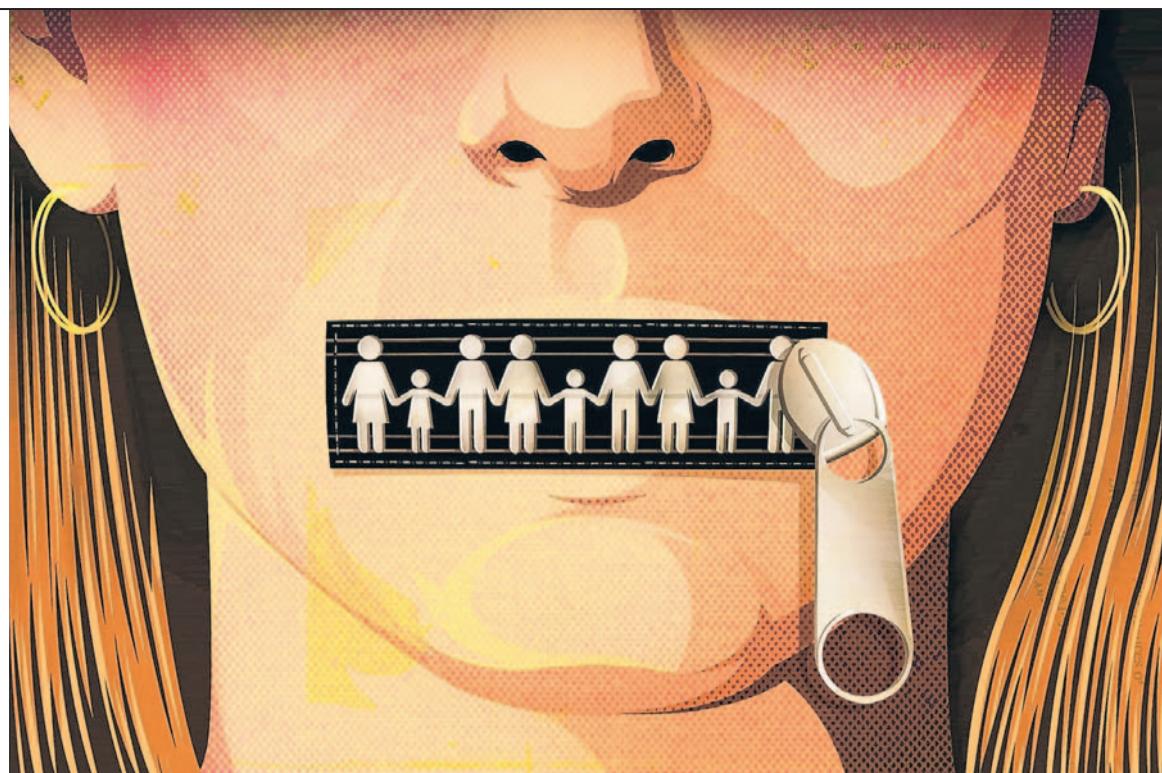
people who said they knew another person's secret—not even that they worried about keeping it—also reported less happiness and satisfaction with life. "Just having to think about someone else's secret

makes it harmful to our wellbeing," says Michael Slepian, an assistant professor at Columbia Business School and lead researcher on the studies. In research published in 2015 in the Journal of Experimental Psychology: General, Dr. Slepian found that people who are thinking about a secret judge tasks to be harder. They estimated hills to be steeper and distances to be farther than people who didn't have secrets they were thinking about.

Once we know someone's secret, we have a responsibility to protect that information. "Essentially, you become a co-owner of the information," says Sandra G. Petronio, a communication professor and director of the Communication Privacy Management Center at Indiana University—Purdue University Indianapolis, a resource for academics and others who study privacy.

Dr. Petronio developed the Communication Privacy Management Theory, which holds that individuals have a right to privacy and put rules, or boundaries, in place to manage and protect it. But we all define privacy differently. Our

Once we know someone's secret, we become a 'co-owner' of that information.



TAYLOR GALLERY

## To Tell or Not to Tell

You've learned a secret about a loved one that you think someone else has the right to know. How do you decide whether to tell?

- Seek permission, especially if you learned the information by accident or by snooping. Explain why you feel it's important to tell someone. Try to understand the person's reasons for wanting to keep the information private. Ask him if he would consider telling.
- Recognize that family members often feel they have a right to know, especially when a secret involves them or a health issue. Discuss this with your loved one. Talking through the "what ifs" of

disclosing a secret—and promising to run interference—can help, says Sandra G. Petronio, founder of the Communication Privacy Management Center at Indiana University—Purdue University Indianapolis.

- Ask a third person for advice. Talking with someone who isn't directly affected by the secret can help you think clearly about the situation. If no one is being hurt by the secret staying private, you don't need to tell.
- Remind yourself that you are helping your loved one if you choose to stay quiet. This will ease the burden of knowing the secret, says Michael Slepian, an assistant professor at Columbia Business School.

boundaries may be different for different people in our lives, and they may change over time. So we may tell our best friend something we would never tell a sibling.

These clashing expectations of what should be private—essentially, a secret—are what get us into trouble. When we disagree with someone about whether to keep something a secret, we experience "privacy turbulence," Dr. Petronio says. "There are good reasons for sometimes disclosing

someone's information. But you have to make a calculation."

When Rebecca asked me not to tell anyone about her biopsy, she explained that she didn't want to feel pressured by a lot of unsolicited advice. "I don't want anyone lecturing me," she said. "I have a very good surgeon and I trust her."

I felt uncomfortable with her request. I also was worried about the biopsy results, and wanted to share my anxiety. I knew that other family members had medical

knowledge that could be helpful. I was certain that my mom would want to know Rebecca was having trouble. But I also knew my sister needed me and that if I betrayed her confidence I wasn't likely to win it back easily. So I went to visit her without telling anyone.

Two days later, while I was sitting in Rebecca's living room, I got a call from my mother. My sister, overwhelmed with worry, had told her about the biopsy she'd asked me to keep secret, and my mom was angry with me for preventing the rest of the family from supporting Rebecca. Then my other sister, the gynecologist, called, hurt that I didn't seem to value her expertise. Too late, I realized that in keeping Rebecca's secret, I might have betrayed others. It took me almost a week to get back into everyone's good graces. By then, we'd learned that the biopsy, thankfully, was negative.

Now, my family has forgotten this incident. But Rebecca hasn't. She was adamant that I had done the right thing. "If you'd told people what I asked you not to, I wouldn't have been able to trust you again," she says.

*Write to Elizabeth Bernstein at elizabeth.bernstein@wsj.com or follow her on Facebook or Twitter at EBernsteinWSJ.*

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## LIFE &amp; ARTS

Jim Parsons  
and Matt  
Bomer

JOAN MARCUS (2)

THEATER REVIEW | By Terry Teachout

# Nine Angry Men

**FIFTY YEARS AGO,** "The Boys in the Band," Mart Crowley's blacker-than-black comedy about a group of gay friends who spend an evening clawing at one another's scabs, opened off Broadway and became the talk of Manhattan. After running for 1,001 performances, it was turned by William Friedkin into a movie that starred the entire original cast, one of the finest films ever made of a contemporary play. But many members of the rising generation of young gay people thought it impolitic for Mr. Crowley to have dramatized the self-hatred felt by those older gay men who had internalized the wounding disapproval of the straight world ("Show me a happy homosexual and I'll show you a gay corpse"). As a result, "The Boys in the Band" failed to transfer to Broadway and vanished from American stages shortly thereafter. I've seen only one revival, Transport Group's unforgettable 2010 off-off-Broadway staging, in the past decade and a half.

So why is the golden anniversary of the premiere of "The Boys in the Band" being celebrated with a Broadway production, a budget-buster starring Jim Parsons and Zachary Quinto and directed by Joe Mantello ("Three Tall Women")? Because the Broadway productions of such gay-themed shows as "Angels in America," "Falsettos," "Mothers and Sons" and "The Nor-

mal Heart" have proved popular enough to suggest that this one would do at least as well. I wish I were more enthusiastic about the results, but there isn't much to like about this emotionally evasive revival, which deserves Mr. Crowley's beautifully, fearlessly wrought play in so many ways that I went home not merely disappointed but angry.

The action of the play unfolds in real time in the Manhattan apartment of Michael (Mr. Parsons), who is throwing a birthday party for Harold (Mr. Quinto) to which he has invited six of their mutual friends, all of them gay. Not on the guest list is Alan (Brian Hutchison), Michael's college roommate, a starchy WASP who, knowing nothing of his secret sexuality, shows up uninvited and in a high state of anxiety over—it seems—the collapse of his own marriage. Could it be that Alan is gay, too? The thought occurs more or less simultaneously to Michael and all of the guests, but by then they've drunk enough to loosen their inhibitions, and their cheerful conviviality turns without warning into a vicious snipefest in which their barely suppressed rage



Robin De Jesús in 'The Boys in the Band'

boils over. While the first half of "The Boys in the Band" is scabrously and for the most part unprintably funny, everyone at Michael's party is skating on thin psychic ice, a fact that must be immediately evident to the audience if the play is to come off. This is especially true of the host, which is where Mr. Mantello's production

first goes wrong. Michael's desperate self-loathing—he talks like a man who is squeezing a naked razor blade in his bare hand—is alien to Mr. Parsons, who has no trouble with the play's comic moments but is at a loss when the emotional weather grows heavier in the second half. This throws everything else out of balance, as does the bland acting of most of the other cast members (Robin De Jesús gloriously excluded). Mr. Quinto isn't bland, but his Harold is too obviously based on the soft-spoken ferocity of Leonard Frey, whose snake-like performance in the film version of "The Boys in the Band" still has the power to shock and of which Mr. Quinto gives us only a pale carbon copy. The result is a staging that is too

funny, one that gets its laughs at the expense of the raw, heartfelt anguish that is the whole point of the play.

I have a feeling, though, that Mr. Mantello is at least as much to blame for this problem as are the actors themselves—maybe even more so. Truth to tell, I came away with the impression that he was ill at ease with "The Boys in the Band," and so sought to dilute its harshness by soft-pedaling the rage at its heart. That would explain some of the other peculiarities of this production, including the slick glossiness of David Zinn's set design and the near-total lack of anything like a convincing feel for the time and place in which the play is set. "The Boys in the Band" works best when staged as a period piece of the utmost specificity, a history play that shows us what one part of the gay world was like in 1968 and trusts the audience to be smart enough to relate what it sees on stage to modern life. Instead, Mr. Mantello has deliberately chosen to situate this revival in a never-never land. No wonder it feels less true than jokey.

**The Boys in the Band**  
Booth Theatre, 222 W. 45th St. (\$69-\$169), 212-239-6200/800-432-7250, closes Aug. 11

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

## Ginsburg Doc a Hit

*Continued from page A9*  
in early 2017, "RBG" over the weekend outpaced "I Am Not Your Negro," becoming Magnolia's highest-grossing release to date.

Key to getting moviegoers to buy tickets to a documentary: It "can't feel like medicine," Mr. Cowal said. "It can't feel like homework on a Friday night."

Ms. Cohen and Ms. West achieved that, he said, by capturing Justice Ginsburg's fitness regimen on-screen as well as images of "Notorious RBG" paraphernalia, a riff on the late rapper Notorious B.I.G.

"RBG happens to be a very entertaining film, and we worked really hard to showcase that in our marketing, kind of like a fun night out," Mr. Cowal said. "If you don't have that, people will just wait and see it later."

That isn't to say every scene is lighthearted. Ms. Cohen said she has heard from viewers who said they cried through the entire film.

"It's amazing to see young girls show up at the screenings," Ms. West said. "It seems that young people appreciate the idea of this tiny grandmother who does push-ups and stands up for herself and for other people."

Amity Hoffman, a videographer and editor in Bradenton, Fla., took her 12-year-old daughter, Madeline, to see it.

"I was so encouraged in that movie theater," Ms. Hoffman said. "At one point in the movie RBG talks about how her mother always taught her to be a lady and to be independent, and I couldn't help but nudge Madeline when I heard her say that, because we have had so many talks about the same thing."



### Why It's Working

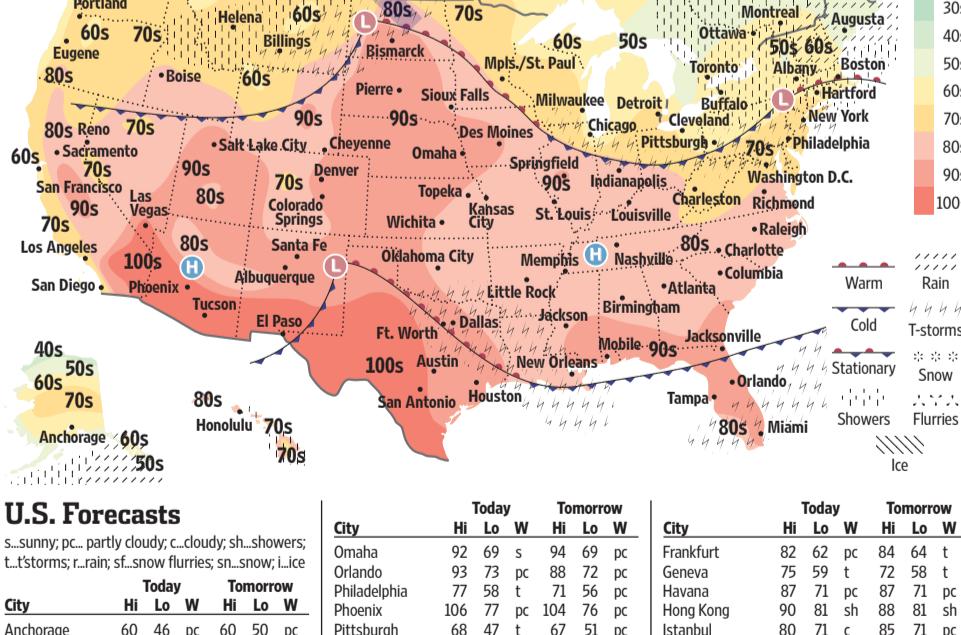
**The Movie:** 'RBG'

**The Plot:** Looking back on the 85-year-old Supreme Court justice's impact on the legal world, women's rights and popular culture.

**The Reaction:** A rare hit documentary at the box office, with over \$7 million to date and a 94% positive rating on Rotten Tomatoes.

**The Formula:** Telling the surprisingly compelling, little-known story of an important public figure at a particularly relevant moment. "Here's a true female hero who changed the course of history, and I think many women find her especially inspiring right now," says co-director Betsy West.

## Weather



## U.S. Forecasts

S...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...storms; r...rain; sf...snow flurries; sn...snow; l...ice

Today Hi Lo W Tomorrow Hi Lo W

Anchorage 60 46 pc 60 50 pc

Atlanta 86 64 pc 90 67 s

Austin 99 73 s 99 75 pc

Baltimore 78 56 t 72 55 pc

Boise 82 55 pc 87 59 pc

Boston 67 53 sh 60 52 pc

Burlington 64 52 r 68 53 c

Charlotte 83 60 pc 87 61 s

Chicago 68 52 sh 75 61 pc

Cleveland 69 50 c 68 52 s

Dallas 93 75 pc 95 75 pc

Denver 93 56 pc 88 55 pc

Detroit 71 50 pc 72 56 s

Honolulu 84 73 pc 85 74 c

Houston 94 74 pc 96 74 pc

Indianapolis 84 54 t 79 59 s

Kansas City 87 65 s 90 65 s

Las Vegas 103 76 pc 100 74 s

Little Rock 86 66 pc 90 68 s

Los Angeles 77 60 pc 74 59 pc

Miami 91 76 pc 88 74 pc

Milwaukee 64 49 s 68 56 pc

Minneapolis 79 63 s 80 64 t

Nashville 86 63 pc 89 60 s

New Orleans 88 75 pc 89 73 pc

New York City 75 57 t 70 57 s

Oklahoma City 87 67 s 90 70 s

## International

Today Hi Lo W Tomorrow Hi Lo W

Amsterdam 68 52 pc 78 61 pc

Athens 92 76 pc 91 71 pc

Baghdad 108 81 s 110 82 s

Bangkok 91 76 t 88 78 t

Beijing 103 74 c 99 73 pc

Berlin 78 54 pc 73 55 pc

Brussels 75 55 pc 81 63 t

Buenos Aires 55 40 pc 58 42 pc

Dubai 107 90 s 108 92 s

Dublin 64 48 pc 64 49 pc

Edinburgh 61 45 pc 60 46 pc

## The WSJ Daily Crossword | Edited by Mike Shenk



## GOLLY! | By Mae Woodard

## Across

- 1 Model plane material
- 6 Sacred song
- 11 Fellow
- 14 Crazy as \_\_\_\_
- 15 Justice Sotomayor
- 16 One of Alcott's March sisters
- 17 She voices Elastigirl in "The Incredibles"
- 19 "Well, what d'you know!"
- 20 Give the slip to
- 21 Riverbed deposit
- 23 Free money?
- 25 Without a break

- 26 She plays Archie Andrews's mother on "Riverdale"
- 47 Denial in Deutschland
- 48 Toothy swimmers
- 51 Catkin-bearing tree
- 54 Provence pal
- 55 She played Truvy Jones in "Steel Magnolias"
- 58 Adoption option
- 59 Epic poem of the Trojan War
- 60 Co-op alternative
- 61 Cart puller
- 62 Digs of twigs
- 63 Typographer's exaggerated serif

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

## Down

- 1 Exclamation from Ebenezer
- 2 Lotion additive
- 3 Hang loosely
- 4 Like salt in water
- 5 Very soon
- 6 Nittany Lions' sch.
- 7 About half of all deliveries
- 8 Player's payment
- 9 Short rests, to Brits
- 10 Lots for yachts
- 11 Israeli flag feature
- 12 Formally modify
- 13 Refusal in Rossiya
- 18 Person next in line
- 22 Country singer Tillis
- 24 Long, repetitive recital
- 26 Does a janitorial chore
- 27 Do as told
- 28 The blues
- 29 Call from a stall
- 30 Boards
- 34 Latvia's capital
- 35 Offering little challenge
- 37 Place to hide to escape danger
- 40 Be inconspicuous
- 41 Line of hay ready for baling
- 43 Fertility clinic cells
- 44 Spring
- 45 Fragrant blossoms
- 46 Singer LeAnn
- 48 Hemingway nickname
- 49 Boxers Muhammad and Laila
- 50 Blinds unit
- 52 Sicilian volcano
- 53 Heaters
- 56 Mi. divisions
- 57 Masked drama of Japan

## Previous Puzzle's Solution



## SPORTS

## FRENCH OPEN

## WILLIAMS BOWS OUT

BY TOM PERROTTA

**PARIS**—After an inspiring start at the French Open, Serena Williams withdrew from the tournament on Monday due to a muscle injury that caused her pain in her chest when she served.

Williams, 36 years old, was playing her first Grand Slam tournament since the Australian Open in 2017. She had a child—a girl named Alexis Olympia Ohanian Jr.—in September of that year and has slowly made a comeback this season, with her best performance at the French Open. She said she couldn't be more disappointed.

"I gave up so much, from time with my daughter to time with my family," Williams said. "I put everything on the court, you know. All for this moment. So it's really difficult to be in this situation, but I always, for now in my life, I just always try to think positive and just think of the bigger picture and hopefully the next events and the rest of the year."

Williams said she was suffering from an injury to a pectoral muscle, which links the front of her chest to her arm. She said the pain began at the end of her last match, against Julia Görges in the third round. Williams tested her serve on Sunday while playing doubles with her sister, Venus, but couldn't make the pain go away.

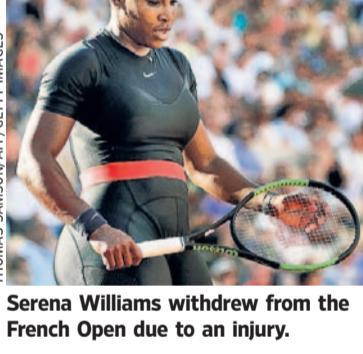
"It's kind of hard to play when I can't physically serve," Williams said. "I tried a lot of different tapings, and I tried lots of different types of support to see how it would feel under match circumstance. It didn't really get a lot better."

Williams had been scheduled to play Maria Sharapova, who has advanced to the quarterfinals after Williams's withdrawal. Williams has beaten Sharapova 19 times in her career, including the last 18 in a row. She's only lost to her twice.

Williams said she would stay in Paris for a while and have an MRI to test her pain.

She added that she hopes to play Wimbledon, a Grand Slam that she has won seven times in her career.

"I can only take solace in the fact I'm going to continue to get better," Williams said.



Serena Williams withdrew from the French Open due to an injury.

The Warriors star has quietly become LeBron James around the basket in the Finals

BY BEN COHEN

**Oakland, Calif.** IT WAS THE DAY before he broke the NBA Finals record for the most 3-pointers in a game, making as many threes by himself as the entire Cleveland Cavaliers team combined, and Stephen Curry was busy at the end of a Golden State Warriors practice.

He was shooting 2-pointers. Curry has been paying extra attention to his touch around the basket lately, and he limited himself to shorter jumpers and scoop layups on Saturday afternoon, a routine that Warriors assistant coach Bruce Fraser compared to a golfer skipping the driving range to practice his bunker shots.

This is the type of stuff on Curry's mind these days as he makes the marginal improvements to his game that have turned him into a complete basketball player.

There was never a great way to guard him. Now there's not even a good way.

There was a play on Sunday night, when the Warriors took a 2-0 lead in the Finals, that you might have seen by now. Curry wasn't expecting to shoot a turnaround 3-pointer several feet behind the line with a hand in his face. What he really wanted was a layup. But then he fumbled the pass. And he dribbled away from the basket. And he lost control of the ball. And he dribbled farther away from the basket. He still made a 3-pointer anyway.

It was the most preposterous of Curry's nine threes on a night when he scored 33 points and brought the Warriors within two wins of another NBA championship. This was a great Curry game, and there is still nothing in sports as compelling as a great Curry game. He will never be as magical as he was in 2016, and he's not the same player now as he was then. But in some ways Curry is actually better. He's able to get 3-pointers because of his 2-pointers.

Curry has become LeBron James around the basket in these playoffs.

There was a point in Game 2 when his playoff shooting percentage in the restricted area was a rather obscene 81.1%, according to NBA data, before it dipped back to 75.4% by the end of the night, which is still by far his career-high.

Let's put that in perspective. James is shooting 77.4% in the restricted area, and that's ridiculous even by his standards. It's the best that James has ever been that close to the hoop. And yet Curry is not far behind. His shooting percentage in the restricted area is better than

## NBA

## Unveiling the New Stephen Curry



Stephen Curry drives to the basket during Game 2 of the NBA Finals.

Giannis Antetokounmpo, Anthony Davis and even Kevin Durant's.

Which means the most effective 3-point shooter ever is now the most effective version of himself at the rim.

It doesn't even matter that these shots are worth two points instead of three. Curry is shooting 40.9% on his 3-pointers, which amounts to 1.23 points per shot. He's shooting 42.1% on his open and wide-open 3-pointers for 1.26 points on the most devastating shots in basketball. By shooting 75% in the restricted area, though, he's getting 1.5 points per shot.

It's the first time in this Golden State run to four straight Finals that Curry is more valuable closer to the basket than he is behind the line. His drastic improvement from the last three postseasons is the result of quietly meticulous work over the course of this entire year. It isn't exactly a secret that NBA teams don't

want Curry shooting 3-pointers.

Their best outcome, or their least-worst outcome, is to run him off the 3-point line and lure the smallest guy on the court into the area patrolled by very large human beings. Not even that works anymore.

"He's always been efficient there, because he works on his touch, but we've been working more on some of that knowing it's going to happen," said Fraser, the Curry whisperer on the Warriors' coaching staff. "Not like, a crazy amount. But more. And his hand-eye is so good that when he gets that kind of muscle memory, it doesn't take him long."

Curry shooting 75% in the restricted area is the statistical equivalent of Curry shooting 50% on his 3-pointers. It makes him unstoppable, and it's an unsolvable problem for the Cavaliers.

That wasn't always the case when the Warriors and Cavs strat-

egized for each other in the Finals. Two years ago, when Curry was hobbled by a knee injury throughout the playoffs, there was one part of his game that suffered, and it's exactly what makes him such a nightmare in this series: his efficiency around the basket.

Curry shot 67.4% in the restricted area in that regular season, but he shot 52.1% in the playoffs and 47.8% in the Finals. It was one of the reasons the Warriors crumbled.

At the end of the fourth quarter in that Game 7, in one of the moments that defines this rivalry, Curry found himself isolated against Love and couldn't take advantage. He danced for as long as he could before he forced a bad three. It clanged off the rim. Love won that possession, and Cleveland won the championship.

Curry is winning this time, and Golden State is well on its way to another title.

## SOFTBALL

## U.S. SOFTBALL WANTS TO MAKE ITS RIVALS BETTER

BY RACHEL BACHMAN

**THE UNITED STATES** is too good at softball.

So good, in fact, that—as this week's Women's College World Series shows—it is using the U.S. college system to make other countries' national softball teams better.

In four Olympics, the U.S. has won three golds and a silver. Three-fourths of its wins were shutouts. Team USA's dominance helped get softball booted from the Olympics after 2008.

The sport was voted back into the Games for Tokyo 2020 but it isn't guaranteed to stay long-term. That's why American officials have taken a radical stance: They're giving a boost to their opponents.

"If you don't have good competition, then people don't want to watch those games and that sport will become less relevant," USA Softball executive director Craig Cress said.

The Women's College World Series finals starting Monday, with Washington facing Florida State in a best-of-three format, are a living example of USA Softball's plans. Four Seminoles players are on the Puerto Rican national team, including pitcher Meghan King. First-base coach Ellie Cooper, an FSU captain in 2017, was born in and plays for New Zealand.

The Huskies' two ace pitchers, Gabbie Plain and Taran Alvelo, play on the Australian and Puerto Rican teams, respectively. Washington catcher Morganne Flores, who missed the season with an injury, also plays for Puerto Rico.

"I'll get emails in the middle of the night from people watching the College World Series in Europe or New Zealand," Cress said. The messages are from softball officials around the world, responding to the mention

of a player's Irish or Mexican relative. Cress is happy to connect coaches with colleges and, in the process, boost opposing national teams.

About half of Puerto Rico's team includes players like those at Washington and Florida State: born in the U.S. but with ancestors born on the island. Although Puerto Ricans are U.S. citizens, the IOC regards Puerto Rico as its own country.

"We have our own programs, but we don't have the developing programs in USA, particularly with travel teams, softball in school, universities," says president Tommy Velázquez of the Softball Federation of Puerto Rico. "For that reason, we try to identify players with heritage in the USA to come to our team."

Softball is far from the only sport where the college system helps train foreign players. Many athletes in track and field, swimming and other sports have played for U.S. colleges and competed for other countries in the Olympics. But softball is different in that its survival as an Olympic sport could depend on the improvement of U.S. opponents. Starting with Tokyo, the International Olympic Committee is letting each local organizing committee choose a few extra sports for their Games, an IOC spokeswoman confirmed.

Softball and baseball, both popular in Japan, were natural additions to Tokyo's schedule. They're a tougher sell for Paris 2024, a place more familiar with baguettes than batting averages. The Paris committee didn't respond to a request for comment.

Eloise Trobolet, who grew up playing baseball and softball in France, won a softball scholarship to Marshall University in Huntington, W.Va., and dreams of competing in her home country, where an estimated 2,000 women and girls play softball nationwide.



Washington pitcher Gabbie Plain also plays for the Australian national softball team.

"To play in Paris in the Olympics, it doesn't even seem real," Trobolet said.

She and other French players are heading to Japan this month, where they'll participate in a skill-development clinic with U.S. players.

France, No. 24 in softball's world rankings, is a long shot to be one of the six teams qualifying for the Tokyo Olympics. But as host nation in 2024, France would have an automatic berth—if softball is included.

"We know that one of the criteria is the level of the host country," said François Collet, communication manager for France's baseball and softball federation. "So we want to be able to show Paris 2024 and the IOC that French baseball and softball are growing and that we could be competitive for 2024."

Although dropping softball from the Olympics dinged the sport's U.S. profile, it had more acute effects in countries where funding of a team is linked with the Games.

"The sport of softball in Australia has died

quite a bit," said Plain, the Washington pitcher. "There's just not as many coming up through the ranks anymore, because there's not anywhere to go."

There is no nation that can match the reach and depth of the American softball feeder system. Millions play the sport casually. It's the fifth-most popular high school sport for girls, and 20,000 women play it at the NCAA level.

Among college spring sports, softball has the most-watched regular season on ESPNU over the past three years, out-drawing lacrosse and baseball, according to an ESPN spokeswoman.

There's also an Olympic tradition to uphold—for years to come, the U.S. hopes.

When softball was voted back into the Olympics, a U.S. Olympic committee official told USA Softball's Cress, "OK, we've already counted that medal," Cress recalled, chuckling.

"So, no pressure."

## OPINION

## The FBI's Watergate

MAIN STREET  
By William McGurn

"What did the president know, and when did he know it?" On June 28, 1973, during a hearing before the Senate Watergate Committee, the ranking member, Tennessee Republican Howard Baker, posed the central question of the investigation.

Forty-five summers after Baker uttered those historic words, the same question now hangs over the alleged collusion between Donald Trump and Russia in the 2016 election. But this time the question is directed at the investigators. It runs like this: What did the FBI know, when did it know it—and from whom did it get this information?

The answers are essential to a public accounting of what in fact happened during an election in which the FBI was investigating both the Republican and Democratic nominees for president or their campaigns. But unlike Watergate, which the FBI solved, the more we learn about these investigations, the more troubling the FBI's behavior appears. Unfortunately, rather than make a clean breast of it all, new FBI Director Christopher Wray behaves as though the bureau doesn't need to answer to the American people's elected representatives in Congress.

For weeks Washington has awaited a report from the Justice Department's inspector

general on the FBI investigation into Hillary Clinton's private email server. Some findings were released in April, concluding that former Deputy Director Andrew McCabe lied repeatedly to investigators. The inspector general recommended criminal charges. We won't know the full depth of wrongdoing until the whole report is made public. But thanks to indiscreet texts between FBI lovers Peter Strzok and Lisa Page, we know that folks in the bureau understood before the FBI interviewed Mrs. Clinton that she would not be charged, notwithstanding the testimony before Congress by former Director James Comey that he hadn't made up his mind.

While the Russia investigation is a separate affair, the drama features some of the same FBI players. Officially this FBI investigation started on July 31, 2016. But here's the problem: If the Russia investigation didn't start until late July, how was it that the FBI's "top secret" informant, Stefan Halper, had met the Trump campaign's Carter Page earlier that month at a University of Cambridge symposium that Mr. Halper helped put on?

Mr. Wray wasn't the director when the FBI started its Russia investigation. Mr. Comey was, and he has testified that news of the investigation was too sensitive to share with the Gang of Eight, which comprises the bipartisan leadership of the House and Senate as well as the chairmen and ranking

members of their respective intel committees. Which makes no sense, because the Gang of Eight's purpose is to provide a way for the intelligence community to share sensitive information with Congress.

Unfortunately, Mr. Wray (along with Deputy Attorney General Rod Rosenstein) has resisted clearing everything up by producing the documents still under congressional subpoena. In a Sunday interview

month, he and Mr. Rosenstein tried to make an end run around the House Intel Committee's demands for info in a meeting with House Speaker Paul Ryan.

In March, Mr. Wray publicly promised a "transparent and responsive" FBI. To that end he would be "doubling" the number of staff assigned to responding to Congress. It's the classic Beltway dodge, focusing on inputs over output.

Congress is still waiting for the bureau to make good on Mr. Wray's promise. Meanwhile, sideshows dominate the headlines, from a silly debate about whether Mr. Halper was a spy or an informant to another over whether President Trump can pardon himself.

Eventually Congress will get answers. Press reports have suggested some rank-and-file FBI agents are itching to speak up about what happened under Mr. Comey. Sen. Chuck Grassley last week urged them to come forward, noting they don't need to be subpoenaed to tell Congress what they know. More telling details could also come from the FBI officials involved, who are at some point likely to testify, under oath, before the House Intel Committee.

To salvage his own and his agency's credibility, Mr. Wray needs to come clean about the most fundamental question still remaining about the FBI's Russia investigation: how and why it began. If the bureau's been telling the truth, it has nothing to fear.

*Write to mcgurn@wsj.com.*

## What did the bureau know, when did it know it, and how did it learn it?

with Fox News, House Intelligence Committee Chairman Devin Nunes suggested that if his committee was given the relevant documents, and they confirmed the bureau's account, by Friday the committee would be able to say "look, the Department of Justice and the FBI did nothing wrong" and wrap up its investigation.

Alas, Mr. Wray (along with Mr. Rosenstein) has been playing a double game, pretending to cooperate with Congress but acting to keep documents away from the committees or produce them only in absurdly redacted form.

No one should be surprised. At a December hearing before the House Judiciary Committee, Mr. Wray suggested he couldn't share classified information with Congress. The following

situation in Europe looks promising: The U.S. and Europe are drifting apart. The gap within the Continent also continues to grow, as discontent mounts between Germany and many of its southern and eastern partners. Italy's new government is likely to push to end sanctions against Russia, while forcing Europe into a new bout of naval gazing over the euro. All this favors Moscow without requiring Mr. Putin to do much of anything.

Don't misunderstand: Mr. Putin hasn't had a change of heart or decided to mend fences with the West. He is toning down his foreign policy simply because so many of his key objectives have been accomplished that his best option now is to consolidate his gains.

Ten years ago, the European Union and the North Atlantic Treaty Organization were on offense in Eastern Europe. Mr. Putin feared that the spread of Western ideas into Russia would challenge his rule. Those worries are gone: A divided and confused West has given up its dream of pushing eastward, and both the EU and NATO are less confident and less effective than they were a decade ago. The West no longer endangers Russia. The real question is how much Russia endangers the West.

Mr. Putin is no Stalin; he seeks to weaken the West rather than destroy it. From his point of view, the current

situation in Europe looks promising: The U.S. and Europe are drifting apart. The gap within the Continent also continues to grow, as discontent mounts between Germany and many of its southern and eastern partners. Italy's new government is likely to push to end sanctions against Russia, while forcing Europe into a new bout of naval gazing over the euro. All this favors Moscow without requiring Mr. Putin to do much of anything.

Despite Mr. Putin's successes, Russia remains weak, and its leverage over other nations is limited. China can woo its neighbors with multi-billion-dollar projects like its "One Belt, One Road" trade initiative. Russia has much less to offer: If China is a tiger, Russia is a pussycat on stilts. Mr. Putin can obstruct Germany's faltering European project, but he lacks the resources to offer an alternative. In the Middle East, the Kremlin's position depends on American forbearance. If President Trump decides to make opposing the Assad regime a crucial part of his anti-Iran strategy, Mr. Putin may have to stand by and watch his client fall.

Meanwhile, developments at home counsel restraint as well. While Mr. Putin's string of dramatic foreign-policy successes has shored up his domestic popularity, Russia's sclerotic economy and corrupt social order ensure that the foundations of his power remain weak.

Mr. Putin has made Russia great again on the international stage, but the Russian people would rather see him use that daring and finesse to improve the situation at home.

For the moment things are breaking Mr. Putin's way. If Syria is to be a playing field for outside powers, the U.S. and Israel would prefer Russia to be the leader rather than Iran.

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## OPINION

## REVIEW &amp; OUTLOOK

## The Supreme Court's Half-Baked Cake

**T**he Supreme Court ruled 7-2 Monday for a baker who refused to custom-bake a cake for a same-sex wedding out of sincere religious belief. Hold the champagne—this apparent victory for religious freedom may be short-lived.

As Justice Anthony Kennedy wrote in legalizing same-sex marriage in *Obergefell* (2015), the "First Amendment ensures that religious organizations and persons are given proper protection as they seek to teach the principles that are so fulfilling and so central to their lives and faith." Therefore, he predicted, the decision would pose "no risk of harm to themselves or third parties."

*Masterpiece Cakeshop v. Colorado Civil Rights Commission* has forced Justice Kennedy to eat those words. In 2012 a gay couple asked Colorado baker Jack Phillips to bake a cake for their marriage, which at the time wasn't recognized under Colorado law. Mr. Phillips refused but offered to sell the couple any baked good or cake off the shelf. Creating a wedding cake for an event that "celebrates something that directly goes against the teachings of the Bible, would have been a personal endorsement and participation in the ceremony," he said.

The Colorado Civil Rights Commission ruled that Mr. Phillips had violated the state public accommodation law, which prohibits discrimination on the basis of sexual orientation. A state appellate court agreed.

While seven Justices on the High Court held for Mr. Phillips, the majority decision could have gone the other way had some facts been different. Writing for the majority, Justice Kennedy notes that Mr. Phillips was "entitled to a neutral decision-maker."

Yet several commissioners evinced overt hostility toward religion. One declared that "freedom of religion and religion has been used to justify all kinds of discrimination throughout history, whether it be slavery, whether it be the holocaust" and "it is one of the most despicable pieces of rhetoric that people can use to—to use their religion to hurt others."

As is his wont, Justice Kennedy strains to avoid a clear and decisive ruling. While "religious and philosophical objections [to same-sex marriage] are protected, it is a general rule that such objections" don't allow the denial of services "under a neutral and generally applicable public accommodations law," he writes.

## Quotas for Male Democrats

**P**ennsylvania Democrats have long complained that women are under-represented in state politics. But last month they turned away two women who won election to the Democratic State Committee, giving the positions to men who garnered fewer votes. Believe it or not, Democrats are justifying this decision in the name of gender equity.

The committee members set the party platform, endorse candidates and develop election strategies throughout the Keystone State. They also raise money and decide how much financial support individual candidates will receive from the party. Presumably to boost the number of women in party leadership, Pennsylvania Democrats have a longstanding rule that "there shall be an equal number of females and males elected" to the state committee.

This year the policy backfired. In the wake of the #MeToo movement, Pennsylvania has seen a surge of female candidates for state office. So the Democratic State Committee's gender-equity rule functioned as an affirmative-action pro-

Perhaps the best that can be said is that florists, make-up artists, photographers and other people of faith have lived to fight another day.

A ruling against Mr. Phillips would have been catastrophic for religious liberty, but the majority's muddle provides only gossamer protection.

The American Civil Liberties Union gloated that the Court

ruled "based on concerns unique to the case but reaffirmed its longstanding rule that states can prevent the harms of discrimination in the marketplace." The message is that governments can punish religious beliefs as long as they keep their animus toward religion in the closet.

Justices Neil Gorsuch (joined by Samuel Alito) and Clarence Thomas tag-teamed with forceful concurrences that would have gone further to protect the free exercise of religion and speech. Justice Thomas explained that custom-baking a wedding cake would have made Mr. Phillips "an active participant in the wedding celebration." Invoking Court precedents that tolerated white supremacist expression, he notes that "States cannot punish protected speech because some group finds it offensive, hurtful, stigmatic, unreasonable, or undignified."

Justice Gorsuch took the commission to task for applying a different standard in a case involving a baker who had refused to bake wedding cakes that *criticized* same-sex marriage: Civil authorities may not "gerrymander their inquiries based on the parties they prefer." Justices Elena Kagan and Stephen Breyer defended the commission's disparate treatment in their concurrence. While they agreed with Justice Kennedy that the commission had evinced bias toward Mr. Phillips, they said the commission could have legally punished him if commissioners had shown no overt religious bias.

Though Justice Kennedy rescued Mr. Phillips from the prejudice that he said in *Obergefell* couldn't happen, the writing may be on the wedding cake. Four liberal Justices aren't content with the right to same-sex marriage; they want to coerce everyone else to celebrate it no matter their religious beliefs, and politicians will follow.

The fundamental constitutional issue may have to be settled by a post-Kennedy Court, while lower courts in the meantime will decide case by case whether governments can compel religious people to endorse conduct with which they disagree. *Masterpiece Cakeshop* won't go down in history as a legal masterpiece.

gram, working to the benefit of weaker male candidates. In Philadelphia County's First Senatorial District, male candidates Darrell Clarke and Noam Kugelmas will both occupy state committee seats, though they lost on May 15 by more than a thousand votes to female candidates Judi Golding Baker and Mariel Martin.

Ms. Martin is understandably irked about losing a political post she won fair and square. But instead of insisting that Pennsylvania Democrats honor the will of the electorate, she's now criticizing the gender-equity rule as discriminatory against transgender, non-binary and gender-fluid candidates. The Democratic Party is sticking with its gender-equity rule, and progressives are raising the same objection as Ms. Martin, so the party may soon try to make up for one injustice caused by quotas by creating more quotas.

Many modern Democrats have fallen so far down the looking glass of identity politics that they even want to overturn the election principle of majority rule.

## Steve Bannon's Bad Advice

**T**he media love to showcase Steve Bannon, perhaps because the former White House aide can be counted on to give bad advice to Republicans. A classic of the genre is CNN host Fareed Zakaria's endorsement this weekend of Mr. Bannon's counsel that Republicans need to inflame even further the politics of trade and immigration to keep the House and Senate this year.

If Republicans stay on their current path, "they will lose 40 seats in the House and President Trump will be impeached," Mr. Bannon said from Rome, where he is advising the Italian right-left coalition. His theory is that flogging immigration and trade will increase Republican turnout.

Perhaps he should stay in Italy. To hold the House the GOP needs to carry most of 30-40 key swing districts, including 23 that Hillary Clinton carried in 2016. Those districts are full of college-educated Republicans and independents who are lukewarm on Mr. Trump personally but like that the GOP's policies are working. They want a solution on immigration.

That's why Representatives like Carlos Curbelo of Florida, Will Hurd of Texas and Erik Paulsen of Minnesota want a vote to legalize the so-called Dreamers. Democrats will benefit more if the GOP fails to trade Dreamer legalization for more border security. Driving more turnout to Mark Meadows in a safe North Carolina seat won't save David Valadao in California's Central Valley.

Ditto for trade, where retaliatory tariffs from Canada, Mexico and Europe are targeting swing GOP districts. There's orange juice from Florida, yogurt and dairy from Wisconsin and bar chocolate like Hershey's in Pennsylvania.

### Beware CNN bearing political gifts for Republicans.

The Trump tariffs might save Senator Heidi Heitkamp, who is defending North Dakota farm exporters. House Democrat Collin Peterson has also spoken out against them, and his rural Minnesota district includes pork producers, another target for retaliation.

Missouri is especially exposed to steel and aluminum tariffs, and Democratic Senator Claire McCaskill says she's "standing up for Missouri small businesses" harmed by tariffs, as she put it in a recent press dispatch.

The GOP has recently narrowed the spread in the generic ballot to a 3.2-point edge for the Democrats in the latest Real Clear Politics average, down from double digits. The rebound follows the party's success on tax reform and other campaign promises, and the improving economy has helped to lift Mr. Trump's approval rating. Incumbents now have accomplishments to run on rather than have to talk about special counsel Robert Mueller or President Trump's Twitter outbursts.

None of this good news would have happened if the GOP had taken Mr. Bannon's advice for a 44% top marginal tax rate and negligible cut in the corporate tax rate. The Bannon agenda on immigration and trade would hurt the growth that is lifting Republicans.

The GOP should press ahead on its work requirements for food stamps as part of the farm bill, which is a fight Republicans can win with the public if Democrats block reform. They can also run on making tax cuts permanent and opposing impeachment, among other things. But they'll have a better chance of keeping the House if they pass a compromise on immigration, and if President Trump declares a cease fire in his trade wars.

### Beware CNN bearing political gifts for Republicans.

### Kennedy saves a baker from anti-religious bias he said couldn't happen.

## LETTERS TO THE EDITOR

### We Need Alcohol to Survive Flying Coach

Regarding Satish Jindel's "Dry the Friendly Skies" (op-ed, May 31): I am a flight attendant and must correct Mr. Jindel's assumption that passengers cannot bring their own alcohol aboard. "Minis" are less than the TSA liquid limit and we see them all the time. Duty-free shops sell wine and spirits, which are frequently brought aboard, so we have to be vigilant about them as well.

My experience has been the opposite of Mr. Jindel's: 99.9% of the flying population wants to get to their destination in a comfortable, safe, efficient and cost-effective way. I've met some of the nicest, kindest people.

Of course, I've had to deal with the occasional drunk. I had one recently. When he asked to order a fourth beer on our 3 1/2 hour flight, I politely told him I couldn't sell him any more. He agreed I was right. There was no unpleasantness or argument. On that same flight, I also had a passenger who pushed a flight attendant when she didn't get her way, and who refused to follow the service-animal rules. We had law enforcement meet us at the gate when we landed. We have way more incidents involving "service animals" than inebriated passengers. There is nothing wrong with serving alcohol on commercial flights; most adults are responsible consumers. Why penalize the majority because of a few bad apples?

As for Mr. Jindel having to "tolerate his [seatmate's] loud complaints for

the rest of the flight," welcome to public transportation. Get sound-cancelling headphones, your own jet or drive next time.

LORI FREEMIRE  
Denver

I totally agree with the alcohol ban. As a former captain for a major airline, I know the majority of disruptions are caused by passengers who have had way too much to drink. I personally have had five passengers arrested for being abusive to the flight crew, and they were drunk.

Most passengers don't pay attention to the safety briefings given by flight crews while they are sober. Add alcohol-numbed passengers to the equation for an evacuation, and you have chaos.

Yes, it's a cash cow for the airlines, but at what cost to the safety of the sober passengers? The longest flight I've flown is Los Angeles to Sydney, 14-plus hours; if you can't go without a drink for that long, you have a problem.

CLYDE ROMERO  
Marietta, Ga.

Are you kidding me? Reasoning like Mr. Jindel's gave us prohibition. Alcohol is pretty much the only reason I survive flying anymore. For the peons in coach, it's cramped, uncomfortable and near impossible to zone out or fall asleep.

ERIN BUTLER  
McMinnville, Ore.

### The 'Right to Try' Bill Wasn't Worth Passing

I am surprised by your editorial "A Right to Try Arrives" (May 23), which praises just-passed legislation that would permit terminally ill patients to seek drugs not yet approved by the FDA directly from the manufacturer. This alters the status quo hardly at all. As NYU School of Medicine bioethicist Arthur Caplan said, right to try is "nothing more than a right to beg a company, that right already exists, and you're really not doing much to help anybody gain access to much of anything."

Moreover, federal regulators are already implementing a version of right to try. From 2010-15 the FDA approved more than 99% of applications for "compassionate use" of unapproved drugs, and since then has worked to simplify the process.

The right to try unapproved drugs has the potential to be compassionate and sound public policy, as well as an important statement about individuals' freedom to make choices, but the legislation enables patients to request medicines after only the most meager safety test.

### Campus Conservatives as an Underclass and Safe Target

Matthew Reade's "Conservatives Can Benefit From Liberal Colleges" (op-ed, May 25) precipitated a flashback for me to Carleton College of the late 1970s where wild-eyed liberal Paul Wellstone (later Sen. Wellstone of Minnesota) held court. One of his students, learning that I believed sanctions against South Africa (then practicing apartheid) would be counterproductive, approached me at the center of campus with an onslaught of invective asserting that I was racist. This verbal assault Steeleed me to such irrational rantings forevermore. If conservatives, like us, should enhance our educational experience under liberal schools' pogroms against conservatives, should liberals not seek out conservative colleges?

ROBERT E. KEARNEY  
Berthoud, Colo.

The students Mr. Reade describes don't understand what John Stuart Mill wrote: "He who knows only his own side of the case knows little of that."

ERIC WILSON  
Oshkosh, Wis.

I entered college as a conservative and had my viewpoint challenged by professors and classmates. However,

it wasn't done with hostility, and I found other professors and classmates who shared my conservative views. I received an excellent education at Pomona, in which all viewpoints could be debated and explored. On entering as a freshman in 1978, I was issued a coffee mug emblazoned with "Pomona College—Our tribute to Christian Civilization." The school has renounced that philosophy, which is why I have discontinued financial support.

JANET MIEDEMA  
Newport Beach, Calif.

A more effective right-to-try bill would reduce the approval metric for terminal-disease drugs to one Phase II trial and make it retroactive. This would immediately confer approval to the scores of terminal-disease drugs currently in Phase III and make them available to terminal patients. Also, this bill should provide 10 years of marketing exclusivity for terminal-disease drugs which would obviate the need for patents and open a huge trove of currently unpatentable science for development.

This legislation would be far superior to just allowing terminal patients access to unapproved drugs that drug companies will probably not agree to provide for liability and reimbursement reasons. It will also speed the discovery and access to better treatments.

PAUL J. MARANGOS  
Carlsbad, Calif.

### Gov. Scott's Health-Care Experience Is Not an Asset

I am appalled by Gov. Rick Scott's letter (May 30) about a lack of leadership on health-care policy. It was Gov. Scott who refused to expand Medicaid coverage for some 800,000 Floridians. It was Gov. Scott who was invested in drug companies he approved for business with the state; and it was Gov. Scott who disgraced himself as a former CEO who oversaw one of the worst fraud schemes against our country's insurance programs for the elderly and poor. When it comes to taking advice or considering criticism from Mr. Scott, folks need to first consider the source.

SEN. BILL NELSON (D., Fla.)  
Orlando, Fla.

Sen. Nelson is being challenged by Gov. Scott for the U.S. Senate.

### Pepper ... And Salt

THE WALL STREET JOURNAL



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## OPINION

# A Tale of Two Indecencies

By Andrew Klavan

Roseanne Barr and Samantha Bee seldom have anything interesting to say. But their recent controversies explain our political situation. Taken as one, the story has the precision of a parable.

Ms. Barr, a Trump supporter—in one of her many thoughtlessly grotesque moments—tweets a vulgar remark about longtime Obama adviser Valerie Jarrett. People reasonably interpret it as racist. Within hours, Ms. Barr's No. 1 television program is canceled. Even reruns of her decades-old show are taken off the air.

Ms. Bee, a leftist who hates Mr. Trump—in one of her many well-scripted and vetted grotesque moments—makes an obscene remark about Ivanka Trump. That it is misogynistic is beyond dispute. The audience cheers. Her producer brags that the obscenity is trending on social media. After a day of outrage from the right, Ms. Bee issues a

## The Barr-Bee double standard demonstrates how we got Trump.

halfhearted apology. She receives an award. Her unpopular and unprofitable show stays on the air. Influential cultural voices earnestly debate whether her ugly comment was really all that bad. The conversation trails into silence.

Even the clearest parable can be misunderstood, so let's explain this one. There are, generally speaking, two political factions in the U.S. One, the right, believes that America is a great nation and wants to preserve and continue its experiment in ordered liberty, limited government and free-market capitalism. The other, the left, believes America is racist and oppressive and yearns for some form of socialism.

The left has dominated cultural institutions—show business, journalism and higher education—for decades and has used that domination to convince itself and others that conservatives aren't simply wrong but bigoted and vicious. Because they believe this—and in service to making others believe it—they interpret virtually any remark by a conservative as bigotry and viciousness, whereas even the most bigoted and vicious remarks by leftists are forgiven, forgotten or overlooked.

This leftist project has been so successful that it has created a kind of cultural cringe on the right. We censor our language, we cull our jokes, we debase ourselves after the slightest misstep. Even those politicians who were elected to promote our policies have often apologized for them, offering "kinder, gentler" or "compassionate" conservatism—as if the principles of governance that make us free and prosperous were heartless and brutal.

It becomes clear why those of us who believe in freedom would select a leader who will not apologize for anything—a product of vulgar leftist culture who will fight back on the left's own terms and will institute conservative policies and ignore the opposition's shopworn insults—"racist," "sexist" and all the rest.

That leader may not be nice, or even good. But as the Barr-Bee situation shows, the cultural left has made it impossible to speak for conservatism without being simultaneously condemned as indecent and assaulted by indecency. It takes an indifference to decency to stand up against the opprobrium and do the right thing.

Do leftists dislike being held to the cultural rules they created? As a polite and decent man who believes that America is the least racist and oppressive country on the planet, that socialism is a moral atrocity and that ordered liberty is a gift from a gracious God, I find it hard to feel their pain over getting Trumped.

*Mr. Klavan hosts "The Andrew Klavan Show" at DailyWire.com.*

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# Climate Change Has Run Its Course

By Steven F. Hayward

**C**limate change is over. No, I'm not saying the climate will not change in the future, or that human influence on the climate is negligible. I mean simply that climate change is no longer a pre-eminent policy issue. All that remains is boilerplate rhetoric from the political class, frivolous nuisance lawsuits, and bureaucratic mandates on behalf of special-interest renewable-energy rent seekers.

Judged by deeds rather than words, most national governments are backing away from forced-marched decarbonization. You can date the arc of climate change as a policy priority from 1988, when highly publicized congressional hearings first elevated the issue, to 2018. President Trump's ostentatious withdrawal from the Paris Agreement merely ratified a trend long becoming evident.

A good indicator of why climate change as an issue is over can be found early in the text of the Paris Agreement. The "nonbinding" pact declares that climate action must include concern for "gender equality, empowerment of women, and intergenerational equity" as well as "the importance for some of the concept of 'climate justice.'" Another is Sarah Myhre's address at the most recent meeting of the American Geophysical Union, in which she proclaimed that climate change cannot fully be addressed without also grappling with the misogyny and social injustice that have perpetuated the problem for decades.

The descent of climate change into the abyss of social-justice identity politics represents the last gasp of a cause that has lost its vitality. Climate alarm is like a car alarm—a blaring noise people are tuning out.

This outcome was predictable.



Political scientist Anthony Downs described the downward trajectory of many political movements in an article for the Public Interest, "Up and Down With Ecology: The Issue-Attention Cycle," published in 1972, long

## Its descent into social-justice identity politics is the last gasp of a cause that has lost its vitality.

before the climate-change campaign began. Observing the movements that had arisen to address issues like crime, poverty and even the U.S.-Soviet space race, Mr. Downs discerned a five-stage cycle through which political issues pass regularly.

The first stage involves groups of experts and activists calling attention to a public problem, which leads quickly to the second stage, wherein the alarmed media and political class discover the issue. The second stage typically includes a large amount of euphoric enthusiasm—you might call



DAVID GOTTHARD

it the "dopamine" stage—as activists conceive the issue in terms of global peril and salvation. This tendency explains the fanaticism with which divinity-school dropouts Al Gore and Jerry Brown have warned of climate change.

Then comes the third stage: the hinge. As Mr. Downs explains, there soon comes "a gradually spreading realization that the cost of 'solving' the problem is very high indeed." That's where we've been since the United Nations' traveling climate circus committed itself to the fanatical mission of massive near-term reductions in fossil fuel consumption, codified in unrealistic proposals like the Kyoto Protocol. This third stage, Mr. Downs continues, "becomes almost imperceptibly transformed into the fourth stage: a gradual decline in the intensity of public interest in the problem."

While opinion surveys find that roughly half of Americans regard climate change as a problem, the issue has never achieved high salience among the public, despite the drumbeat of alarm from the climate campaign. Americans have consistently ranked climate change the 19th or

20th of 20 leading issues on the annual Pew Research Center poll, while Gallup's yearly survey of environmental issues typically ranks climate change far behind air and water pollution.

"In the final stage," Mr. Downs concludes, "an issue that has been replaced at the center of public concern moves into a prolonged limbo—a twilight realm of lesser attention or spasmodic recurrences of interest." Mr. Downs predicted correctly that environmental issues would suffer this decline, because solving such issues involves painful trade-offs that committed climate activists would rather not make.

A case in point is climate campaigners' push for clean energy, whereas they write off nuclear power because it doesn't fit their green utopian vision. A new study of climate-related philanthropy by Matthew Nisbet found that of the \$556.7 million green-leaning foundations spent from 2011-15, "not a single grant supported work on promoting or reducing the cost of nuclear energy." The major emphasis of green giving was "devoted to mobilizing public opinion and to opposing the fossil fuel industry."

Scientists who are genuinely worried about the potential for catastrophic climate change ought to be the most outraged at how the left politicized the issue and how the international policy community narrowed the range of acceptable responses. Treating climate change as a planet-scale problem that could be solved only by an international regulatory scheme transformed the issue into a political creed for committed believers. Causes that live by politics, die by politics.

*Mr. Hayward is a senior resident scholar at the Institute of Governmental Studies at the University of California, Berkeley.*

# Is the U.S.-South Korea Alliance Worth It?

By Michael O'Hanlon

**S**hould the U.S. bring its nearly 30,000 troops home from the Korean Peninsula in return for North Korean nuclear disarmament? An adviser to South Korean President Moon Jae-in recently suggested the answer might be yes. And Kim Jong Un likely won't give up the bomb without an end to the U.S.-South Korea alliance in its current form.

This might sound like a reasonable trade-off, but recall that the North Korean threat consists of much more than nuclear weapons. Pyongyang maintains a huge conventional military, robust special forces, stocks of chemical and biological arms, and hundreds of artillery tubes and missile launchers in range of Seoul. If these threats could also be substantially reduced, it would be fair to ask about the future of the alliance.

Yet consider its tremendous benefits. A strong U.S.-led alliance system has been very good for international peace and stability, and the U.S.-South Korea alliance has been an integral part of that broader community. This transcends specific threats from North Korea, Russia or any other hostile power.

South Korea is the world's 11th-largest economy and remains influential. No one should want to return to the anarchy that prevailed in Europe and East Asia a century ago, when countries had weak and shifting relationships but no enduring bonds. The result was two world wars followed by catastrophic conflict in Korea.

In military terms, the alliance has proved its mettle beyond the Korean Peninsula. The U.S. has some 60 allies and security partners. But few countries have shown the same commitment to collaborative global military operations, combined with the same fighting capability, as South Korea. It has the largest military by head count of any American ally, and arguably one of the toughest and most combat-capable forces. For future security missions—counterterrorism, protection of sea lanes, cyberdefense—the alliance offers great benefits for the U.S.

Then there is South Korea's immediate security—and, most of all, concerns about China. South Koreans are in no hurry to pick a fight with a rising China, as even a reunified Korea would have only 5% of China's population. China isn't an enemy Koreans can afford to have, but also not a country most Koreans want to trust

and deal with on their own. Some kind of alliance with the U.S. would reassure Koreans about their future security and role in the world.

What kind of alliance would make sense if the North Korean danger disappeared? A first option would be a modestly scaled-back version of today's, with no more than 25,000

## Kim Jong Un wants all U.S. troops gone. That would be a mistake, but scaling back may make sense.

troops stationed at all times. The U.S. would retain something like its current mix of U.S. forces: a brigade of heavy Army forces, additional ground-logistics capabilities, two wings of Air Force fighters and attack aircraft, as well as facilities in Korea's southeast. But this would be backed by a commitment to send hundreds of thousands of troops for the direct defense of South Korea. Under this scenario, a hypothetical China threat would replace today's real North Korean threat for military planning.

The other option would be perhaps

5,000 to 8,000 troops. This wouldn't emphasize a Chinese invasion threat, but rather binational or multinational expeditionary operations throughout the region and globe. Most of today's American fighter aircraft in Korea, with their relatively short ranges, might return to the U.S., as would logistics capabilities to bring in more than 300,000 in the case of a general war.

The heavy Army brigade now in Korea might be transformed into a light brigade, better suited for peacekeeping missions. It could be based at a new regional peacekeeping center where other nations—even China—could send forces to train. U.S. special forces would remain in modest numbers. Some U.S. Navy ships might be located in Korea too. Perhaps the U.S. could create a hub for ships employing robotics and artificial intelligence, given South Korea's excellence in those areas.

We don't need to answer these questions now, but it isn't too soon to start the debate. And it is definitely not too soon to oppose any North Korean demand to end the U.S.-South Korea alliance as part of a nuclear deal.

*Mr. O'Hanlon is a senior fellow at the Brookings Institution.*

# Upgrade America's 19th-Century Electric Grid

By Charles Bayless  
And Thomas Petri

**T**he U.S. electrical system is inefficient and vulnerable to natural and man-made threats—from severe weather and solar storms to cyber and electromagnetic attacks. To stay competitive in the 21st century, the U.S. should upgrade its system before it's too late.

What is commonly known as "the grid"—consisting mostly of above-ground transmission wires—is actually a patchwork of three regional networks that share few interconnections.

Periods of high demand, such as a prolonged heat wave, can trigger regional imbalances in electricity supply and demand, leaving consumers to contend with price spikes and blackouts or brownouts. Insufficient transmission capacity also means that during periods of low local demand, surplus electricity is wasted rather than sold to other regions.

The U.S. grid relies on alternating-current technology, a legacy of its 19th-century creation. But a direct-current system would be far superior. Thanks to technological breakthroughs, direct-current technology can now transmit electricity over longer distances with less power loss than existing alternating-current networks.

The Climate Institute has proposed constructing a new overlay network that balances the generation and consumption of electrical power. The North American Supergrid is a concept for a multinodal, high-voltage direct-current transmission network that would extend across the lower 48 states, eventually linking with Canada and Mexico. The new grid would work as a resilient backbone to the existing electrical grid. Built largely underground alongside highways or railway rights of way, it would also be less vulnerable to attack.

By creating a level, nationwide market, the supergrid would allow energy generators throughout the country to compete directly. Because transmission distance would no longer be a constraint, the grid would

promote the easy transfer and trade of energy—from renewable and traditional sources—between power-abundant and power-hungry regions. The increased transmission capacity would turn America's enormous size into an advantage. It would permit, for example, the transmission of inexpensive energy produced by Mojave Desert solar farms or Great Plains wind farms to East Coast urban centers, supplanting more expensive power derived from fossil fuels.

A 2016 study from the National Oceanic and Atmospheric Administration's Earth System Research Laboratory estimated that a similar supergrid could achieve roughly an 80% reduction in power-sector carbon emissions, relative to 1990 levels.

Upfront private investment could reduce costs for consumers and taxpayers. The projected cost of as much \$500 billion over 30 years to construct the North American Supergrid would be outweighed by eventual savings to U.S. electricity consumers, according to the NOAA study. And construction of the new grid would create between 650,000 and 930,000 jobs yearly across the entire energy sector over the estimated three decades needed to build and maintain its necessary infrastructure, according to a 2017 Climate Institute study. Many of these jobs would come to economically depressed rural areas.

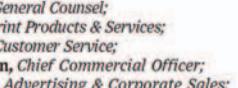
Other nations are embracing advanced direct current transmission. China is moving aggressively to build nationwide high-voltage direct-current lines, investing \$88 billion between

2009 and 2020. As a part of its energy-transition strategy, the European Union plans to invest some \$1 billion toward 17 new supergrid projects on the Continent.

The Trump administration can propel the U.S. into the supergrid era by expanding upon the president's infrastructure permitting executive order to cut still more red tape. It should push Congress to streamline the grid-permitting process to promote far-reaching infrastructure proposals. The White House also should direct the Energy Department and other executive agencies to develop plans for interregional transmission, then work with the Federal Energy Regulatory Commission to implement such plans. Congress should allocate federal funds to study the future of U.S. electricity transmission.

The North American Supergrid could transform the country, much like creation of the interstate highway system did in the 1960s and '70s. In contrast to the localized economic payoffs received from new roads and bridges, it would benefit the entire U.S. economy and produce significant environmental and security improvements. Constructing it will require leadership from the highest levels. It would be fitting if the real-estate developer president paved the way for the U.S. to enter the supergrid era.

*Mr. Bayless is a former CEO of Tucson Electric Power. Mr. Petri, a Republican, is a former U.S. representative from Wisconsin. They are board members of the Climate Institute.*



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## WORLD NEWS

# Gulag's Shadow Falls on Korea Summit

Defectors continue to suffer in North's prisons as Trump-Kim meeting approaches

BY ALASTAIR GALE

Early in the reign of North Korea's current supreme leader, merchant Kim Young-hee shared a flea-infested prison cell for a year with more than two dozen other women, enduring regular whippings from guards. Her crime was helping her sister's child flee one of the world's most repressive dictatorships.

Conditions have only grown harder. Kim Jong Un, the nation's third-generation dictator, has tightened border controls to prevent escapes since taking power at the end of 2011. Those caught risk prolonged imprisonment. North Korean women sent back from China have been forced to have abortions if the fathers are Chinese, defectors say.

Torture and starvation are routine in a network of North Korean prison camps operated since the 1950s with a total land area about 20 times the size of Manhattan. Around 100,000 people are held in five camps, according to the United Nations. Camps in central areas have added new facilities to house more prisoners, satellite images show.

The repression has been largely ignored as Mr. Kim seeks to rehabilitate his international image with a swing to diplomacy. As President Donald Trump prepares for a planned summit meeting with Mr. Kim on June 12—the first between a U.S. and North Korean leader—it isn't clear whether he will raise the issue of Pyongyang's human-rights violations, or if doing so would lead to improvement.

Mr. Trump has indicated that he sees human rights as a major concern, including in a speech to the South Korean legislature in November. But

## Hidden Brutality

North Korea operates a network of prison camps where Pyongyang detains those it deems enemies of the state.



Source: U.S. Department of State  
THE WALL STREET JOURNAL.

at a meeting on Friday with one of Mr. Kim's top lieutenants, the president said they didn't discuss human rights.

Tales from the gulag are grim. One inmate of a North Korean labor camp from 2015 to 2016 described having to bend bodies in half to fit as many as possible in an incinerator, according to a recent survey by a South Korean state-run think tank. It wasn't clear how the prisoners died, but disease, starvation and work accidents can kill swaths of inmates.

In October 2016, four men and three women were executed by firing squad at an airfield in a border city near China, one defector said in the survey. In February 2015, five men were shot to death at a sports stadium just north of the capital in front of a few thousand locals, according to another defector in the same report. The survey was based on the testimony of 137 defectors who entered South Korea in 2017.

Ms. Kim pulled her shirt collar open to reveal red gouges across her shoulder. The female smuggler who arranged the escape of her sister's child was sent to a labor camp, she said, and after her



DIGITALGLOBE/GTREY IMAGES

Satellite imagery shows Camp 15 in North Korea, one of a network of brutal prison facilities there.

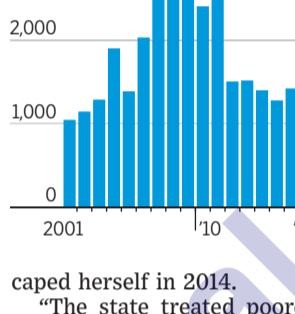
## Tightened Border

The number of defectors entering South Korea has fallen sharply since Kim Jong Un took power at the end of 2011.

Note: 2017 figure is provisional  
Source: Ministry of Unification  
THE WALL STREET JOURNAL.

release shared stories of starvation and beatings.

Life became harder under the new leader after 2011. Officials demanded bribes of expensive items such as rabbit skins to allow traders like her to operate. The wealth gap was increasing. Ms. Kim, who survived by selling potatoes in larger towns and bringing back MSG to sell in hers, es-



caped herself in 2014.

"The state treated poorer people like dogs," she said.

As senior U.S. officials prepare for the summit there has been little talk of pressing the North Korean leader over human rights, something that also didn't come up at the recent meeting of leaders of North and South Korea.

The main U.S. goal will be

to secure a commitment to de-nuclearization. Some experts say Pyongyang's frequent anger at criticism of its human-rights record could complicate that objective if Mr. Trump confronts Mr. Kim.

Opening with a call for the gulags to be closed would be a "bridge too far," said Robert King, the U.S. envoy for human rights in North Korea under the Obama administration. The regime would likely see that as a challenge to its political system, he said.

Failing to raise human rights would signal weakness on a critically important problem, countered Greg Scarlatoiu, executive director of the Committee for Human Rights in North Korea, a Washington-based organization.

Bringing up human rights with Mr. Kim "is the right

## Seoul Plays Down Hopes for Peace Declaration Soon

SEOUL—South Korean officials are playing down the likelihood of an imminent peace declaration after President Donald Trump suggested that he could declare an end to the Korean War at the U.S.-North Korea summit.

The leaders of North and South Korea agreed in April to pursue a treaty this year to end the Korean War—an agreement that would go beyond a more-symbolic peace declaration, which they also agreed in April to pursue.

An armistice ended the 1950-53 conflict and was signed by China, North Korea and the United Nations, which was led by the U.S. at the time. South Korea's president, Syngman Rhee, refused to sign, as the armistice left the peninsula divided. Those signatories would need to approve a peace treaty.

—Andrew Jeong

thing to do morally, ethically, legally and politically," he said.

North Korea routinely rejects accusations of human-rights abuses and denies it operates prison camps. It refused to allow U.N. officials to enter the country for a research project into human rights published in 2014, and slammed the final report as an attack engineered by Washington.

However, it accepted some recommendations made by the U.N. in a separate, 2014 report, including improving gender equality and general public awareness of human rights.

U.N. officials say they have seen little clear sign of progress, but Pyongyang did allow a U.N. special rapporteur for the disabled to visit last year.

—Andrew Jeong in Seoul and Chieko Tsuneoka in Tokyo contributed to this article.

# Afghan Clerics Targeted in Deadly Bombing

KABUL, Afghanistan—A suspected Islamic State suicide bomber struck a meeting of Afghanistan's top clerics and religious scholars in the capital on Monday, killing 14 people.

By Craig Nelson,  
Habib Khan Totakhil  
and Ehsanullah Amiri

ple shortly after the large gathering declared such suicide attacks a sin and the country's 17-year war illegal under Islamic law.

The Afghan branch of Islamic State said through its Amaq news agency that it carried out the attack, which occurred as the meeting of the Afghan Ulema Council was adjourning and attendees were departing the assembly grounds. The Taliban, Afghanistan's largest insurgency, denied any involvement in the bombing.

Islamic State's affiliate here, which has claimed responsibility for a spate of attacks in Kabul in recent months, is under intense military pressure from U.S. Special Forces and from



Officials blocked a road to the site of Monday's blast. An Islamic State branch said it carried out the attack.

stepped-up U.S. airstrikes in eastern Nangarhar province, its Afghan stronghold.

A senior Afghan security official said 17 people were also injured in the bombing at one of the exits from the meeting grounds, near Kabul Polytechnic University in western Kabul.

Sayed Ehsan Tahiri, spokes-

man for the government's High Peace Council, said the meeting was attended by some 3,000 religious figures from across the Central Asian nation. He said he escaped the blast by a matter of seconds. "God has given me another life," he said.

Shortly before the attack, the convocation had issued an

Islamic ruling, or fatwa, declaring suicide attacks forbidden.

"Suicide attacks, explosions for killing people, division, insurgency, different types of corruption, robbery, kidnapping and any type of violence are counted as big sins in Islam and are against the order of the Almighty Allah," they said.

Suicide bombings are a relatively recent phenomenon in Afghanistan, having been rejected as a form of combat during the uprising against the occupation of Soviet forces in the 1980s and the takeover by Taliban forces in the mid-1990s.

They became a feature of the Afghan war in the mid-2000s, as the tactics used by Islamist militants against U.S. forces in Iraq rebounded here.

The clerical gathering also denounced the 17-year war in Afghanistan as illegal under Islamic law, calling it nothing but "shedding the blood of Muslims," and urged the Taliban to take up the Kabul government's offer of unconditional peace talks.

Afghan President Ashraf Ghani in late February offered political recognition to the Taliban in exchange for a stop to the fighting. The Taliban haven't replied formally to the bid. The group has said it would only negotiate with the U.S. since, it says, America is the main engine of the war and the Kabul government is illegitimate.

# Peugeot To Cease Investing In Iran

BY MATTHEW DALTON

PARIS—French auto maker Peugeot PSA said it was halting investments in Iran to comply with U.S. law after the Trump administration's decision to withdraw from the Iranian nuclear accord.

Peugeot's move on Monday deals a major blow to Europe's efforts to salvage the agreement by keeping European companies operating in Iran. With U.S. sanctions set to be reinstated in the coming months, companies located anywhere in the world risk huge fines from U.S. authorities if they continue to do business in the country.

After President Donald Trump announced his decision to withdraw in May, European leaders vowed to stop their companies from leaving Iran despite the renewed threat of U.S. sanctions. The promise of investment from Western companies was a major selling point of the deal for Tehran, which swore off nuclear weapons development in exchange for an end to the diplomatic isolation that was a powerful drag on the Iranian economy.

Iran has said it would comply with the deal only if it continues to reap the economic benefits of doing business with European companies.

Peugeot's decision shows that the threat of U.S. sanctions, which apply to any transaction conducted anywhere in the world in dollars, has made it too difficult for large corporations to keep doing business with Iran. In recent years, European banks have paid large fines for conducting dollar transactions linked to countries that are under U.S. sanctions, leaving little appetite for another confrontation with American prosecutors.

Peugeot was among the first Western companies to move into Iran after sanctions were lifted at the start of 2016.

# Jordan's Government Resigns After Street Protests

BY SUHA MA'AYEH  
AND RAJA ABDULRAHIM

Jordan's Prime Minister Hani Mulki resigned Monday after thousands protested in recent days against his government's plan to increase taxes, causing uncertainty in a country that is a vital U.S. ally in the region.

King Abdullah II accepted the resignation of Mr. Mulki's government, Jordan's Royal Court said. The king thanked the prime minister in a statement for his service and dedication in making difficult and unpopular decisions.

The resignation appears aimed at alleviating tensions after intensifying calls for Mr. Mulki's dismissal by protesters who said his handling of the economy caused problems.

The protests began Wednesday in Amman and other Jordanian cities and towns against a proposed revision to the country's income tax law that would raise taxes, allow authorities to



Prime Minister Hani Mulki's government had aimed to raise taxes.

target more people, and scrap exemptions on medical treatment and education.

The tax amendments follow a series of unpopular austerity measures the government adopted this year, including the removal of subsidies on bread that nearly doubled its price. The tax on the sales of a wide range of products and services, including internet subscriptions, was also increased.

Acknowledging their concerns, King Abdullah on Saturday said it was unfair for citi-

zens alone to carry the burden of financial reform and called on the government to rationalize spending and lead a national dialogue on the income tax law, according to Jordanian state media. "I know how much Jordanians have endured," the king said. "This is their true mettle. We are working day and night to overcome this difficult situation."

Jordan in recent years has struggled to expand its economy, while unemployment remains high. Regional conflicts and Syrian refugees, meanwhile, continue to weigh on the country's social and economic conditions, the IMF has said.

Jordan has been a rare spot of stability in a part of the Middle East that has witnessed wars, deadly protests and the devastation caused by extremist groups such as Islamic State. Small protests had broken out when the government cut the bread subsidy this year, but those quickly abated and many Jordanians moved to social me-

dia to register their frustrations.

The new tax plan led a number of unions and professional associations to call for a nationwide strike this past Wednesday, which set off the biggest protests the country has seen in years.

"Dismissing the prime minister is not enough," said Imad Hmoud, a government critic and independent business analyst based in Amman. "We need to change the system pertaining to the financial and economic regulations and laws and investments."

The protests, which have been held late at night because of the daylight fasts during the holy month of Ramadan, have been mostly peaceful but 60 people have been arrested on charges of vandalism and rioting, according to Jordanian authorities. More than 40 members of the security forces and civil defense were also injured during the demonstrations, mostly from fireworks and guns fired into the air, they said.

Peugeot was among the first Western companies to move into Iran after sanctions were lifted at the start of 2016.

# BUSINESS & FINANCE

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**S&P** 2746.87 ▲ 0.45% **S&P FIN** ▲ 0.29% **S&P IT** ▲ 0.79% **DJ TRANS** ▼ 0.73% **WSJ \$IDX** ▼ 0.13% **LIBOR 3M** 2.314 **NIKKEI (Midday)** 22497.89 ▲ 0.10%

Caller-ID databases can provide revenue for scammers even when no one picks up phone

See more at [WSJMarkets.com](http://WSJMarkets.com)

## Robocallers Dial Up Extra Cash

victims into handing over credit-card or bank-account information, many robocallers make incremental cash along the way, thanks to little-known databases that try to identify who is calling.

Each time a caller's name is displayed, phone companies pay small fees—typically fractions of pennies—to databases that store such records. Some of these fees are handed back to the caller.

With millions of automated calls a day, the amounts can add up. "It's slow nickels, not fast dimes" for scammers, but it helps to partly offset the costs of making the calls, said

While scammers' biggest paydays come from tricking

Aaron Woolfson, president of **TelSwitch Inc.**, a company that licenses out telecommunications-billing software.

While mobile phones have replaced traditional phones in many households, about 121 million landline connections exist in U.S. homes, according to the Federal Communications Commission. Those landlines are increasingly on the receiving end of robocalls masquerading as telemarketers, the Internal Revenue Service or immigration officials.

It is difficult to quantify the number of robocalls that landlines receive, but mobile applications aimed at detecting and blocking robocallers offer a glimpse of the problem's scale. Hiya, one of hundreds of apps with call-blocking features, tracked nearly 5 billion robocalls made to U.S. cellphones in the first quarter of 2018, a 10% increase from the year-earlier period.

Many robocallers have gotten more sophisticated by "spoofing" or making up the caller ID a recipient sees on their cellphone or landline. In the case of so-called neighbor spoofing, robocallers match their number to a local area code to encourage victims to answer. Americans made hundreds of complaints about

such calls to the FCC in the first five months of the year, according to an agency spokesman, up sharply from the same period last year.

The chain of transactions in many other illegal robocalling schemes works like this: Scammers purchase a block of unused telephone numbers and submit bogus names and addresses for those numbers to caller-ID databases.

They often hire call centers to blast out millions of robocalls, which trigger queries to caller-ID databases. Some databases are run by carriers themselves such as **AT&T Inc.**, while

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Chairman Howard Schultz

## Schultz To Step Down at Starbucks

By JULIE JARGON

Howard Schultz is stepping down as chairman of **Starbucks Corp.**, the international behemoth he built that transformed the way Americans drink coffee.

The move is likely to fuel speculation that the liberal-leaning Mr. Schultz is preparing to run for political office.

For most of the past three decades, Mr. Schultz was the public face of the company and a celebrity himself. By making Starbucks ubiquitous and creating what the company calls a "third place" between home and work, Mr. Schultz also helped change the way Americans socialize. The chain's white paper cups emblazoned with a green siren were once considered status symbols, as celebrities were photographed carrying them.

"It seems like yesterday that I first walked into the Pike Place store, stepped across the threshold, and was swept into

Over the years, Mr. Schultz's identity and that of Starbucks became synonymous.

a world of coffee and community. That moment began the journey of a lifetime," Mr. Schultz, 64 years old, wrote in a letter to employees on Monday, referring to the chain's first Seattle store. Today, Starbucks has more than 28,000 stores in 77 countries worldwide.

Mr. Schultz laid the groundwork for his eventual retirement in late 2016, when he stepped down as chief executive to lead an effort at the company to build high-end coffee shops aimed at refreshing its brand, which has been facing increasing competition from specialty roasters.

Over the years, Mr. Schultz's identity and that of Starbucks became synonymous. He created a company that wasn't just about selling coffee but also stood for his social ideals, which include paying workers—who he refers to as "partners"—above minimum wage, providing health insurance for part-time employees and taking a stand on issues ranging from same-sex marriage to gun control.

In recent months, Starbucks has been at the center of a debate about race relations after a Philadelphia store manager called the police on two black men who didn't purchase anything and allegedly refused to leave when asked. The company quickly denounced the manager's action and came out with a new policy stating that everyone is welcome in its stores. The move was praised by some customers and criticized by others.

Mr. Schultz's advocacy on social issues has prompted politicians, columnists and others to speculate about whether he might one day run for political office. Mr. Schultz plans to write a book about Starbucks's social-impact work and its ef-

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## Nasdaq Composite Enters Record Territory

By AKANE OTANI

The Nasdaq Composite set a record for the first time in nearly three months Monday, the latest sign that investors questioning the global growth story are funneling their money into shares of fast-growing companies.

The index, which heavily weights shares of technology companies, rose 0.7% to 7606.46, topping its March 12 record of 7588.32 and snapping its longest streak without a fresh high since 2016.

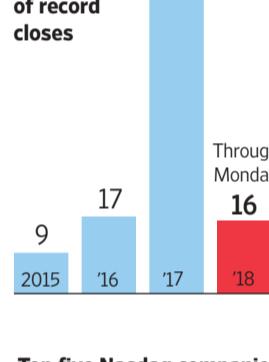
The broader S&P 500 and Dow Jones Industrial Average have yet to eclipse their Jan. 26 highs.

The gains mark a dramatic turnaround after investors dumped shares of everything from software makers to biotechnology firms in the spring. Technology stocks stumbled in March, hurt by blowback over **Facebook Inc.**'s handling of its users' information and fears that increasing scrutiny from regulators and politicians could hurt profitability at a number of U.S. tech giants.

Yet in recent months, middling economic data from the eurozone and fears of tighter trade policies have dented investors' confidence in the global growth story that had driven stocks to records last year.

That has helped drum up fresh enthusiasm for technology companies, which many investors believe can reliably increase earnings even as the global economy looks like it could be losing momentum.

The index is up 10% so far this year, outpacing the S&P 500 and the Dow Jones Industrial Average.

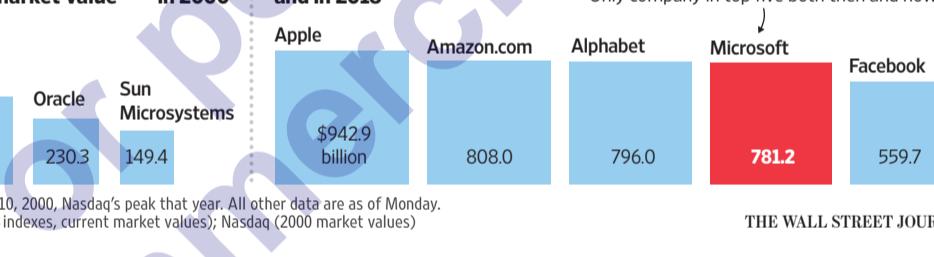
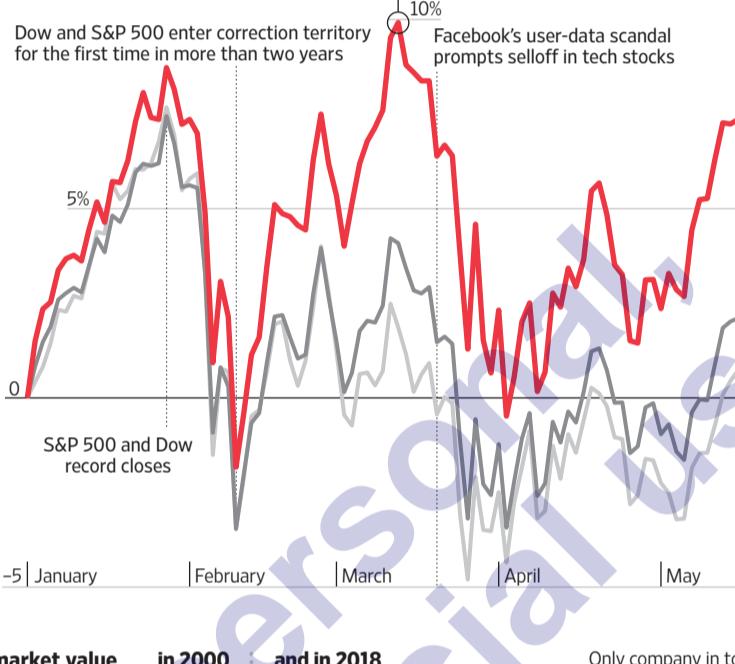


Top five Nasdaq companies, by market value

	in 2000	and in 2018
Microsoft	\$525.7 billion	Apple \$942.9 billion
Cisco Systems	466.6	Amazon.com 808.0
Intel	401.5	Alphabet 796.0
Oracle	230.3	Microsoft 781.2
Sun Microsystems	149.4	Facebook 559.7

Note: Historical market values are as of March 10, 2000, Nasdaq's peak that year. All other data are as of Monday.

Source: WSJ Market Data Group (record closes, indexes, current market values); Nasdaq (2000 market values)



The Nasdaq is up 10% for the year, with heavyweights like **Amazon.com Inc.**, **Apple Inc.** and **Microsoft Corp.** all up by double-digit percentages. All three set records Monday.

In comparison, the S&P 500 has risen 2.7% this year, while the Dow Jones Industrial Average has advanced 0.4%.

Investors are going back to the growth engines of their portfolios at a time when

many other catalysts seem to be fading," said Michael Arone, chief investment strategist at State Street Global Advisors.

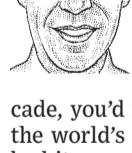
Technology firms are expected to post solid earnings growth throughout the year, something that analysts say has helped boost the sector's allure. Earnings for S&P 500

technology companies are expected to increase 23% in the second quarter from the year-earlier period, according to FactSet, outpacing the broader S&P 500's estimated earnings growth rate of 19%.

—Danielle Chemtob and Allison Prang contributed to this article.

STREETWISE | By James Mackintosh

## U.S. Stock Returns Believe A Postcrisis Landscape



If all you had to go on was the return on U.S. stocks over the past decade, you'd never guess that the world's financial system had its worst crisis in generations, let alone that stocks had their biggest crash since World War II.

The U.S. market has had a vintage 10 years, and returns—even including the calamity that was just appearing on the horizon in the

summer of 2008—have been far better than the long-run norm.

An investor who simply bought the S&P 500 in June 2008 and ignored the market carnage that followed has scored gains of more than 9% annualized, including reinvested dividends, only fractionally below the average nominal return since 1900. But because inflation has been so low, real returns after inflation of 7.8% have been well above the long-

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The company presented new controls on device usage at its annual developers conference Monday.

## Apple Targets Phone Overuse

By TRIPP MICKLE

Apple Inc. on Monday unveiled new controls to help people curb the amount of time they spend on iPhones and iPads, as well as to allow parents to remotely track and limit their children's use of those devices—a response to growing societal concern that adults and children are too focused on phones.

The company said an app it will release in September called "Screen Time" will provide users with weekly reports on the apps they use and enable them to set time limits for their use. Parents will be able to use the system to monitor the apps their children use and limit their time on devices.

The new controls played a central role at Apple's annual Worldwide Developers Conference, a gathering of about 6,000 developers who create the apps for the iPhone, iPad and Mac computers. The event is designed to show off Apple's latest software—including features to further integrate into people's digital lives.

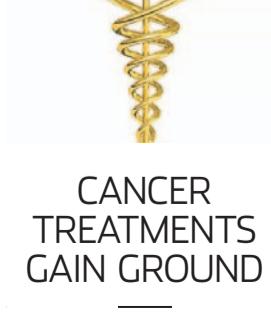
The newest features include a Shortcuts app that will connect the Siri voice command with certain apps—for instance, Siri could state flight and hotel information from the Kayak app with a voice command. Apple also introduced augmented technology, such as a Measure app to capture the dimensions of objects, as well as group video chat on FaceTime.

Amid all these announcements to drive interactivity, Apple's software chief, Craig Federighi, paused to talk about ways to "prevent distractions" and limit device use. Apple has been under pressure this year to address such issues. In January, the company received a letter from activist investor Jana Partners LLC and the California State Teachers' Retirement System, or Calstrs, which control about \$2 billion of Apple shares. The letter urged the tech giant to develop new software tools that would help parents control and limit phone use more easily, and to study

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◆ Fewer shiny features, but more happy people..... B4

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## Starbucks Chairman Steps Down

Continued from the prior page  
forts to redefine the role and responsibility of a public company, he told employees.

"I'll be thinking about a range of options for myself, from philanthropy to public service, but I'm a long way from knowing what the future holds," he said in the letter.

Mr. Schultz, who will take the honorary title of chairman emeritus, will be succeeded by lead independent director Myron Ullman, former chairman and chief executive at **J.C. Penney** Co. Mr. Schultz's last day with the company is June 26, Starbucks said.

When Mr. Schultz announced he would step down as CEO, he said at the time he had no plans to step away from the company. Mr. Schultz said the plan to build high-end coffee shops would provide an experience that would entice consumers, who are increasingly

shopping online, to leave their homes. In April 2017, he officially handed over the reins of the company to Kevin Johnson, a former Microsoft executive who had been on the Starbucks board for many years.

Mr. Schultz, who grew up in a Brooklyn housing project, often referred to his humble roots as the reason he ran a public company with a very personal bent. He often recalled how his family struggled when his father lost his job after breaking his ankle and had no disability assistance. The company, he has often said, was about being performance-driven "through the lens of humanity."

Mr. Schultz earned a football scholarship to Northern Michigan University, becoming the first in his family to go to college. After earning a bachelor's degree in communications, he worked as a Xerox salesman and later a general manager for Swedish drip coffee machine maker Hammarplast, which counted Starbucks as a client.

Mr. Schultz later joined Starbucks as its marketing director just as it was opening its fourth shop.

—Maria Armenta contributed to this article.

Note: Money paid can vary widely  
Source: legal documents and conversations with people who work in different stages of the chain

Continued from the prior page term average for the U.S. market of 6.5% calculated by London Business School academics Elroy Dimson, Paul Marsh and Mike Staunton.

The result is far different from what followed deep recessions and financial crashes in the 1930s and 1970s, when it took a decade or more for stocks just to recover to precrash levels in real terms, let alone make money.

The question for investors is whether the speedy recovery from 2009 is an optimistic sign that things are better in the U.S. than generally believed, a demonstration of the ability of investors to ignore reality for extended periods, or a happy illusion

created by the Federal Reserve. The evidence provides partial support for each view.

Start in June 2008: Lehman Brothers was fighting for credibility, but few expected the outright failure that would come in September. The market was already down more than one-tenth from its peak in October 2007, but would go on to fall a further 48%.

The optimistic view is that capitalism has done its thing.

Shareholders who backed

dodgy bankers and excessive debt lost their shirts, while capital has shifted from old technologies to support new and more efficient ways of doing business.

Some of the biggest losers among June 2008 S&P members are obvious: **Fannie Mae**, **Freddie Mac** and **American International Group**, as well as Lehman,

helped create the crisis and were crushed by it, losing an annualized 20% or more a year over the decade.

The pessimistic view is that far too much hope is be-

ing invested in the new market leaders. It is true that many of the big tech companies—though not Amazon—are highly profitable, but more than one-third of the past decade's market gains were about higher valuations, not higher profits. If the price/earnings multiple merely falls back from the current level of 17 times estimated earnings to the long-run average of 15 times, forecast earnings will have to rise 17% to compensate.

Then, there is the Fed. Its \$4 trillion bond-buying program and the lowest interest rates in history boosted asset prices. Long-dated Treasurys returned an annualized 4% above inflation over the past decade, double the return since 1900, making the extra gains offered by shares look less impressive by comparison. Maybe what should really surprise us was the bond market's returns. With rates rising and the Fed's pile of Treasurys being sold down, those gains might prove illusory.

## Junk Calls Dial Up Extra Cash

Continued from the prior page others are operated by other companies such as **Neustar Inc.**

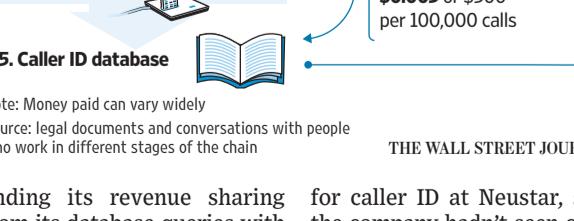
The recipient's carrier pays a small fee for that information request when it delivers a name, typically between \$0.0025 and \$0.005, according to people who operate the databases. Some databases then pass a portion of that micro-payment back to the company that controls the calling phone number, the company completing the call or their client.

A spokesman for AT&T said the firm offers its customers tools to stop robocalls and that "over time we have improved our defense against them, such as altering the requirements for payments to our caller-ID database customers, which has enabled us to better police our database and to remove incentives for prohibited activities."

Neustar is in the process of

### Robocallers Win Even If You Don't Answer

Caller-ID databases can generate revenue for robocallers, even if you don't answer the junk calls. Here is how the system works:



ending its revenue sharing from its database queries with some call-service providers, a spokeswoman said.

James Garvert, vice president of product management

## BUSINESS & FINANCE

# Tyson Expands in Organic Chicken

BY JACOB BUNGE

**Tyson Foods** Inc. is making a push into organic chicken, striking a deal to acquire the Smart Chicken brand, the company said Monday.

Buying the Nebraska-based maker of organic fresh chicken and chicken sausages broadens Tyson's organic offerings, as rival meat companies pursue their own deals and shift more of their poultry toward a market where sales are growing faster than conventional chicken.

Tyson, the largest U.S. meat-packer by sales, has been migrating toward higher-profit, brand-name products, aiming to reduce its reliance on selling commodity meat, a business that tends to be less predictable and prone to market swings.

Since 2013, Arkansas-based Tyson has spent nearly \$12 billion on deals designed to expand its presence and influence in grocery stores and in restaurants, adding household names such as Jimmy Dean sausage and Ball Park hot dogs to its flagship Tyson brand.

Tyson's deal for Smart Chicken parent **Tecumseh Poultry LLC** adds a new organic brand, along with two Nebraska plants and live-chicken operations supplying them. Company officials declined to disclose the terms of the acquisition.



The meatpacking giant is acquiring the Smart Chicken brand.

The move intensifies a race among U.S. poultry producers to build up a presence in the fast-growing organic segment. Sales of frozen or refrigerated organic chicken have climbed by about two-thirds over the past four years, according to research firm SPINS. Organic-chicken sales increased nearly 12% to \$333 million over the 52 weeks ended April 28, while conventional chicken sales grew 3% to \$7.7 billion over that period, according to data compiled by Nielsen Perishables.

Organic meat tends to be

more expensive than conventionally produced kinds. To qualify for the U.S. Department of Agriculture's organic seal, chickens must be fed organic grain, which is raised without synthetic pesticides and fertilizers. Antibiotics, which are widely used in conventional meat production to treat sick birds and prevent disease outbreaks, are prohibited. Organic chicken farms are required to let the birds go outdoors.

A pack of regular boneless, skinless chicken breasts is priced around \$2.49 a pound in U.S. grocery stores this week, according to the USDA, while the organic product sells for about \$6.91 a pound.

"What we saw here was an opportunity to bring in another

brand into our house of brands, and put us in a position to capture a marketplace that is growing," said Doug Ramsey, Tyson's president of poultry.

Colorado-based Pilgrim's Pride Corp., the second-largest U.S. chicken processor after Tyson, in 2016 converted one of its plants to produce organic chicken. Last year, Pilgrim's spent \$350 million to buy GNP Co., a Minnesota company marketing organic chicken under the Just Bare brand, which Pilgrim's has been working to expand into more retail locations.

Perdue Farms Inc., another major U.S. chicken firm, based in Maryland, entered the organic market with a deal in 2011 for Coleman Natural. Organic chicken remains a fraction of Pilgrim's and Perdue's overall poultry production.

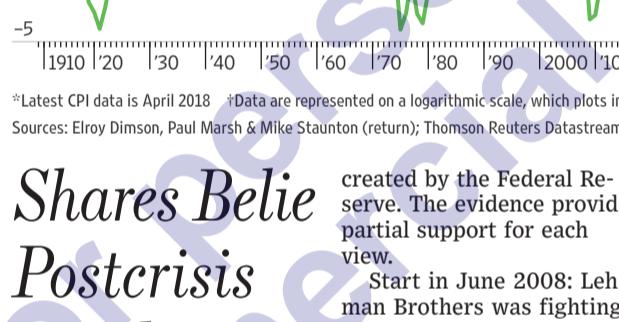
Tyson plans to run Tecumseh Poultry as a wholly owned, independent subsidiary, though the company will have access to Tyson's supply chain to help it grow, Mr. Ramsey said.

The Wall Street Journal reported in April that Tecumseh Poultry was exploring a sale. The company was projected to earn \$40 million before interest, taxes, depreciation and amortization this year on \$170 million in revenue, people familiar with the matter said at the time.

Jaewon Kang and Lillian Rizzo contributed to this article.

## Stocks in the Long Run

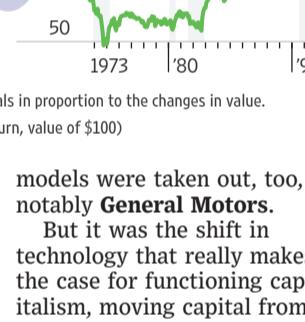
The annualized total return on U.S. stocks has been better than the long-run average over the past decade, even with the Lehman crisis.\*



\*Latest CPI data is April 2018. †Data are represented on a logarithmic scale, which plots intervals in proportion to the changes in value.

Sources: Elroy Dimson, Paul Marsh & Mike Staunton (return); Thomson Reuters Datastream (return, value of \$100)

Inflation-adjusted value of \$100 in U.S. stocks, with dividends reinvested.†



RECESSION

models were taken out, too, notably **General Motors**.

But it was the shift in technology that really makes the case for functioning capitalism, moving capital from old to new tech over the past decade.

**C**oal producer **Peabody Energy** was valued at \$23 billion a decade ago, almost as much as **Amazon.com**, while retailer **Sears Holding** was valued at the same \$10 billion as graphics-card specialist **Nvidia**. Peabody failed two years ago and Sears is struggling to survive, having lost shareholders an annualized 28% a year. Amazon and Nvidia, meanwhile, have had money thrown at them by investors and been the two best performers among stocks that were in the S&P in 2008, returning an annualized 35% and 27%, respectively. Optimists think the market is, this time, getting it right.

The pessimistic view is that far too much hope is be-

ing invested in the new market leaders. It is true that many of the big tech companies—though not Amazon—are highly profitable, but more than one-third of the past decade's market gains were about higher valuations, not higher profits. If the price/earnings multiple merely falls back from the current level of 17 times estimated earnings to the long-run average of 15 times, forecast earnings will have to rise 17% to compensate.

Then, there is the Fed. Its \$4 trillion bond-buying program and the lowest interest rates in history boosted asset prices. Long-dated Treasurys returned an annualized 4% above inflation over the past decade, double the return since 1900, making the extra gains offered by shares look less impressive by comparison. Maybe what should really surprise us was the bond market's returns. With rates rising and the Fed's pile of Treasurys being sold down, those gains might prove illusory.

Regulators monitor such revenue-sharing deals. In a 2

## BUSINESS NEWS

# New Drugs Aid Push For Lung Treatments

By PETER LOFTUS

CHICAGO—Cancer researchers presented more evidence of advances against one of the deadliest and most common forms of the disease—lung cancer—at a medical meeting here.

Studies released at the annual meeting of the American Society of Clinical Oncology in recent days showed that a range of newer approaches, from immune-boosting drugs to treatments targeting genetic traits of tumors, can help patients. Some of the drugs are supplanting or augmenting chemotherapy, which has been commonly used to treat lung cancer for years but with limited effectiveness. The drugs aren't cures and they don't help all patients, and for many the prognosis remains grim. But doctors said there are more treatment options with better outlooks for patients than a decade ago.

"The era in which chemotherapy was the only option for non-small-cell lung cancer patients is drawing to a close," said John Heymach, lung-cancer specialist at the University of Texas MD Anderson Cancer Center in Houston, referring to the most common type of lung cancer.

A new late-stage Merck & Co. study showed that a combination of Merck's immune-boosting drug Keytruda with chemotherapy prolonged median overall survival, versus chemotherapy alone, in patients with a type of lung cancer. Another late-stage study showed adding Roche Holding AG's immune-boosting drug Tecentriq to chemotherapy reduced the risk of cancer progression or death, versus chemotherapy alone.

The large patient population has made the development of new treatments a big business opportunity.

Shares of startup Loxo Oncology Inc. slid 1.5% Monday as investors digested the results of an early-stage study of an experimental drug that targets a genetic mutation found in a variety of tumor types including lung cancer. Merck shares rose 2.4% on its Keytruda results.

# Toshiba Laptop Unit Sold To Sharp

By TAKASHI MOCHIZUKI

TOKYO—Toshiba Corp., which was the first in the world to commercialize laptop computers in 1985, is selling the business to Sharp Corp., a symbolic step marking Toshiba's withdrawal from most consumer businesses.

Sharp is paying just ¥4 billion (\$36 million) for an 80.1% stake in a business that once was at the forefront of the global move toward mobile computing.

Osaka-based Sharp, controlled by Taiwan-based iPhone assembler Foxconn Technology Group, has been expanding its consumer-goods lineup because Foxconn wants to establish itself in branded electronic products.

The deal highlights a contrast between the two electronics makers, both of which faced multibillion-dollar losses and management turmoil several years ago. Sharp has managed to turn itself around quickly under foreign management, while Toshiba, which received more support from the Japanese government during its restructuring, is still trying to streamline its unprofitable portfolio.

Toshiba's laptop PCs, sold under the Dynabook name, helped make the conglomerate famous among consumers outside Japan, but the business has lost money for the past five years and was at the center of a profit-padding scandal that the company disclosed in 2015.

Toshiba executives have said they will focus on goods and services for enterprises such as management of power lines and water-treatment systems.

# Cancer-Fighting 'Blueprint' Seen

Experimental method in immunotherapy shows full regression in metastatic patient

By THOMAS M. BURTON

WASHINGTON—A novel immunotherapy method led to complete regression of breast cancer in a metastatic patient unresponsive to all other treatments, National Cancer Institute researchers said, suggesting a way to reverse some other internal-organ cancers.

The findings, from the NCI laboratory led by Steven A. Rosenberg, were published Monday in the medical journal "Nature Medicine."

The scientific report largely focused on the course of treat-

ment for one patient, Judy Perkins of Port St. Lucie, Fla. The Wall Street Journal wrote about Ms. Perkins's dramatic recovery when Dr. Rosenberg discussed it in October at a meeting in Boston of the American Association of Cancer Research. Immunotherapy harnesses patients' own immune systems to attack mutations in cancer.

The research remains experimental, Dr. Rosenberg said in an interview. "But because this new approach to immunotherapy is dependent on mutations, not on cancer type, it is in a sense a blueprint we can use for the treatment of many types of cancer," he said. "This could be the future of immunotherapy."

Dr. Rosenberg said he is hopeful that this approach

holds the best opportunities for finding effective immunotherapies for patients with the solid tumors that last year caused over 500,000 deaths in this country."

"This research has promise for many malignancies," said Cleveland Clinic medical oncologist Megan Kruse. "We rarely see such deep and durable responses with conventional therapies and we have not seen such dramatic responses with other immunotherapies in breast cancer to date."

But she cautioned that the time and labor to do such individualized treatments will create "a potential limitation of the approach."

In addition to breast cancer, Dr. Rosenberg has seen regressions in patients with several

other types of cancers including colon and cervical cancer.

Ms. Perkins arrived at the cancer institute, part of the National Institutes of Health in Bethesda, Md., after chemotherapy and hormonal treatments had failed to stop her cancer from progressing.

Institute scientists studied her tumors and identified 62 different mutations in the tumor cells. They then tested her immune cells to evaluate which ones recognized her mutations, then multiplied the immune cells billions of times over and infused them back into her. Her cancer now hasn't returned, 22 months after treatment.

She also received the cancer drug Keytruda, or pembrolizumab, which researchers said was administered to pre-

vent possible inactivation of the infused immune cells.

Ms. Perkins, who recently navigated around much of Florida in a 1,200-mile sea-kayak race, now is planning sea-kayaking in Nova Scotia.

Underscoring that the treatment is still experimental is the fact that by no means is immunotherapy a universal cure for internal-organ cancers. In fact, Ms. Perkins's friend Cindy Krieg of Boca Raton, Fla., came to the National Cancer Institute and also had her own intensified immune cells infused. She died Oct. 3.

But the NIH regards the overall approach as highly promising and established a \$215 million agreement last fall with 11 leading pharmaceutical companies to advance the use of immunotherapy.

# Website 'The Athletic' Makes Aggressive Play

By BENJAMIN MULLIN

Stephen Curry, the star point guard for the Golden State Warriors, looked puzzled at a news conference last fall when a journalist introduced himself and identified his employer: the Athletic.

"The who?" Mr. Curry said, teasing the reporter. The journalist, San Francisco Bay Area editor in chief Tim Kawakami, repeated himself and offered Mr. Curry a free subscription.

Since then, the website has raised its profile substantially. It is using \$30 million in venture financing to grow quickly nationwide and lure journalists with premium salaries.

The Athletic's investors are wagering that people will pay for analytical sports writing. The site charges \$5 a month, or \$60 for an annual subscription, and says it has over 100,000 subscribers.

The site is entering a crowded niche. Consumers have plenty of options for getting sports news free of charge from sites such as Yahoo Sports. Along with television networks, these outlets compete for a slice of the \$16 billion in advertising dollars spent on sports media a year, according to Kantar Media.

The Athletic, based in San Francisco, is among media companies turning to paywalls



The Athletic is using \$30 million in venture financing to lure journalists to cover players such as Stephen Curry of the NBA's Warriors.

as a remedy for online-ad woes. The company, which doesn't disclose detailed financials, told The Wall Street Journal that some of its earliest markets are profitable.

But skeptics question if the company can bring in enough long-term subscriptions to

fund its aggressive expansion. "My only concern is the business model," said B.J. Scheeter, the editor and publisher of Baseball America.

The Athletic, which now has 150 employees, has recruited top talent. An editor at a competing company said the Ath-

letic offered his employees between 15% and 36% markups on their six-figure salaries.

In a departure from most media outlets, the Athletic is asking staffers to use their social-media accounts to promote discounted subscription offers and then giving them a

small cut of subscription revenue, people familiar with the policies say. Journalists also get a small stake in the firm.

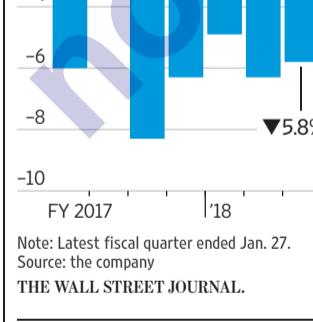
A company representative said the Athletic is providing journalists with competitive pay packages that correlate with their level of experience.

# Barnes & Noble's Troubles Dog Book Publishers

By JEFFREY A. TRACHTENBERG

## Latest Chapter

Barnes and Noble's comparable-store sales, change from previous year



Note: Latest fiscal quarter ended Jan. 27.

Source: the company

THE WALL STREET JOURNAL

Book publishers have some reasons for optimism these days, with an uptick in print unit sales and promising new titles, such as a coming memoir from former first lady Michelle Obama and a thriller from former President Bill Clinton and James Patterson.

But permeating the industry is a sense of foreboding about struggling bookseller Barnes & Noble Inc., a sentiment that was palpable in recent days at the annual book show in New York.

The retailer's sharp decline raises fundamental questions for the book business, publishing executives say, including whether it will become in-

creasingly difficult to introduce new writers and make their books visible to consumers. The company's 630 stores nationwide make it the dominant brick-and-mortar bookseller, and publishers depend on its stores to market books that otherwise might not gain traction through Amazon.com Inc. and other online services, some executives said.

"The lifeblood of our business is all about finding the next great writer," said Brian Murray, chief executive of HarperCollins Publishers, which like The Wall Street Journal is owned by News Corp. "We need retail partners and promotional vehicles that help us introduce readers to writers."

BookExpo 2018 and fan-focused sister event BookCon wrapped up Sunday.

An Amazon representative said the website provides many ways for users to find new books and authors, adding that its Kindle Unlimited and Prime Reading programs act as the "online equivalent of physical display tables."

Barnes & Noble's business picture is bleak. Same-store-sales fell 5.8% in its most recently reported quarter, ended Jan. 27, reflecting a drop in traffic at its stores. Total revenue for fiscal 2017 fell 6.5%, the fourth consecutive fiscal year in which sales declined. The chain plans to report full-year earnings on June 21.

Online retailing, Mr. Murray

said, is fine for readers who know what they are looking for, but browsing for books on a phone screen or tablet isn't a great experience. "You go to a store to browse, to discover,

to talk to an expert."

Leonard Riggio, Barnes & Noble's chairman, made a similar point, saying "bookstores are the place where demand is created because we are the showrooms for the publishing industry. More bookstores equal more demand."

Mr. Riggio's call for more bookstores came as some attendees were yearning for new strategic insights to reinvigorate the book industry at the same time digital and social platforms are siphoning consumers' dollars and attention.

# Saks Flash-Sale Site Is Sold to Rue La La

By SUZANNE KAPNER

Saks Fifth Avenue's troubled experiment with online flash sales is ending almost as abruptly as it began.

The department store chain's parent, Hudson's Bay Co., is selling Gilt Groupe to Rue La La, according to the companies.

The price is well below \$100 million, said people familiar with the deal.

Hudson's Bay paid roughly \$250 million for the e-commerce site just over two years ago, a fall for the "unicorn" once valued at more than \$1 billion.

The move signals Hudson's Bay's willingness under new Chief Executive Helena Foulkes to exit from money-losing businesses.

Hudson's Bay wrote down the value of the Gilt trade name by \$63 million for the quarter ended in February and said digital sales would have grown by 9% in the period—not the re-

ported 2.8%—if Gilt had been excluded.

Gilt, which launched in 2007, and its peers were popular during the recession. But flash-sale sites have struggled with increasing competition as well as changes to the way luxury goods are sold.

Rue La La is owned by Kynetic, a holding company founded by Michael Rubin.

The combination will create a business with roughly \$1 billion in annual sales and 20 million customers that can benefit from economies of scale, according to Mr. Rubin. Gilt targets more upscale, urban shoppers, while Rue La La has a more mass appeal.

Industry executives said Gilt wasn't a good fit with Saks, because the flash-sale model is different from a traditional department store. Some of the luxury brands that sell to Saks balked at having their merchandise show up on Gilt, these people said.

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## TECHNOLOGY

WSJ.com/Tech

PERSONAL TECHNOLOGY | By David Pierce



Apple introduced at least seven things at its annual Worldwide Developers Conference that could actually make your life better.

After a year filled with bug fixes and heavy user criticism about everything from fragile MacBook keyboards to Siri's incompetence, Apple's focus was on improving existing things rather than introducing new ones. It didn't do enough, at least not during the keynote, to address the bugs and shortcomings of its core products. But it did show us it had some real user needs in mind with these improvements.

**Safari's blocked trackers and enhanced privacy:**

Facebook and others have recently come under fire for tracking you online, often without you knowing. In the new MacOS Mojave, Apple's Safari browser will block some shady tactics used to collect personal data. It will also create strong passwords for you and help mask your identity from sites you visit. Apps you install will also have to specifically request permission to access your camera, microphone and personal data.

**CarPlay with Google and Waze:**

When you connect your phone to Apple's in-car infotainment system, you'll now be able to use navigation apps other than Apple Maps. That's a potential life-changer, since most iPhone



MARIO JOSE SANCHEZ/ASSOCIATED PRESS

**What Apple's software showcase lacked in exciting news, it made up for in solutions for users such as group video chats on FaceTime.**

owners we know prefer Waze and Google Maps on the road.

**Group chat in FaceTime:**

FaceTime is nice when the children want to see their grandparents or you want to have a quick face-to-face with a colleague, but group video or voice calls always required a separate app. No longer: iOS 12 supports FaceTime calls with up to 32 participants.

**Stacks for messy Mac desktops:** If you're the type to cover your Mac's desktop in files, only to lose them in the sea of icons, you might like MacOS Mojave. A feature called Stacks automatically clumps together related files—all your images in one pile, all your PDFs in another. You'll finally be able to see your wallpaper again.

**Improved Do Not Dis-**

turb:

A big keynote theme this year was helping people use their iPhones in a saner way. With iOS 12, Do Not Disturb gets better. You will be able to turn off notifications at a given location, like a movie theater. The notifications will automatically resume when you leave the premises. It also hides lock-screen notifications at night, so you don't get sucked in if

you're just checking the time.

**Custom Siri Shortcuts:**

Siri's basic functionality still seriously lags behind Amazon's Alexa and Google's Assistant. Apple's Shortcuts should help it work a little better for you, by letting you create multistep routines. When you say "I'm leaving," for instance, your lights can turn off and the thermostat can turn down.

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**The Marketplace**To advertise: 800-366-3975 or [WSJ.com/classifieds](http://WSJ.com/classifieds)**CLASS ACTION****NOTICE OF CLASS ACTION SETTLEMENT****SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES***McWilliams v. City of Long Beach*, Los Angeles Superior Court Case No. BC361469**YOU MAY BE ENTITLED TO A REFUND OF TELEPHONE TAX**

If you paid for telephone service between August 11, 2005 and December 19, 2008, and you had a billing or service address within the City of Long Beach, CA you may be eligible to receive a refund of telephone tax.

**WHO IS ENTITLED TO PAYMENT?**

You must submit a valid claim by September 15, 2018 to receive payment. If you paid for landline telephone service with a service address in the City of Long Beach, CA, or if you paid for a mobile/cellular telephone account\* with a billing address in the City of Long Beach, CA (\*does not include pre-paid mobile service), at any time from August 11, 2005 through December 19, 2008, you are entitled to claim a cash refund for the utility users' tax ("UUT") collected on your phone bills.

To submit a Claim Form, visit the settlement website at [www.LBTaxRefund.com](http://www.LBTaxRefund.com) or contact the Claims Administrator at (833) 380-5573 to request one be mailed to you.

**YOUR OPTIONS**

You may take any of the following actions:

If you:	Then:
Complete and Submit a valid Claim Form by the DEADLINE: September 15, 2018	You will receive a cash payment. You can claim a standard refund amount without submitting documentation. The standard amounts are: \$27.50 for residential landline, \$46 for mobile, and \$46 for business landline. You can also claim a higher amount, up to 100% of the UUT paid, by submitting documentation. See <a href="http://www.LBTaxRefund.com">www.LBTaxRefund.com</a> for more information.
Do Nothing	You do not receive any money from the lawsuit, any claim you have for a refund will be released, and you will no longer have such a claim.
Exclude Yourself by the DEADLINE: October 15, 2018	Get out of the lawsuit. Get no payment. Keep your right to sue separately with your own lawyer.
Object DEADLINE: September 28, 2018	Write to the Court about why you do not like the settlement.
Go To A Court Hearing	Ask to speak to the Court about the fairness of the settlement. You do not have to attend the hearing to receive payment. The Final Approval Hearing is on October 29, 2018 at 9:00 a.m. in Department 17, Los Angeles Superior Court, 312 North Spring Street, Los Angeles, California 90012

**WHAT IS THIS LAWSUIT ABOUT?**

This class action lawsuit was filed by a Long Beach resident seeking refunds of telephone taxes paid to the City of Long Beach, CA for telephone services utilized between August 11, 2005 and December 19, 2008. The City denied any wrongdoing and still denies any liability in this case. However, the parties have agreed to a settlement that provides for telephone tax refunds to eligible claimants.

**EXCLUDING YOURSELF**

If you don't want a payment from the settlement, and you want to keep the right to sue the City of Long Beach on your own over the UUT, then you must exclude yourself from the settlement. To do that, you must submit online at [www.LBTaxRefund.com](http://www.LBTaxRefund.com) or send in the mail a letter by October 15, 2018 saying that you want to be excluded from the settlement to: *McWilliams v. City of Long Beach*, c/o JND Legal Administration, P.O. Box 91304, Seattle, WA 98111. If you ask to be excluded, you cannot object to the settlement and cannot receive payment. You will not be bound by anything that happens in this lawsuit.

**OBJECTING TO THE SETTLEMENT**

You can tell the Court that you don't agree with the settlement or some part of it. You may only object if you are a Class Member and you do not exclude yourself from the settlement. You can object yourself or hire a lawyer at your own expense. The Court will consider your objection. Your objection must be in writing, and should include your name, address, telephone number, signature, and the reasons you object. You must also provide evidence of membership in the Class, such as a copy of a phone bill from the Class Period. If your objection is mailed in time, you do not have to attend the fairness hearing described above. You must mail your written objection so that it is received on or before September 28, 2018 to: *McWilliams v. City of Long Beach*, c/o JND Legal Administration, P.O. Box 91304, Seattle, WA 98111.

**WHAT YOU ARE GIVING UP TO RECEIVE PAYMENT**

In exchange for payment of the refund, you are agreeing not to sue the City for any claims that relate to this lawsuit or could have been brought in this lawsuit. Signing the Claim Form will prevent you from being able to sue the City of Long Beach for any disputes you may have over the UUT collected from August 11, 2005 to December 19, 2008.

**THE LAWYERS REPRESENTING YOU**

As a Class Member, you are represented by four law firms:

Daniel W. Krasner Rachele R. Rickert Marisa C. Livesay Wolf Haldenstein Adler Freeman & Herz LLP 750 B Street, Suite 2770 San Diego, CA 92101	Nicholas E. Chmicles Timothy N. Mathews Chmicles & Tikellis LLP One Haverford Centre 361 W. Lancaster Ave. Haverford, PA 19041	Jonathan W. Cuneo William Anderson Cuneo Gilbert & LaDuc, LLP 4725 Wisconsin Ave. NW, Suite 200 Washington, DC 20016	Jon Tostrud Tostrud Law Group, PC 1925 Century Park East, Suite 2125 Los Angeles, CA 90067
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This Publication Notice summarizes the proposed settlement. More details are in the Settlement Agreement. All court records in this litigation, including complete copies of the Settlement Agreement, may be examined during regular court hours at the office of the Clerk of the Court, 600 South Commonwealth Avenue, Los Angeles, CA 90005.

If you have questions about the settlement or this Notice, please contact the Claims Administrator at (833) 380-5573 or visit [www.LBTaxRefund.com](http://www.LBTaxRefund.com) or [www.whafh.com](http://www.whafh.com) or [www.chmicles.com](http://www.chmicles.com).

*Do not contact the Court directly with any questions about the settlement.*

*Para recibir una notificación en español, llame al 833-380-5573 o visite nuestro sitio web, [www.lbtaxrefund.com](http://www.lbtaxrefund.com).*

It likely takes a lot of back-end plumbing, though, so hopefully outside developers will get on board.

**Better performance on older devices:** Apple was caught throttling the performance of older phones with degraded batteries, so now it's addressing concerns about obsolescence. iOS 12 supports phones going back to the iPhone 5s, and Apple says everyday tasks on the system will be faster—even for the old-timers.

Apple does its best work when it helps people invisibly, rather than offering a menu of options and making users pick. Some of these features will be inherently helpful, while others may suffer from neglect, buried deep in menus. Will users find the new Do Not Disturb controls? Will they go through the steps needed to create Siri Shortcuts?

Still, if there's a bright side to the lack of earth-shattering news at this WWDC keynote, it might just be that Apple has decided to slow down—to think about what its users want and need, to understand better how they work and why they're frustrated.

Rather than use this opportunity to start building envy for the fancy new object that will show up on those blond wood Apple Store tables this fall, the company might actually have gotten you to like the devices you already have just a little more. And that's something.



Elijah Nouvelage/REUTERS

**Apple Tries To Curb Phone Use**

*Continued from page B1*  
the impact of overuse on mental health.

On Monday, Jana and Calstrs sent a new letter to Apple to commend the moves, while also prodding it to work with experts in studying the impacts of phone usage.

"This must be an ongoing effort," they wrote, according to a copy reviewed by The Wall Street Journal, adding the "ethical leadership" will create long-term stock value.

Kevin Holesh, a founder of the app Moment, which helps people track their device usage, said Apple's moves were "a good first step" and overdue. But he questioned whether usage limits are effective. Among the 5.5 million users who have downloaded Moments and used the app's own limits function, their time was reduced by only two minutes on average a day on the iPhone and iPad, he said.

"Limits are easy to turn off, and it doesn't solve the underlying reason of why you're picking up the phone or an app to begin with such as boredom or loneliness," Mr. Holesh said.

The amount of time people spend on mobile devices has increased by more than an hour over the past five years to 3.3 hours a day, according to research by Kleiner Perkins Caufield & Byers. A survey sponsored by Common Sense Media, a nonprofit that promotes responsible media and technology use for children, found about half of 620 families in 2016 said they felt addicted to their smartphones, and several studies have found smartphones can increase anxiety.

The findings have fostered concern that smartphones

**3.3**

Estimated hours in a day that people spend on mobile devices

are ready for bed. The company already offers a system called Family Link that allows parents to remotely track their children's screen time.

Though Apple has offered parental controls for years, analysts say the system only allows parents to set limits on their children's device use—not monitor it on a continuing basis. The new "Screen Time" feature changes that.

"If Apple leads the way and we do a good job of educating parents and the public about using the tools, this could be a major step forward in addressing the challenges of attention, addiction and distraction," said Jim Steyer, founder of Common Sense Media.

—David Benoit contributed to this article.

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## BUSINESS NEWS

# Beijing Probes Trio of Chip Firms

By YOKO KUBOTA

**BEIJING**—Chinese regulators are investigating memory-chip makers **Micron Technology Inc.**, **Samsung Electronics Co.** and **SK Hynix Inc.**, all three of which said their China offices have received visits recently.

The regulator, the State Administration for Market Regulation, didn't respond to a request for comment.

The three companies are the dominant global suppliers of so-called DRAM chips, which are used in smartphones, computers and other devices. The companies said they are cooperating with the investigation, but didn't say what it is about.

Bernstein analyst Mark Newman said that it may concern the rising cost of DRAM chips that Chinese smartphone makers are facing as demand continues to outpace supply.

China might also be using the current high prices for DRAM to launch a pricing investigation that could pressure chip makers to share technology with China.

"I wouldn't be surprised if China is trying to negotiate some tech transfer and trying to put pressure on the incumbent memory makers to share some technology with the domestic Chinese memory makers," Mr. Newman said.

Micron is based in Boise, Idaho. Both Samsung and SK Hynix are based in South Korea.

China has been trying to reduce its dependency on foreign chips. Nearly 90% of the \$190 billion worth of chips used in the country are imported or produced in China by foreign-owned companies, according to International Business Strategies Inc., a research firm.

—Xiao Xiao  
contributed to this article.

# Nickelodeon's President to Leave

By JOE FLINT

Nickelodeon Group President Cyma Zarghami is exiting the children's television network, the latest executive shake-up at parent **Viacom Inc.**

Sarah Levy, chief operating officer of Viacom Media Networks, will serve as interim head of Nickelodeon until a successor is named. Ms. Zarghami has been president of Nickelodeon Group since 2006 and has been with the unit since 1985.

The departure of Ms.

Zarghami comes just four months after Viacom Chief Executive Bob Bakish expanded Ms. Levy's role at Nickelodeon, giving her oversight of operations and strategy at the unit. The move was seen by longtime Nickelodeon insiders as a precursor to Ms. Zarghami's departure. Ms. Levy had at one point been a protégé of Ms. Zarghami.

Viacom had considered Ms. Levy as a successor to Ms. Zarghami earlier this year, but instead opted to keep her in a broader operating role oversee-

ing all the cable networks, said people familiar with the matter.

Nickelodeon is the most successful of Viacom's cable channels. It has spawned numerous hit shows including the long-running "SpongeBob SquarePants" and newer programs such as "Henry Danger," its top-rated show.

In 2017 Nickelodeon generated \$2.1 billion in revenue from advertising and distribution fees, and cash flow of more than \$1 billion, according to industry-consulting firm

SNL Kagan. Viacom doesn't report the performance of individual media networks.

Nickelodeon has its share of challenges. Its ratings among children ages to 2 to 11 are down about 25% compared with a year ago, according to Nielsen. Changing media-consumption habits and the growth of streaming-video services has taken a chunk of viewers away from Nickelodeon and its chief rival, **Walt Disney Co.'s Disney Channel.**

Earlier this year, Nickel-

odeon also ended its long relationship with producer Dan Schneider, who had created many hits for the channel over three decades including "Henry Danger" and shows such as "iCarly" and "Kenan & Kel."

Ms. Zarghami is the second longtime Viacom executive to exit from the company in recent days. Last week, Debra Lee stepped down as chairman and chief executive of BET, a cable network aimed primarily at African-Americans. Ms. Lee had been with BET since 1986.

# Iron-Ore Miners Bend to Chinese Preferences

By RHIANNON HOYLE

**SYDNEY**—The recovery by iron-ore miners is under a threat from China. Customers in that country, which buys two-thirds of global iron-ore exports, are growing increasingly picky about the quality of ore they want.

The price gap between high iron-content ore and lower iron-content ore has doubled in the past two years—prompting a rethinking of strategy among mining companies used to finding ready buyers in Asia for all types of their ore.

The yawning price differential results from a shift in China's now-more-profitable steel sector toward bigger, greener mills, which run better on higher-grade ore.

China has been forcing the closure of older steel plants that typically use cheaper ore with less than 60% iron content—and contribute to making Chinese cities among the smoggiest in the world. Low-grade ore leads to more smog than grades of 60% or more because it has to be combined with a lot more coal to produce a ton of steel.

"China will never be seen as a superpower if they continue to pollute as if there is no tomorrow," said Lourenco Goncalves, chief executive of **Cleveland-Cliffs Inc.**, a Cleveland-



China has closed old steel plants to reduce smog, and operators of new plants prefer high-grade ore.

based mining company that has operated in Australia.

The global mining industry has been rebounding over the past two years from a deep downturn that led to widespread cost-cutting and asset sell-offs. But companies that specialize in exporting low-grade ore have fallen out of favor with investors as unwanted

material piles up at China's coastal ports.

Shares in **Fortescue Metals Group Ltd.**, a producer of lower-grade ore, are little changed over the past year, whereas shares in **BHP Billiton Ltd.** and **Rio Tinto PLC** stock have surged.

Fortescue has a plan to change that. The world's No. 4

shipper of iron ore last week said it will spend more than \$1 billion to construct the new Eliwana mine in western Australia's remote Pilbara region as part of a drive to export mostly high-grade ore.

Ore from the new pit will be blended with lower-grade material dug up from Fortescue's existing mines in the region.

Those mines previously were the bedrock of Fortescue's strategy of increasing exports to Asia to challenge BHP and Rio Tinto. Together, the three companies' Pilbara mines contribute more than half the global trade in iron ore by sea.

"It is about investing in the long-term sustainability of our business," Fortescue Chief Executive Elizabeth Gaines said in an interview.

Cleveland-Cliffs also is seeking to protect profits, closing its low-grade iron-ore business in Australia to focus on producing high-in-iron pellets from mines in Michigan and Minnesota.

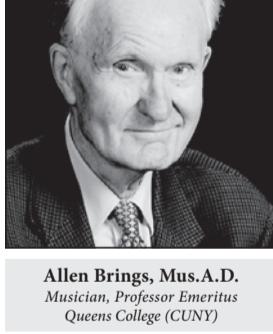
**Vale SA**, based in Rio de Janeiro, has decided to cut back low-grade output and restart idled plants throughout southeast Brazil that help it produce better-quality product. It also has signed deals with major Chinese ports to blend ore after it arrives in the country to match demand for different quality material at any given time.

Melbourne-based BHP, the world's biggest miner by market value and third-largest iron-ore exporter by volume, is considering developing a new mine at a high-grade deposit in the Pilbara to blend with lower-grade ore and lift its average grade to 62% from 61%. A decision on that South Flank project is expected midyear.

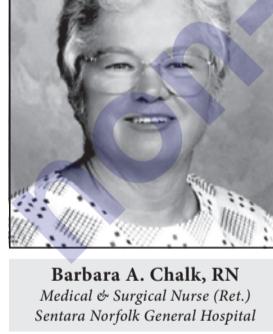
## ALBERT NELSON MARQUIS LIFETIME ACHIEVEMENT AWARD 2017-2018 RECIPIENTS



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



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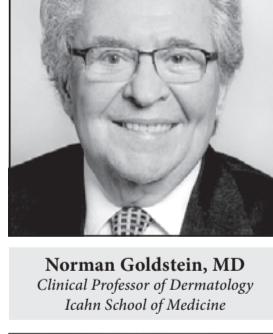
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Bruce R. Ellig  
Chief HR Off. (Ret.), Pfizer Inc.  
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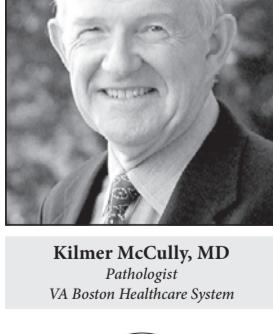
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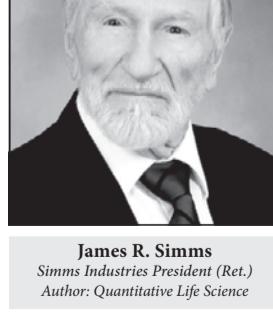
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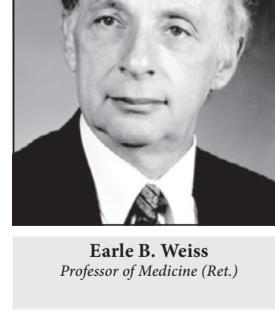
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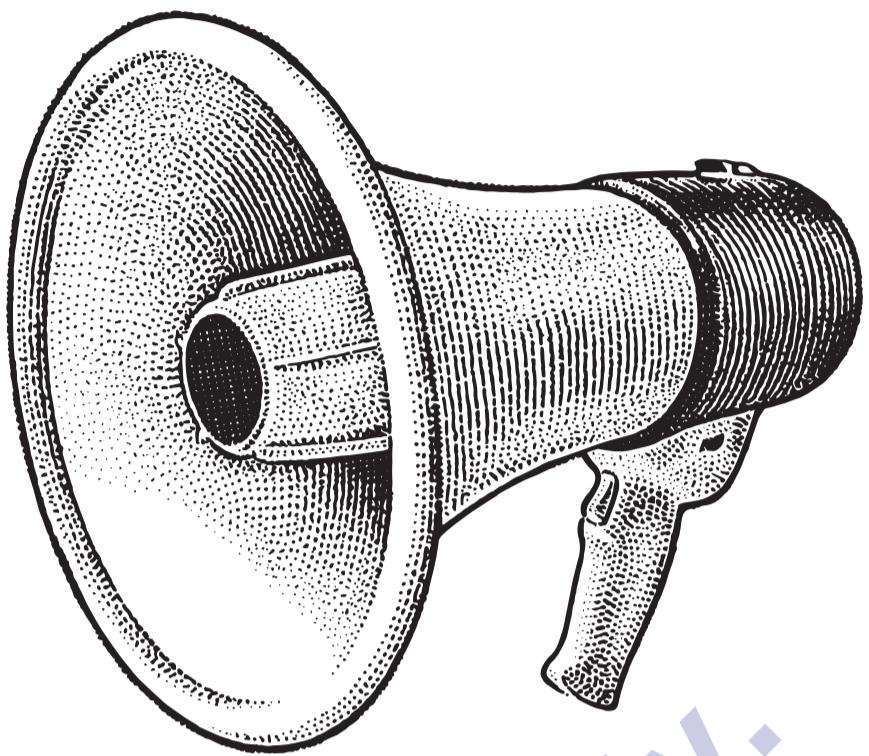
Men's Grand Tour Chinos.

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THE WALL STREET JOURNAL.

# CMO Network

# The World's Most Influential Marketers



## Upcoming Member Events

### Annual Meeting

June 19–21, 2018 | Cannes, France

WSJ editors, business leaders and brand visionaries convene to identify and debate the business issues that matter most to marketers.

### Editor's Dinner Series

August 18, 2018 | New York

September 2018 | London

September 26, 2018 | New York

October 2, 2018 | New York

November 15, 2018 | Laguna Beach

December 11, 2018 | New York

February 27, 2019 | New York

March 2019 | Austin

March 20, 2019 | London

March 27, 2019 | New York

May 1, 2019 | San Francisco

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

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November 12–14, 2018 | Laguna Beach

Spring 2019 | Hong Kong

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

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Membership is by invitation.  
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THE WALL STREET JOURNAL.  
*Read ambitiously*

## MARKETS DIGEST

## EQUITIES

## Dow Jones Industrial Average

**24813.69** ▲178.48, or 0.72%  
High, low, open and close for each trading day of the past three months.

Current divisor 0.14523396877348



Bars measure the point change from session's open

Feb. Mar. Apr. May

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

## S&amp;P 500 Index

**2746.87** ▲12.25, or 0.45%  
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

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

## Nasdaq Composite Index

**7606.46** ▲52.13, or 0.69%  
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

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

## Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
<b>Dow Jones</b>										
Industrial Average	24859.37	24722.14	<b>24813.69</b>	178.48	▲0.72	26616.71	21136.23	17.1	0.4	11.5
Transportation Avg	10973.89	10785.75	<b>10814.04</b>	-79.93	▲-0.73	11373.38	9021.12	16.2	1.9	8.6
Utility Average	688.76	678.73	<b>679.45</b>	-5.29	▲-0.77	774.47	647.90	-6.8	-6.1	6.0
Total Stock Market	28607.35	28507.45	<b>28592.88</b>	132.78	▲0.47	29630.47	24958.26	13.4	3.3	9.2
Barron's 400	747.23	743.31	<b>747.07</b>	3.76	▲0.51	757.37	629.56	15.8	5.1	9.3

## Nasdaq Stock Market

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
Nasdaq Composite	7607.17	7561.20	<b>7606.46</b>	52.13	▲0.69	7606.46	6089.46	20.8	10.2	14.6
Nasdaq 100	7146.76	7099.09	<b>7143.57</b>	59.64	▲0.84	7143.57	5596.96	21.5	11.7	16.8

## S&amp;P

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
500 Index	2749.16	2740.54	<b>2746.87</b>	12.25	▲0.45	2872.87	2409.75	12.8	2.7	9.4
MidCap 400	1968.36	1956.84	<b>1968.20</b>	9.87	▲0.50	1995.23	1691.67	12.9	3.6	9.0
SmallCap 600	1025.47	1016.12	<b>1025.08</b>	9.51	▲0.94	1025.08	817.25	21.2	9.5	12.6

## Other Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
Russell 2000	1655.71	1641.22	<b>1653.37</b>	5.39	▲0.33	1653.37	1356.90	18.4	7.7	9.7
NYSE Composite	12705.05	12620.83	<b>12673.91</b>	53.08	▲0.42	13637.02	11667.73	8.4	-1.1	4.8
Value Line	571.16	567.98	<b>571.09</b>	3.11	▲0.55	589.69	503.24	9.3	1.6	3.9
NYSE Arca Biotech	4842.90	4703.11	<b>4775.70</b>	-46.09	▲-0.96	4939.86	3641.87	31.1	13.1	5.2
NYSE Arca Pharma	530.41	526.90	<b>529.91</b>	1.21	▲0.23	593.12	514.66	0.4	-2.8	-3.3
KWB Bank	108.08	107.53	<b>107.94</b>	0.45	▲0.42	116.52	89.11	20.6	1.2	12.3
PHLX® Gold/Silver	83.58	82.15	<b>82.18</b>	-0.86	▲-1.04	93.26	76.42	-1.1	-3.6	6.2
PHLX® Oil Service	156.32	153.06	<b>154.07</b>	-1.23	▲-0.79	170.18	117.79	10.9	3.0	-9.5
PHLX® Semiconductor	1423.88	1409.43	<b>1422.67</b>	11.37	▲0.81	1449.90	1020.51	28.6	13.5	25.1
Cboe Volatility	13.91	12.69	<b>12.74</b>	-0.72	▲-5.35	37.32	9.14	26.5	15.4	-4.7

\$ Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

## Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

## Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Navient Corp.	NAVI	31,801.6	14.37	...	unch.	14.63	14.34
Westar Energy	WR	23,354.4	54.00	...	unch.	54.00	53.39
Great Plains Energy	GXP	13,597.3	31.99	...	unch.	32.24	31.94
Integra LifeSciences	IART	7,125.1	62.55	...	unch.	62.72	62.40
Invesco Senior Loan ETF	BKLN	3,143.3	23.02	...	unch.	23.02	23.01
SPDR S&P 500	SPY	3,138.2	274.78	-0.12	-0.04	274.93	274.75
Thomson Reuters	TRI	2,101.5	39.45	...	unch.	39.45	39.45
Invesco QQQ Trust I	QQQ	1,994.5	174.25	-0.05	-0.03	174.31	174.13

## Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Kandi Technologies Group	KNDI	86.8	4.30	0.45	11.69	4.30	3.75
Mylan	MYL	117.7	40.50	2.00	5.19	40.65	38.45
Twitter	TWTR	1,544.6	39.49	1.61	4.25	40.00	36.37
DISH Network Cl A	DISH	126.9	29.90	0.87	3.00	30.00	29.02
Buckeye Partners	BPL	418.2	37.50	0.89	2.43	37.50	36.61

## ...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Neurocrine Biosciences	NBIX	58.9	98.00	-2.52	-2.51		



## BIGGEST 1,000 STOCKS

**How to Read the Stock Tables**

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization.

**Underlined quotations** are those stocks with large changes in volume compared with the issue's average trading volume.

**Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Monday, June 4, 2018

Net Stock Sym Close Chg

A B C

ABB ABB 23.07 -0.16

AEIS AES 12.93 0.14

Aflac AFL 45.43 0.29

AGNC Inv AGNC 18.89 0.03

ANGI Homes ANGI 15.50 0.21

Ansys ANSS 168.00 2.29

ASML ASML 203.92 1.76

ATT T 32.41 -0.06

AbbottLabs ABT 63.02 0.61

AbbVie ABV 99.10 1.05

Abiomed ABMD 405.84 13.59

Accenture ACN 159.43 0.54

Actionvision AtvI ATV 72.29 -0.24

AdobeSystems ADBE 253.34 2.03

AdvanceAuto ADP 129.91 1.57

AdMicroDevices AMD 14.85 0.45

Aegon AEG 6.35 0.09

AerCap AER 54.97 -0.16

Aetna AET 176.50 0.30

AffiliatedMtrs AMG 162.28 0.20

AllegiantAircr ATG 21.55 0.05

AllegroMicro ALGR 13.00 0.23

Alkermes ALKS 45.60 -1.99

AllegroMicro ALKS 45.60 -1.99

## BANKING &amp; FINANCE

# AmTrust Delays Going-Private Vote

**Firm to meet with Icahn as count shows backing from minority holders falls short**

By MICHAEL RAPORT

**AmTrust Financial Services** Inc. said it delayed a shareholder vote on its \$2.7 billion going-private deal, indicating it has yet to gather the votes to approve the transaction in the wake of opposition from activist investor Carl Icahn.

A special shareholder meeting for the vote had been scheduled for Monday, but the New York insurer said it was adjourning the meeting until June 21.

In the interim, the Karfunkel family and AmTrust Chairman and Chief Executive Barry Zyskind, the company's controlling shareholders, plan to

meet with Mr. Icahn and other minority shareholders "to determine if there is a basis on upon which the proposed going-private transaction can be completed," the company said in a statement Monday.

Mr. Icahn said in a Monday filing with the Securities and Exchange Commission that he has agreed to meet with AmTrust to discuss the deal.

Mr. Icahn, who owns a 9.4% stake in AmTrust, says the proposed deal undervalues AmTrust and is unfair to the company's minority shareholders.

He contends the company set a record date of April 5 for voting on the deal but didn't broadly disseminate that fact until early May. That led some investors who bought AmTrust shares in April, including Mr. Icahn himself, to believe they would be able to vote on the deal when in fact their purchases came

too late to make them eligible. AmTrust has said it complied with all applicable rules in setting and disclosing the record date.

AmTrust's controlling shareholders own about 55% of the company and thus would have enough votes to win a shareholder vote. But the company said a preliminary count showed that a majority of the 45% of minority shareholders haven't voted for the deal, as required under the merger agreement.

AmTrust shares gained Monday after the news. The shares closed at \$13.52, up 1.1% from Friday and above the \$13.50 price that shareholders would get in the going-private deal.

The transaction would sell the company to the Karfunkel family and the company's controlling shareholders, plan to

kels, Mr. Zyskind and private-equity firm **Stone Point Capital** LLC. Mr. Icahn has sued AmTrust in Delaware Chancery Court, contending that the deal comes "at the wrong time, through the wrong procedures and at a very wrong price."

The two major proxy-advisory firms have split on AmTrust's going-private vote. Glass Lewis & Co. has recommended a vote for the deal, saying the \$13.50 price is reasonable and "it does not appear likely" that AmTrust shareholders will get a better offer. But Institutional Shareholder Services recommended that shareholders reject the deal, saying AmTrust's board "seems to have conducted a less-than-robust sales process" and that there are

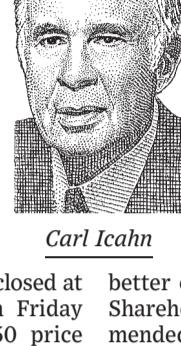
"concerns as to whether unaffiliated shareholders are being offered full and fair value."

AmTrust has faced a series of problems in the past 16 months, including an earnings restatement and delayed SEC filings. The company said last month that it has been under SEC investigation for five years over some of its accounting practices.

AmTrust has denied any wrongdoing and said short sellers—investors who benefit from a stock's decline—had spread false information about the company.

In the wake of those problems, AmTrust has taken a number of steps to shore up its finances.

In an investor presentation last month, Mr. Icahn said he believes the company's moves have put it on "far sounder footing," and so \$13.50 a share is "deeply discounted" to the stock's true value.



Carl Icahn

## Cerberus Makes Bid For Abraaj Business

By NICOLAS PARASIE AND WILLIAM LOUCH

**Cerberus Capital Management** LP offered \$125 million to acquire the private-equity business of embattled **Abraaj Group** of Dubai, people familiar with the matter said, amid a fight with creditors over Abraaj's debt-restructuring plan.

Abraaj's executives are pinning their hopes on the Cerberus bid to bring stability while it works out financial obligations with creditors spooked by questions raised about its financial practices. Once one of the top private-equity players in the Middle East's nascent financial community, Abraaj has lost much of its senior leadership and has closed funds this year during a dispute with investors, including the Bill and Melinda Gates Foundation, a unit of the World Bank and Kuwait's national pension fund.

Abraaj held a meeting in Dubai with investors, creditors and others on Monday, saying in a news release later that a proposed sale was discussed. The release didn't name Cerberus, which is based in New York.

If a sale to Cerberus goes through, it would involve existing investor commitments being transferred to a new company, a person familiar with the matter said. Cerberus wouldn't take on any of the existing liabilities of either the fund-management business or Abraaj's holding company, the person added.

An Abraaj spokesman declined to comment on the details of any deal.

Any sale would need the approval of all of its creditors, and it isn't clear that the firm would get their support. It would leave Abraaj with a holding company that few know much about.

The Kuwait Public Institution for Social Security is trying to force Abraaj into bankruptcy in a Cayman Islands court. The Kuwaiti fund alleges that Abraaj can't repay a \$100 million loan and \$7 million in interest, according to a court document reviewed by The Wall Street Journal.

The person said the Kuwait fund also wouldn't go along with other creditors in giving Abraaj more time to restructure its debts, an agreement known as a debt standstill.

Abraaj said its secured creditors—which tend to be banks or asset-based lenders—had agreed to the debt standstill. "We are pleased with the outcome of today's meeting and the constructive support we have received from our secured creditors in enabling us to move forward and resolve outstanding issues," Abraaj said.

Abraaj's troubles began this year when investors in its \$1 billion health-care fund alleged the firm used their money to finance its business rather than for hospitals and clinics in Africa and Asia. The Wall Street Journal has reported. The company has since acknowledged moving at least \$200 million out of a separate \$1.6 billion fund.

Proceeds from a sale of the private-equity business would be used to pay back investors in the buyout fund, a person familiar with the matter said.

## Australia's Biggest Bank Faces Record Fine

By ROBB M. STEWART

MELBOURNE, Australia—The thousands of dollars that had moved in and out of an account at Australia's biggest bank was unusual: The account's holder had not only left the country in 1999 and not returned since, but had also been charged in Lebanon in 2004 with belonging to a terrorist organization and planning terror attacks.

**Commonwealth Bank of Australia's** oversight of money transfers from that account to Lebanon last year was among many failures cited by the Australian federal government's financial intelligence agency in its nearly \$530 million fine of the bank on Monday. If approved, the fine—meant to settle a lawsuit brought by the agency and founded on breaches of the country's Anti-Money Laundering and Counter-Terrorism Act—would be the largest corporate civil penalty ever paid in Australia.

Australia's banks have long held a reputation for being among the world's safest for investors. But a series of scandals over the past year has rocked the country's top financial institutions. Commonwealth Bank has received separate penalties for conduct in alleged interest-rate rigging and bad governance. On Friday, **Australia & New Zealand Banking Group** Ltd. said it would defend against criminal prosecution for alleged cartel conduct in a 2015 capital raising.

A public inquiry into the sector, launched last autumn by Prime Minister Malcolm Turnbull, has heard accusa-



Commonwealth Bank of Australia stands to pay a \$530 million fine to settle a suit from the government alleging multiple failures.

tions against Australia's leading financial firms of inappropriate lending, collecting fees from dead customers for financial advice and lying to regulators.

It is a big turnaround in fortunes. Australian banks avoided risky bets of the sort that triggered the global financial crisis to focus on deposits and home loans. Collectively, they now hold about \$3.5 trillion in assets—three times the size of the country's economy.

Critics say the banks'

bloated size, mostly a result of sector consolidation earlier this century, has encouraged them to feel unassailable. That, and a lack of competition in the sector, has bred complacency.

Australia's four biggest banks—Commonwealth Bank, **Westpac**, **National Australia Bank** and ANZ—account for around 80% of the country's home loans. Over the past decade, the number of regulated financial companies in Australia has dropped by about one-third.

Other experts think the regulators failed to act on cases of misconduct reported to them.

A government study in February warned regulators' focus on financial-system stability had limited competition and the rules had effectively protected a banking oligopoly.

Commonwealth Bank's settlement illustrates how the

Australia's treasury department claims much of the industry's misconduct is rooted in a lax corporate culture and misaligned incentives.

Other experts think the regulators failed to act on cases of misconduct reported to them.

A government study in February warned regulators' focus on financial-system stability had limited competition and the rules had effectively protected a banking oligopoly.

Commonwealth Bank's settle-

## KPMG Affiliate to Cut Jobs In Its South African Office

By MICHAEL RAPORT

Accounting firm **KPMG's** South African affiliate said Monday it would cut up to 400 jobs and bring in leadership help from KPMG's worldwide network, as the firm tries to recover from a series of scandals centering on its ties to the politically connected Gupta family.

**KPMG South Africa** called the moves a reshaping of its business in the wake of losing

some of its big clients after the scandals, such as Barclays Africa Group Ltd. The affiliate plans to close some regional offices.

The moves are "difficult but necessary," Wiseman Nkuhlu, KPMG South Africa's chairman, said in a statement.

The Gupta family is under fire for alleged undue influence over the government of Jacob Zuma, who resigned as South Africa's president in February.

## Ex-FBI Lawyer to Lead U.K. Agency

By MARGOT PATRICK

LONDON—Lisa Osofsky, a former U.S. prosecutor and high-ranking Federal Bureau of Investigation attorney, was named director of the U.K. Serious Fraud Office, whose future has been under threat because of a low rate of convictions.

Ms. Osofsky, who was most recently the regional head for Europe at Exiger, a compliance consulting firm, will start in the post in September, succeeding David Green who left in April after six years.

Attorney General Jeremy Wright said Ms. Osofsky is appointed for a five-year term at the independent agency and will work with other U.K. authorities to tackle economic crime.

Prime Minister Theresa May had considered scrapping the SFO last year and folding it into the National Crime Agency, Britain's equivalent to the FBI.

Instead, a national economic crime center was set

up within the NCA to centralize financial crime-fighting with assistance from the SFO, financial regulators, tax authorities and police. Its mandate includes combating money laundering.

Ms. Osofsky, a dual American-British citizen who has legal qualifications in both countries, was former deputy general counsel and ethics officer at the FBI between 1996 and 2000 before moving to the U.K. and working for Goldman Sachs Group Inc. and Control Risks.

## Mutual Funds

Data provided by LIPPER

Fund	Net YTD NAV Chg %Ret	Fund	Net YTD NAV Chg %Ret	Fund	Net YTD NAV Chg %Ret	Fund	Net YTD NAV Chg %Ret	Fund	Net YTD NAV Chg %Ret	Fund	Net YTD NAV Chg %Ret
Monday, June 4, 2018											
American Century Inv	-48.47 +0.41 11.6	Baird Funds	22.23 +0.11 3.3	First Eagle Funds	10.49 -0.03 -1.9	IncomeFd	NA ... NA	IntellidInstn	20.19 +0.11 0.1	Price Funds	109.72 +0.12 2.2
Ultra	10.52 -0.02 -2.2	US Small	37.99 +0.23 5.9	SrslnlVal	14.80 +0.07 3.6	BLchip	109.72 +0.12 2.2	GblValue	29.13 +0.10 0.1	TweetD Browne Fds	19.13 +0.12 2.0
American Funds CI A	10.87 -0.01 -2.0	US SmCpVal	40.34 +0.17 6.4	EmgMktEq	18.88 +0.24 -5.7	Eqnhd	33.05 +0.12 -0.5	Adm1	254.50 +0.14 3.6	TotStAdm	69.20 +0.32 4.1
AmpcA p	3.26 +0.13 8.8	US TdgVal	26.11 +0.12 5.1	ShtDurIncmA p	4.19 ... 0.2	Eqlndex	73.94 +0.33 3.5	MidCap	254.50 +0.14 3.6	Welltn	41.65 +0.02 -0.3
AMUtlA p	40.92 +0.13 0.8	US TdgVa	38.94 +0.07 ...	FPACres	34.83 +0.15 0.4	Growth	69.42 +0.53 10.8	Adm1	35.13 +0.06 1.7	Wndrl	37.90 +0.12 0.2
BalA p	27.28 +0.04 0.8	BalgInstn	22.73 ...	Fidelity Advisor I	1.0	ShrtDurIncm	4.18 -0.01 -0.1	CAITAdm	11.62 ... -0.2	Vanguard Fund S	500
BondA p	12.51 -0.03 -2.1	BalgInstn	19.71 ...	Fidelity Freedom	IncomeAdv	CarlIcahn	7.51 +0.01 7.3	CapOpAdm	165.01 +1.0 7.4	TotStAdm	254.46 +1.14 3.5
CapIBA p	60.90 +0.15 -2.3	BalgInstn	0.5 ...	Fidelity Freedom	IncomeAdv	InstlStk	41.82 +0.35 13.3	EqnAdm	37.85 +0.43 -0.3	ExtndstPl	222.55 +1.23 6.7
CapWGrA	52.39 +0.29 2.9	StatnCpYbrs	9.80 ...	Fidelity Freedom	IncomeAdv	EqnAdm	77.38 +0.13 -0.2	EqnAdm	25.51 +0.55 12.6	WellsAdm	63.44 +0.09 -2.2
EucapA p	57.06 +0.18 1.5	Bridge Builder Trust	1.6 ...	Fidelity Freedom	IncomeAdv	EqnAdm	99.51 +0.55 12.6	EqnAdm	25.51 +0.55 12.6	WellsAdm	59.01 +0.29 3.9
FdInvA p	63.78 +0.25 2.8	CoreBond	NA ... NA	Fidelity Invest	IncomeAdv	EqnAdm	10.21 +0.50 6.7	EqnAdm	25.51 +0.55 12.6	WellsAdm	79.85 +0.10 1.1
GwthA p	54.05 +0.29 9.1	Del Invest Instl	NA ... NA	Fidelity Invest	IncomeAdv	EqnAdm	17.38 +0.04 0.4	EqnAdm	25.51 +0.55 12.6	WellsAdm	10.37 +0.03 -2.0
Ht TrA p	10.14 +0.02 0.8	Dimensional Fds	22.20 +0.05 3.0	Fidelity Invest	IncomeAdv	EqnAdm	17.38 +0.04 0.				

## MARKETS

# Yields Climb on Hopes for Economy

BY DANIEL KRUGER

U.S. government-bond yields climbed with stocks Monday as investors' hopes for a strengthening economy outweighed concerns about recent trade tensions.

The yield on the benchmark U.S. 10-year Treasury note rose for a second consecutive session to 2.939% from 2.895% Friday. The yield on the two-year Treasury note, which is more sensitive to expectations for Federal Reserve policy, rose to 2.51% from 2.472%. Yields rise as bond prices fall.

Yields wrapped up their biggest two-day climb since February, buoyed by last week's jobs report, which provided an upbeat assessment of the U.S. labor market, along with cooling investor concerns about turmoil in Europe following the election of anti-establishment parties in Italy.

The rise in yields was supported by an increase in the odds the Fed will raise interest rates three more times this year.

Federal-funds futures, which are used by investors to bet on central-bank policy, late Monday showed the probability of three more rate rises climbed to roughly 41% from 34% Friday.

**AUCTION RESULTS**

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

**13-WEEK AND 26-WEEK BILLS**

	13-Week	26-Week
Applications	\$151,671,004,400	\$137,329,570,700
Accepted bids	\$48,000,024,400	\$42,000,421,400
"noncomp"	\$77,508,400	\$653,190,700
"foreign noncomp"	\$450,000,000	\$400,000,000
Auction price (rate)	99.517194	98.953500
(1.910%)	(2.070%)	
Coupon equivalent	1.946%	2.121%
Bids at clearing yield accepted	55.71%	91.10%
Cusip number	912796P9Y	912796P3

Both issues are dated June 7, 2018. The 13-week bills mature on Sept. 6, 2018; the 26-week bills mature on Dec. 6, 2018.

# Stocks Lifted by Jobs, Earnings

Tech heavyweights help buoy indexes, sending Nasdaq Composite to a record

BY RIVA GOLD  
AND GUNJAN BANERJI

U.S. stocks marched higher to start the week as the latest sign of a strong domestic economy overshadowed jitters over the back-and-forth on trade.

Concerns about the pace of growth world-wide have emerged lately, but an upbeat U.S. employment report Friday spurred a bounce in stocks as worries about Italian politics began to dim.

Strong corporate-earnings reports, followed by solid jobs data, have supported a move higher for U.S. stock prices, analysts said. Moreover, the latest employment report evinced tame inflation, which had helped oil markets in February.

The tech-heavy Nasdaq Composite closed at a record. Markets in Europe, Hong Kong and Japan climbed as well.

"There's an underlying strength that we're still seeing come through in the U.S. economy in particular," said Holly MacDonald, chief investment strategist at Bessemer Trust. "That's an important offset to a lot of the negative headline risks," she said, referring to the trade friction, European politics and geopolitical issues more broadly that have driven market swings in recent weeks.

The Dow Jones Industrial Average rose 178.48 points, or 0.7%, to 24813.69. The S&P 500 gained 12.25 points, 0.4%, to 2746.87. The Nasdaq Composite added 52.13 points, or 0.7%, to 7606.46, topping its previous all-time high from March 12.

Technology heavyweights helped buoy stocks, extending a spell of confidence in one of this year's most volatile groups. Shares of Amazon.com, Apple, Microsoft



Microsoft shares rose 0.9% after the firm said it would buy software-development platform GitHub. Pods at a Microsoft conference in May.

and Adobe Systems closed at new highs on Monday.

Microsoft rose 88 cents, or 0.9%, to \$101.67 after it said it would acquire software-development platform GitHub. Apple shares climbed as investors tracked its annual conference for developers.

Strong earnings and economic data are "overwhelming the unknown risks of the trade negotiations," said Michael Baele, senior portfolio manager at U.S. Bank Private Wealth Management. "The market continues to bask in the afterglow of Friday's superb employment report."

Over the weekend, the Trump administration showed no sign of backing down from restrictive tariffs in the face of pushback from allies and China. Finance officials from the Group of Seven leading nations issued a public rebuke of Washington's new steel and aluminum tariffs on Saturday expressing "unanimous concern and disappointment."

Technology heavyweights helped buoy stocks, extending a spell of confidence in one of this year's most volatile groups. Shares of Amazon.com, Apple, Microsoft

wouldn't abide by any agreement to buy more U.S. products without assurances that the U.S. wouldn't go ahead with plans to hit it with tariffs on Chinese imports.

The yield on the 10-year U.S. Treasury note rose for the second consecutive session, rising to 2.939% Monday from 2.895% Friday, pushing bond prices down.

U.S. government debt fell Friday after the U.S. employment report as investors bet the Federal Reserve would pick up the pace on interest-rate increases. Investors see a roughly 41% chance of three or more U.S. rate increases, compared with 34% on Friday, according to federal-fund futures tracked by CME Group, which are used to bet on central-bank policy.

Political worries about Italy and Spain continued to stabilize Monday.

The Stoxx Europe 600 rose 0.3% Monday, while markets in Hong Kong and Japan gained 1.7% and 1.4%, respectively.

Beijing separately said it

**Bouncing Back**

The Dow Jones Industrial Average recorded its biggest two-day gain in almost a month.



Source: WSJ Market Data Group

Hong Kong's Hang Seng was

was flat, while the Nikkei was up 0.2%.

Spain's IBEX 35 rose 1.2% Monday, recovering much of last week's decline as Prime Minister Mariano Rajoy was ousted by opposition Spanish lawmakers.

# Amazon Market Value at \$800 Billion

BY DANIELLE CHEMTOB

Amazon.com Inc. just joined Apple Inc. in the \$800 billion market-cap club.

Shares of the e-commerce giant climbed 14% to \$1,665.27 on Monday, giving the company a market value of about \$808 billion and bringing its increase for the year to 42%. The company took just 85 trading days to reach the \$800 billion milestone after passing \$700 billion in January. Only Apple has a larger market value, at roughly \$943 billion.

Amazon reported its best revenue growth in more than

six years in the first quarter, along with \$1 billion in profit for the second consecutive period. It said in April that more than 100 million people subscribe to its Prime service that gives customers free, unlimited two-day shipping, access to free music and videos, and other perks.

And its search for a second headquarters has generated competition among cities across the country vying to benefit from the company's plan to create as many as 50,000 new jobs.

Amazon has disrupted the retail industry and the stock market as well. As of mid-May, its shares were responsible for 27% of the S&P 500's gains for the year, the biggest single contributor to the index, according to S&P Dow Jones Indices.

Meanwhile, Google parent Alphabet Inc. has fallen in the rankings of biggest companies. It eclipsed the \$800 billion mark back in January but has since fallen below Amazon to about \$796 billion. Its class A shares are up a more modest 9.5% this year amid a global debate about internet privacy.

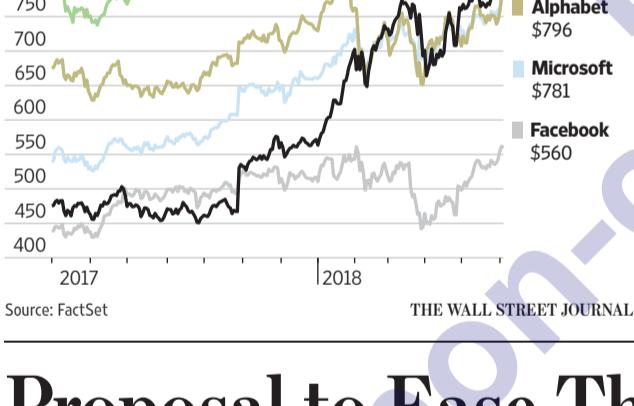
Microsoft Corp. has also nearly caught up to Alphabet and recently was valued at roughly \$781 billion.

Market cap, the most common measure of a company's value, is calculated by multiplying share price by the number of shares outstanding.

## New Pecking Order

Amazon became the second-largest U.S. company by market value, while Google parent Alphabet and Microsoft have been battling for third place.

\$950 billion



Source: FactSet

THE WALL STREET JOURNAL.

# Proposal to Ease Threshold Rule for Swaps Dealers

BY GABRIEL T. RUBIN

WASHINGTON—The top U.S. derivatives regulator proposed a rule that would allow many financial, energy and agricultural companies to avoid registering as swap dealers, providing a reprieve to some firms that use swaps to hedge risks.

The Commodity Futures Trading Commission voted, 2-1, on Monday for a proposal that would permanently set the threshold for swap-dealer registration at \$8 billion in annual notional value. Previous CFTC regulations would

have set a \$3 billion threshold, which would have ensnared numerous companies that argue they are using swaps as a way to hedge risk and not for speculative purposes.

The threshold change was delayed twice, once during the Obama administration and again under the agency's current Republican leadership.

"The drop in the threshold would pose unnecessary burdens for nonfinancial companies that engage in relatively small levels of swap dealing to manage business risk for themselves and their customers," CFTC Chairman J. Chris

topher Giancarlo said Monday. A 2016 report by CFTC staff estimated that 229 entities would be forced to register as swap dealers under a \$3 billion threshold, up from 145 that are affected by the \$8 billion level. Registration comes with expensive margin and capital requirements, which firms are eager to avoid if possible.

Still, the proposal is seen as a compromise within the agency, brokered by Mr. Giancarlo and agency staff. Republican Commissioner Brian Quintenz was said to be unhappy with the proposal be-

cause he feels the imposition of any threshold based on notional value of swaps is a mis-leading metric for gauging market risk, and he would have preferred a broader set of criteria for requiring registration.

"I still, and will continue to, believe that the criteria for determining swap-dealer registration should be more closely correlated to risk," Mr. Quintenz said.

The proposal does incorporate some ideas advocated by Mr. Quintenz, including broader allowances for companies to use financial hedging

strategies and exceptions for some categories of cleared swaps and for insured depository institutions that use swaps in connection with loans.

He ultimately voted for the proposal, however, along with Mr. Giancarlo. Democratic Commissioner Rostin Behnam opposed the proposed rule.

The CFTC also voted, 2-1, along party lines on an updated version of the Volcker rule that was proposed by the Federal Reserve last week. The CFTC is one of five federal regulators with jurisdiction over the Volcker rule.

## Dollar Falls As Tensions Over Trade Ratchet Up

BY IROSEBASHVILI

The dollar fell Monday, as trade tensions intensified and European political concerns ebbed.

The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 others, dropped 0.2% to 87.02.

U.S. officials showed no sign of backing down from restrictive tariffs in the face of pushback from allies and China over the weekend.

Trade spats have weighed on the dollar in the past. The ICE Dollar Index, which measures the dollar against six major currencies, fell nearly 20% between 2001 and 2003, as the U.S. imposed tariffs on steel imports, data from TD Securities showed. It declined around 12% between 1993 and 1995 in response to contentious trade relations between the U.S. and Japan.

Worries over U.S. tariffs hit the Mexican peso. The dollar gained 0.7% against the peso to 20.07.

At the same time, political worries about Italy and Spain continued to stabilize Monday, helping the euro strengthen 0.2% against the dollar to \$1.1722.

# Oil Prices Near a Two-Month Low

By BENJAMIN PARKIN  
AND CHRISTOPHER ALESSI

Oil prices fell to the lowest point since early April amid expectations for a rise in domestic and global crude supplies.

Light, sweet crude for July delivery fell 1.6%, to \$64.75 a barrel, on the New York Mercantile Exchange on Monday, its lowest level since April 9. Brent crude, the global benchmark, for August delivery slid 2%, to \$75.29, on ICE Futures Europe.

Oil prices have fallen 10% from a multiyear high in May as traders bet that the global

production cuts that helped curb oversupply will end.

Saudi Arabia and Russia are

expected to reach a deal to

pump more crude after more

than a year of cutbacks.

"If they were to increase

production,

then the

other OPEC

and non-OPEC

producers would follow

suit so they each maintain

their market share," said Andy Lipow, president of Houston-based consulting firm Lipow Oil Associates.

OPEC and 10 producers outside the group, including Russia, have cut crude output by

roughly 1.8 million barrels a day since the start of 2017. The effort, which is set to expire at the end of this year, has helped boost crude prices by more than 40%.

The dwindling global glut helped push crude to more than three-year highs. President Donald Trump's recent decision to pull the U.S. out of a nuclear deal with Iran boosted prices, setting the stage for economic sanctions that are expected to hinder the Islamic Republic's oil exports. Falling output from Venezuela added to the incentive to end the cutbacks, analysts said.

Crude has declined 10% from a multiyear high hit in May.



## MARKETS

## Expectations for Crude Prices Climb Again

Crucial driver is risk in Iran and Venezuela; A Saudi-Russia deal remains a wild card

By CHRISTOPHER ALESSI

LONDON—Banks raised their forecasts for oil prices for the eighth month in a row in May, amid escalating geopolitical risks to supply in Iran and Venezuela.

Those concerns had already pushed the price of Brent crude, the global oil benchmark, above \$80 a barrel last month for the first time since November 2014.

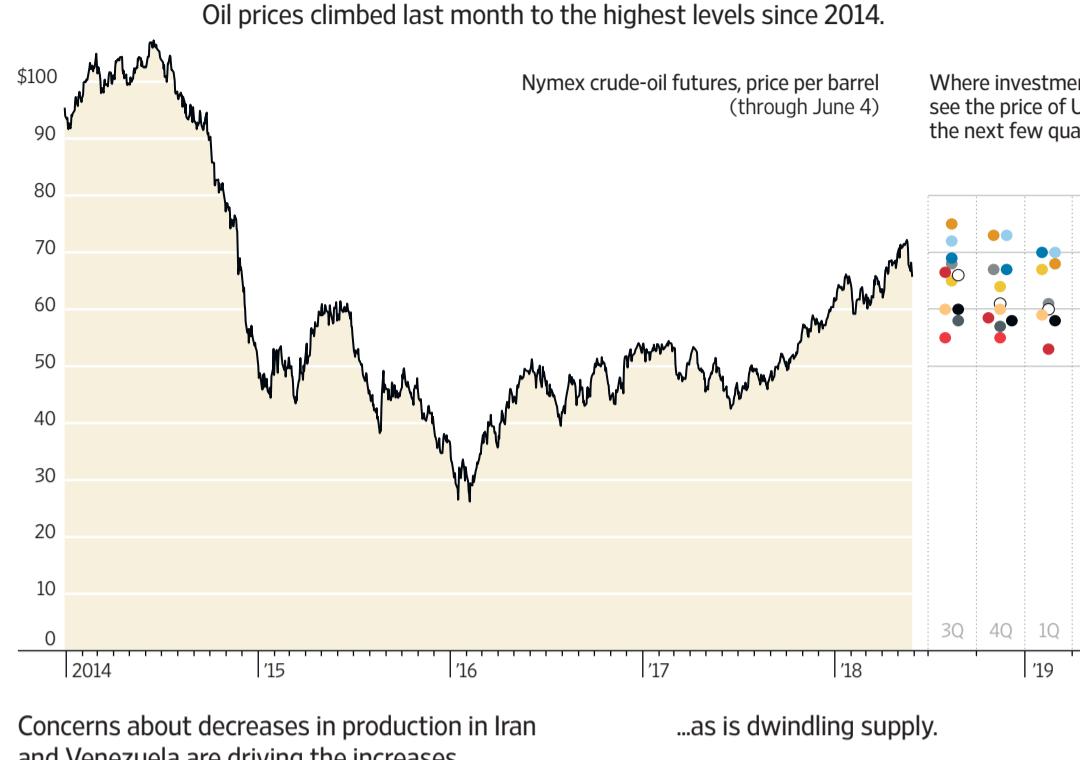
Brent is now expected to average over \$70 a barrel this year, according to a poll of 12 investment banks surveyed by The Wall Street Journal. West Texas Intermediate, the U.S. standard, should average nearly \$66 a barrel, the poll showed. Both estimates are a roughly \$6 increase on the forecast from April's survey.

The significantly revised estimates come as crude prices rose to more than 3½-year highs in May. On Monday, Brent fell 2%, to \$75.29 a barrel, while WTI dropped 1.6%, to \$64.75.

"The key driver here is basically supply risk, supply risks from Iran and Venezuela," said Harry Tchilinguirian, global head of commodity markets strategy at BNP Paribas SA, one of the banks surveyed by the Journal.

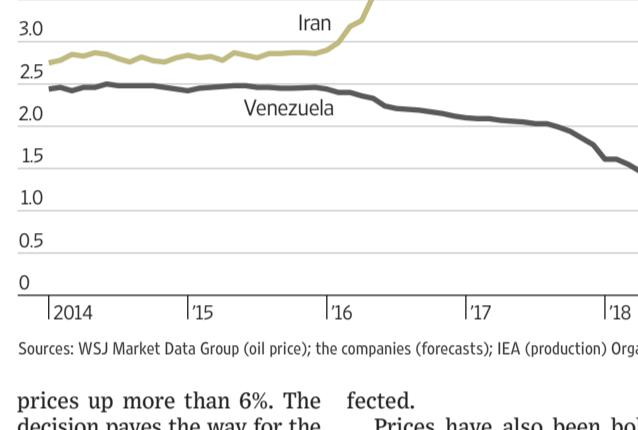
Still, the outlook on prices appears unsettled. Saudi Arabia and Russia neared a deal last month to ease up on oil-production cuts, which could damp prices. Since news of those discussions, oil prices have declined to close to a two-month low.

President Donald Trump's decision in early May to pull the U.S. out of a 2015 international agreement to curb Iran's nuclear activities sent oil



Concerns about decreases in production in Iran and Venezuela are driving the increases...

Crude-oil production, monthly



Sources: WSJ Market Data Group (oil price); the companies (forecasts); IEA (production) Organization of the Petroleum Exporting Countries (inventory)

prices up more than 6%. The

decision paves the way for the

reimposition of U.S. economic

sanctions that are expected to

hinder Iran's oil industry.

Analysts have estimated

that anywhere from 400,000

to one million barrels a day of

Iran's 2.4 million daily barrels

of crude exports could be af-

fected.

Prices have also been bol-

stered by fears of escalating

supply disruptions in Venezu-

ela. The re-election of Venezu-

ela's far-left president, Nicolás

Maduro, on May 20 in a race

deemed illegitimate by the op-

position and many foreign gov-

ernments prompted the U.S. to

broaden a ban on Americans

buying Venezuelan debt.

The move is expected to

make it more difficult for the

Latin American country to ob-

tain much needed financing

for its ailing oil industry.

Venezuelan oil output fell

by 50,000 barrels a day in

April, month-over-month, to

stand at 1.42 million barrels a

day, according to the Interna-

tional Energy Agency's latest

monthly oil market report.

Production is likely to con-

tinue to fall to about 1.2 mil-

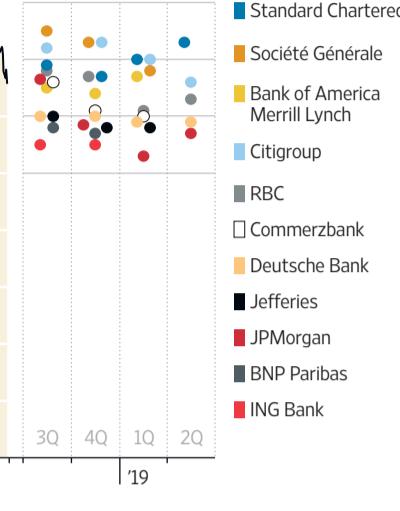
lion barrels a day this year,

according to Warren Patterson,

commodities strategist at ING

Bank.

Where investment banks in June's survey see the price of U.S. crude-oil futures in the next few quarters



There are risks to the rosy picture for oil prices.

Mr. Patterson said geopolitical effects may have receded somewhat over the past week amid signs that Saudi Arabia and Russia are preparing to ramp up crude production after more than a year of holding back output.

"The geopolitical risk is still there but the market is becoming a little more complacent toward it with the potential increase of production," he said.

The Organization of the Petroleum Exporting Countries and 10 producers outside the group have been cutting crude production by roughly 1.8 million barrels a day since the start of 2017.

**\$66**

The forecast average price for a barrel of WTI oil this year

The deal is set to expire at the end of this year, but Saudi Arabia, the de facto head of OPEC, and Russia have indicated they could move to wind it down sooner than planned at the group's next official gathering in Vienna this month.

Surging U.S. shale oil production is also expected to help put a lid on prices, analysts say.

"Price direction will likely be driven by the supply side, with U.S. sanctions on Iran, further Venezuelan declines, Permian Basin pipeline constraints and OPEC's decision on relaxing production the key variables," said Jason Gammel, an oil analyst at Jefferies.

Looking ahead to 2019, banks see oil prices coming down slightly, with Brent at about \$68 a barrel and WTI at \$64 a barrel, according to the Journal survey.

## HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

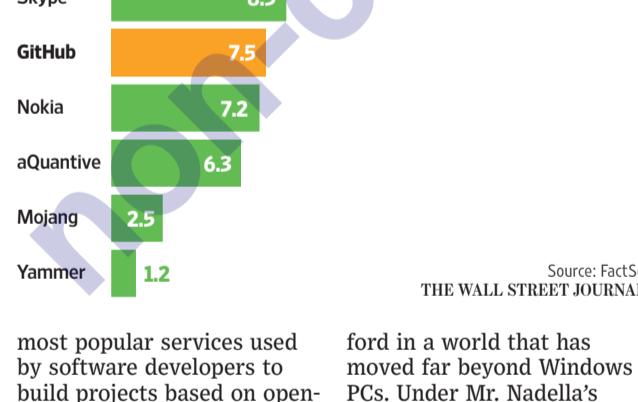
WSJ.com/Heard

Email: heard@wsj.com

## Microsoft Breaks From Its Past

## Go Shop

Microsoft's largest M&A deals since 2007



Source: FactSet

Owning GitHub should ce-

ment that vision and put Mi-

crosoft in a more favored po-

sition with developers over

time. But much will depend

on the company's ability to

integrate the business while

maintaining its indepen-

dence. It helps that Microsoft

has largely been able to do

the same with LinkedIn and

"Minecraft." Gregg Moskow-

itz of Cowen & Co. says

those deals have given Mi-

crosoft more credibility with

potential acquisition targets.

It also helps that GitHub is

generating less than 1% of

Microsoft's annual revenue,

according to Adam Holt of

MoffettNathanson. That

should help investors focus

more on the long-term stra-

tegic benefits from the deal,

even if GitHub continues to

also serve its competitors.

Microsoft may have paid up

for GitHub, but the company

seems to understand that not

everyone else needs to lose

for it to win.

—Dan Gallagher

## In Biotech, Billions Can Evaporate Quickly

The need for big pharma-

ceutical companies to find

new growth opportunities

has led to the writing of

some eye-popping checks.

Those handsome rewards are

balanced by some pretty

spectacular risks, though.

Investors just got a new

reminder of this. Nektar

Therapeutics, a small bio-

tech focused on developing

new cancer treatments, gave

a clinical trial update over

the weekend that disap-

pointed investors. Shares lost

two-fifths of their value in

Monday's trading. Mean-

while, shares of Bristol-My-

ers Squibb, Nektar's devel-

opment partner, fell more

than 3%.

The new data unveiled

this weekend suggested that

melanoma patients aren't re-

sponding to the experimental

treatment as well as an ear-

lier batch of patients did.

That sparkling initial data re-

vealed last fall helped prop

Nektar to a market value that

topped \$15 billion last week.

The euphoria among bio-

tech investors was under-

standable.

After all, total spending

world-wide on cancer drugs

and related therapies

reached \$133 billion in 2017,

## OVERHEARD

There are several ways to

measure a movie actor's star

power: Box-office returns from

their latest film, maybe, or In-

stagram followers. Their im-

pact on stocks isn't usually a

key metric. In China, as ever,

things can be different.