

THE WALL STREET JOURNAL.

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DJIA 20913.46 ▼ 27.05 0.1% NASDAQ 6091.60 ▲ 0.7% STOXX 600 386.64 ▼ 0.1% 10-YR. TREAS. ▼ 13/32, yield 2.327% OIL \$48.84 ▼ \$0.49 GOLD \$1,253.30 ▼ \$12.80 EURO \$1.0900 YEN 111.84

What's News

Business & Finance

The Trump administration, looking to make its first major imprint on U.S. banking regulators, is preparing to replace Curry as head of the OCC. A1

◆ Trump said he is looking at breaking up big U.S. banks, but reaction by financial stocks was muted. B12

◆ AllianceBernstein fired its CEO and nine directors, a move that comes as many money managers are trying to fend off cheaper rivals. A1

◆ Fox News said co-President Shine has resigned, the latest casualty of a sex-harassment scandal at the network. B1

◆ Airbnb and HomeAway reached a deal with San Francisco that eases registration for rental hosts. B1

◆ Home Capital drew on an emergency credit line as deposits continued to exit the Canadian mortgage lender amid fraud allegations. B2

◆ Americans' spending grew steadily in March after accounting for inflation. A2

◆ U.S. factory activity eased in April but continued its expansion. A2

◆ Theranos settled a suit that alleged the firm defrauded a hedge fund into investing \$96.1 million. B3

◆ Tech stocks advanced, lifting the Nasdaq to a record. The Dow eased 27.05 points to 20913.46. B13

◆ Miami can sue two banks over alleged discriminatory lending, the Supreme Court ruled. B12

◆ IAC plans to buy Angie's List and combine the site with HomeAdvisor. B3

World-Wide

◆ The White House is pursuing a twisting path in Congress this week, yielding to Democratic demands on a major spending bill while aggressively pushing a partisan health-care measure. A1

◆ Hamas dropped its explicit call for Israel's destruction, a bid to overhaul its image as the White House explores reviving Middle East peace efforts. A1

◆ NATO is considering appointing a top counter-terrorism official following demands by Trump. A8

◆ Greece reached a deal with creditors on measures it must implement to keep its bailout program going, clearing the way for debt-relief talks. A8

◆ Le Pen heightened her rhetoric against global finance as the far-right French presidential candidate tried to woo leftist voters. A8

◆ The White House defended Trump's invitation to Philippine leader Duterte, who has been castigated for his human-rights record. A10

◆ Trump widened his efforts to isolate North Korea with invitations to leaders of Thailand and Singapore. A10

◆ Venezuela's Maduro signed an order to convene a special assembly to redraft the constitution, the latest in a string of efforts to retain power. A10

◆ The White House is considering an ex-EEOC lawyer to lead the Justice Department's civil-rights division. A4

◆ A knife attack at the University of Texas at Austin killed one student and wounded three others. A3

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May Day Protests Spread Across Europe



ON THE LINE: Antiriot police are engulfed during the annual May Day workers' rally in Paris. In Turkey, police detained 165 protesters. A8

GOLDMAN SACHS EMBRACES LENDING'S BLAND SIDE

The investment bank, seeking growth beyond its elite turf, turns to lending; takeovers to remodels

By LIZ HOFFMAN

Goldman Sachs Group Inc. earned its elite reputation by dominating the glamorous end of finance—investment banking, trading and managing money for the wealthy.

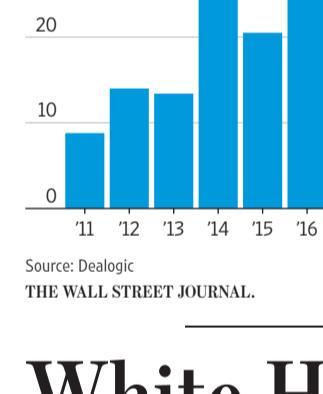
In the postcrisis world of Wall Street, however, these standbys aren't providing the growth it wants. So Goldman is expanding its reach with a prosaic strategy it once avoided.

Lending people money.

The firm has been opening its checkbook for the past several years to finance corporate takeovers, lend against mansions and art, and make personal loans for things such as kitchen remodels and fixing broken windshields.

It is exploring new credit businesses such as trade finance, equipment leasing and extending credit that consumers use for online purchases, according to people familiar with the discussions.

"We're a bank," Chief Executive Lloyd Blankfein said in a February interview. "We should act like one."



Source: Dealogic
THE WALL STREET JOURNAL.

That Goldman is branching out, after long sticking to its knitting as rivals diversified, shows the challenges facing Wall Street this decade. Investors have been rewarding firms with diverse businesses that churn out safe, if smaller, profits. Most in the finance industry believe trading revenues will never return to precrisis levels.

Goldman ranks among Wall Street's top players in its core businesses, such as advising on corporate mergers and underwriting stock sales, offering little room for growth. In lending, "we can only go up," said Stephen Scherr, who oversees the effort as CEO of Goldman Sachs Bank USA.

Loans outstanding across Goldman have doubled to \$95 billion since 2011, filings show. Real-estate loans are up 10-fold. Business lending has tripled, while loans in its private-wealth division, secured by everything from stock portfolios to rare artwork, have quadrupled.

Please see LEAD page A14

◆ Trump to weigh big-bank breakups..... B12

Trump Gambles On Big Health Victory

WASHINGTON—The White House is pursuing a twisting path in Congress this week, yielding to Democratic demands on a major spending bill while aggressively pushing a partisan health-care measure, gambling on a big win on health but risking setbacks on both fronts.

By Stephanie Armour,
Kristina Peterson
and Natalie Andrews

House GOP leaders hope to corral enough votes on health care by Thursday, as Congress departs for recess next week and Republicans want to begin tackling taxes, another complex issue, when they return.

Leaders were tight-lipped Monday night on precisely how many votes short they remain, according to lawmakers leaving a regular meeting of the whip team. Although some lawmakers are still pushing for changes to the bill, others said time had run out. At least 19 House Republicans are currently opposed to the bill, with at least 17 undecided, according to a Wall Street Journal survey of the lawmakers. The GOP can only afford to lose about 22 votes, depending on absences.

Meanwhile, frustrating some conservatives, President Donald Trump has backed off his longtime demands for immediate funding for a wall on the Mexican border in the spending bill. The White House also has declined to insist on its plans to cut Environmental Protection Agency funding and to deny funding to "sanctuary" cities.

Democrats are cheering the budget outcome as a big win, while the White House says it Please see HEALTH page A4

◆ Gerald F. Seib: Democrats ponder new tactic..... A4

White House to Replace A Top Banking Regulator

By RYAN TRACY

WASHINGTON—The Trump administration, looking to make its first major imprint on U.S. banking regulators, is preparing to replace Comptroller of the Currency Thomas Curry as chief overseer of federally chartered banks, according to people familiar with the matter.

President Donald Trump could soon replace Mr. Curry with an acting head of the agency, who would serve until a new comptroller is confirmed, these people said. The

change could happen as soon as this week, they said.

A White House spokeswoman declined to comment, as did a spokesman for Mr. Curry.

The comptroller oversees hundreds of bank supervisors stationed inside large U.S. financial firms, making the job one of the most powerful U.S. bank regulators. Mr. Trump has said he wants to remove regulations affecting banks, but his influence has been limited so far: Appointees of President Barack Obama still serve in every major bank reg-

ulatory post, including at the Federal Reserve and Consumer Financial Protection Bureau.

Mr. Curry was appointed by Mr. Obama to a five-year term that expired in April. Mr. Curry can continue serving until the administration replaces him, and he has said he intends to do so.

People familiar with the matter said Mr. Trump is considering for the job Joseph Otting, a former banker who worked with Treasury Secretary Steven Mnuchin at One-West Bank. Mr. Otting hasn't served in every major bank reg-

Please see BANKS page A6

Maryland's Grossest Invasive Fish Has a New Predator: Chefs

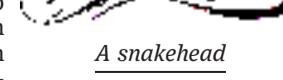
* * *

State's anglers help recast snakeheads as \$30 entrees; 'if you can't beat it, eat it'

By SCOTT CALVERT

COLUMBIA, Md.—The state of Maryland has had a take-no-prisoners approach to the northern snakehead, a slimy, toothy invasive fish native to Asia.

When hundreds of mostly juvenile snakeheads turned up in a pond in Crofton, Md., in 2002, the progeny of discarded pets dumped by one owner, the government poisoned the pond. Two years later, when an angler caught a snakehead in a lake 25 miles west, Maryland drained the lake.



A snakehead

But soon snakeheads were spotted in the Potomac River, which divides Maryland and Virginia as it flows to the Chesapeake Bay. Poisoning and draining weren't an option. Since then, Maryland has adopted a different tack: If you want to beat it, eat it.

The state sponsored snakehead-fishing tournaments and now sells \$15 commercial licenses aimed at those who snag the hard-to-catch fish with a bow and arrow. The Potomac's commercial harvest,

Please see FISH page A14

INSIDE



'NATIONALIST' SHOULDN'T BE A DIRTY WORD

OPINION, A21

TRUMP TAX CUT FACES REALITY CHECK

GREG IP, A6

UPS Delivers a Message to Retailers

As sending of packages rockets and retail sales remain uneven, United Parcel Service Inc. wants to put some of the burden back on retailers, asking them to pay up if they don't meet targets. B1

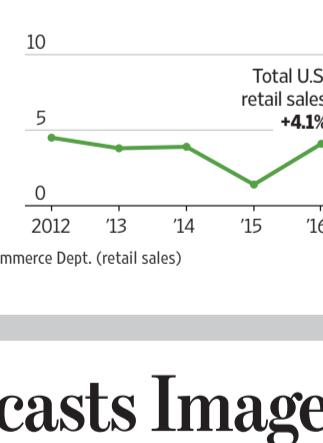
Average daily shipping volume for U.S. ground orders



Sources: the companies (shipping volume); Commerce Dept. (retail sales)

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Retail sales in the fourth quarter, annual growth



Hamas Recasts Image In Step to Build Sway

The Palestinian militant group Hamas dropped its explicit call for Israel's destruction on Monday, a bid to overhaul its image as the Trump White House explores reviving Middle East peace efforts.

By Rory Jones in Tel Aviv and Abu Bakr Bashir in Gaza City

Hamas, which rules the Gaza Strip, also formally accepted in its revised charter the notion of a Palestinian state in territories Israel captured in the 1967 Middle East war. But the group didn't recognize Israel and still expressed an ambition to take over all Israeli territory in the long run.

"This charter demonstrates our political vision and will be

Please see HAMAS page A10

U.S. NEWS

Not a Job for the Faint-Hearted



A-MAZE-ING: A construction worker maneuvered through scaffolding along the side entrance of the William J. Nealon Federal Building and U.S. Courthouse in downtown Scranton, Pa., on Monday.

MILITARY ACADEMIES

Athletes Can't Turn Pro, Bypass Service

Athletes from U.S. military service academies no longer will be allowed to bypass active military service and go straight into professional sports leagues, the Pentagon said Monday.

The Department of Defense reversed a decision made in 2016 that allowed academy students with exceptional sports talent to bypass active duty and serve out their time in the military reserves in order to play in professional leagues.

U.S. WATCH

Athletes will be able to get a waiver to join sports teams after fulfilling a two-year active-duty commitment.

The Air Force Academy, which among military schools was the only one with a graduate ready to participate in this year's National Football League draft, notified the NFL of the change in Pentagon policy just ahead of last weekend's draft.

Air Force Academy cadet Jalen Robinette, a star wide receiver, was the sole draft prospect, the Academy said. He went undrafted and wasn't available to comment.

—Ben Kesling

TEXAS

Paramedic Is Shot While Providing Aid

A Dallas fire department paramedic was shot Monday while treating a shooting victim, city officials said.

A police sergeant showed up on the scene, pulled the injured paramedic out of harm's way and took him to a hospital.

"That act likely saved that paramedic's life," said Dallas Fire-Rescue Chief David Coatney.

The paramedic underwent surgery and was listed in stable

but critical condition, according to the city.

The civilian who was shot survived, and was in an intensive-care unit.

Two other people, including the man police believe to be the shooter, were found dead in a home not far from the crime scene, according to police, after a robot was sent into the home.

The motive for the shooting was unclear Monday, police said.

"In my mind, someone that was not mentally stable dealt a lot of pain this afternoon," said Dallas Mayor Mike Rawlings.

—Tawnell D. Hobbs

Manufacturing Index Slides, But Still Points to Expansion

By JEFFREY SPARSHOTT

U.S. factory activity eased in April, leaving growth on a solid if somewhat slower trajectory heading into the second quarter of the year.

The Institute for Supply Management on Monday said its closely watched index of U.S. manufacturing activity fell to 54.8 in April from 57.2 in March. A number above 50 indicates expansion.

That was the second straight monthly decline and mirrors other surveys that showed soaring optimism following the election of Donald Trump settling down to more

sustainable levels.

"Activity in the manufacturing sector is now expanding more in line with the pace of underlying economic activity," Gregory Daco, chief U.S. economist at Oxford Economics, said in a note to clients.

Even with the April setback, ISM manufacturing readings for each month this year have been higher than any month in 2015 or 2016. Subindexes that fell most sharply—the new orders index fell 7 percentage points to 57.5, and employment sank 6.9 points to 52—remain in positive territory.

U.S. factory activity was stagnant through long

stretches of 2015 and 2016, while the energy sector slumped and a strong dollar made American goods more expensive overseas.

Recently, stabilizing commodity prices and improving global demand have supported the sector. Overseas demand has been particularly strong. The ISM index for exports last month rose to its highest level since November 2013.

The broader economy, however, has sent mixed signals in recent months. The labor market slowed in March and gross domestic product, a broad measure of economic output, was tepid in the first quarter.

CORRECTIONS & AMPLIFICATIONS

The Staible family is majority owner of Robinson Fans. The cover article in Monday's Small Business report incorrectly said Carl Staible is the sole owner.

In some editions Monday, Pinnacle Foods Inc.'s Vlasic brand name was misspelled as Vlasic in a Page One article about competition for retailers' shelf space.

The Los Angeles Police Department in April revised its use-of-force policy to encourage officers to de-escalate situations. A U.S. News article on Monday about the department incorrectly said the revision occurred this month.

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

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BREITLING
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U.S. NEWS

Repair of I-85 Accelerates

BY CAMERON MCWHIRTER

ATLANTA—A part of Georgia's Interstate 85 that collapsed in late March after a fire is likely to reopen earlier than expected.

Georgia Transportation Commissioner Russell McMurry said Monday he is confident the highway, which carries roughly 240,000 vehicles a day, will reopen on or before May 26, the beginning of Memorial Day Weekend. The Georgia transportation department initially set the reopening date at June 15.

Right after the fire, transportation officials warned commuters in this notoriously congested region of 5.7 million that the highway would be closed for several months. Local employers including Delta Air Lines Inc. and Coca-Cola Co. offered workers some leniency in working from home. The highway collapse became the latest example of how the loss of even the most mundane section of

roadway can cause chaos in America's traffic-clogged cities.

The closure has taken a toll on hundreds of thousands of commuters. Drivers have endured unexpected congestion in odd areas, and many have reshaped their commutes, building in more time to get places.

Ellie Daniels, 69 years old, said her drive from 40 miles west of Atlanta now takes an additional half hour each day. As office manager at Buckhead Plating Inc., a metals refinishing and repair firm located about a block from the fire site, Ms. Daniels has been telling customers to come during the middle of the day because the highway closure "has made traffic much more congested."

But given Atlanta's already bad reputation for traffic, Georgia officials got the rebuilding process going even as debris was being hauled away. The day after the fire, Georgia officials had already secured a commitment from the federal Department of Trans-

portation to provide \$10 million in emergency funds, allowing Georgia to move fast. The state added financial incentives if the company hired to rebuild finished early in addition to the \$11.9 million contract.

In more than a month since the collapse, **C.W. Matthews**

The Atlanta highway fire took a toll on hundreds of thousands of commuters.

Contracting Co. has had seven construction crews working every day and six crews each night to rebuild the highway. That is in addition to state inspectors and numerous subcontractors at the site.

The Marietta, Ga.-based company has hauled off about 200 truckloads of concrete de-

bris and more than 20 truckloads of steel. It has brought in about 250 mixer trucks of concrete, and 252 tons of reinforced steel to remake two 350-foot sections of the highway.

The company, which started talking to state officials before the fire was out, will finish rebuilding the section of highway at least three weeks before the initial deadline.

To finish the bridge quickly, "everything had to go perfect," C.W. Matthews President Dan Garcia said. Problems could include concrete setting too quickly, machinery breaking down, and delays in supply deliveries, according to C.W. Matthews officials. Weather could also be a curveball.

If C.W. Matthews finishes the work by Memorial Day, the company receives a bonus payment of \$1.5 million. If the work is complete by May 15, the bonus rises to \$3.1 million. Those incentives sped up work three to four times faster than a normal project, Mr. McMurry said.



Police officers secured the scene after a fatal stabbing attack on the University of Texas campus in Austin on Monday.

Texas Stab Attack Leaves One Dead

BY DAN FROSCH

One student was stabbed to death and three others were wounded in a knife attack on the campus of the University of Texas at Austin, authorities said.

Police said a suspect in the attack, Kendrex J. White, also a student at the school, was in custody.

UT Austin Police Chief David Carter said Mr. White, 21 years old, stabbed the students with a large, Bowie-style hunting knife just before 2 p.m. local time on Monday in a

crowded area outside of the university's gym before being apprehended at gunpoint by a campus police officer.

A motive for the attack wasn't immediately clear, and Mr. White was still being questioned. There was no further immediate threat to the campus, police said.

It wasn't known if Mr. White had a lawyer. No charges have been filed.

"It was described to us that the individual calmly walked around the Gregory Gymnasium plaza, and basically attacked these four unfortunate

students," Mr. Carter said.

The three other victims in the attack were being treated at a local hospital. Their conditions weren't immediately known. All of the victims in the rampage were male, police said.

UT Austin is Texas's flagship state school, with student body of more than 50,000. Classes and school events were cancelled for the rest of the day.

"This breaks my heart to have to announce this," UT Austin President Gregory Fenves said. "It breaks my heart that any of our students

are touched by tragedy. They come here to learn, to look to the future."

While college and university police have focused in recent years on preventing mass shootings on campuses, they also have had to deal with the prospect of other types of attacks in crowded, open areas of campus as well.

Last November, 11 people were injured at Ohio State University when a man plowed into pedestrians with his car and then began stabbing people with a butcher knife before being shot and killed by police.

Twist in Case Against Turkish Businessman

BY NICOLE HONG

The involvement of Rudy Giuliani and former U.S. Attorney General Michael Mukasey in defending a Turkish-Iranian businessman jailed in the U.S. has raised red flags with federal prosecutors who say there are potential conflicts of interest in the case.

On Tuesday, a federal judge in Manhattan is expected to hold a special hearing to discuss the roles of Mr. Giuliani, a former New York City mayor, and Mr. Mukasey, a former federal judge who served in the George W. Bush administration.

The two men aren't representing the businessman, Reza Zarab, in court, but rather have been meeting with senior U.S. and Turkish officials, including Turkish President Recep Tayyip Erdogan, to discuss "the possibility of an agreement that could promote the security of the United States and resolve the issues in this case," according to court filings from both sides.

Mr. Zarab has been in a U.S. jail for more than a year after he was arrested in Florida. Mr. Zarab had been a gold trader in Turkey before he was charged, along with four co-conspirators, with helping Iranian banks and companies process millions of dollars in violation of U.S. sanctions. He

has pleaded not guilty and is awaiting trial.

In recent affidavits, Messrs. Giuliani and Mukasey said they have met with at least one State Department official and that senior U.S. officials are receptive to reaching an agreement because the allegations against Mr. Zarab involve "consumer goods," not weapons or nuclear technology. Federal prosecutors called this inaccurate, alleging Mr. Zarab worked with high-level officials in Iran and Turkey to commit a serious offense.

The U.S. attorney's office in Manhattan has said there is a conflict of interest because the law firms where Messrs. Giuliani and Mukasey work—Greenberg Traurig LLP and Debevoise & Plimpton LLP, respectively—have represented banks that were allegedly defrauded by Mr. Zarab.

Messrs. Giuliani and Mukasey say their firms' past legal work for banks wouldn't pose a conflict in their representation of Mr. Zarab. Prosecutors also point to a possible conflict created by Greenberg Traurig's role as a registered agent for the country of Turkey.

A U.S. State Department representative referred a query to the Justice Department. A spokesman for the Manhattan U.S. attorney's office declined to comment.

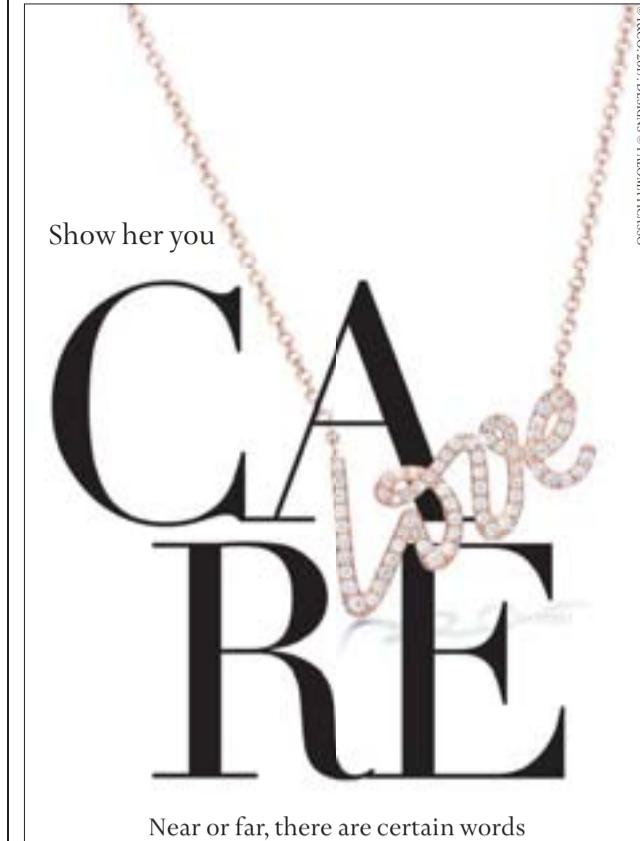
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Democrats Ponder New Tactic Against Trump



CAPITAL JOURNAL

By Gerald F. Seib

For Democrats these days, the key word in their political vocabulary is "resistance."

Amid the flurry of analysis and commentary marking President Donald Trump's first 100 days in office, the Democratic Party's position was clear: It is fighting the president and all he does, pure and simple.

"Yesterday, we marked Donald Trump's hundredth day in office—and, much more importantly 100 days of resistance," declared a weekend email message from party Chairman Tom Perez. That message used the word "resistance" three times.

For now, this position is an easy one for Democrats. Their party's base burns with dislike of the president and anger that he won the White House despite losing the popular vote in 2016. The demand from the party's activists is simply to

fight all things Trump.

But is that posture, along with a move to the left on cultural issues, the right long-term formula to claw back would-be Democratic voters lost in 2016? Some in the party aren't so sure.

On the party's left, Larry Cohen says: "Resistance is not enough." Mr. Cohen, chair of Our Revolution, a progressive movement inspired by the Bernie Sanders presidential campaign, adds: "The anti-Trump focus of much of labor and the [Hillary] Clinton campaign was not enough."

He argues for the Democrats to have an agenda of their own that should "start with a focus on democracy in all its forms—public issues like decent work, sustainable infrastructure, free public education from preschool through higher ed to provide real opportunity, health care for all, not simply access to overpriced insurance." And, he adds, "keeping private issues private—women making their own health-care choices, gender and racial equality and real opportunity."

On the party's opposite wing, Jim Kessler also says of the resistance message: "It's not going to be sufficient." Mr. Kessler is senior vice president of Third Way, an organization of moderate Democrats. He says Democrats "have to think as if the entire race—and all the races—are dependent on who



Democratic Chairman Tom Perez emphasizes resisting President Donald Trump above all, but some party activists question the strategy.

has the best jobs plan for the country. Who's going to bring the most jobs to America?"

Mr. Kessler suggests that Democrats start by promoting their own jobs-producing infrastructure initiative and a plan to rev up manufacturing.

As that suggests, Mr. Trump's success was rooted in his ability to convince working-class voters that anti-globalism and economic nationalism have the potential to bring back manufacturing and blue-collar jobs. That message cut deep with working-class voters in the country's center

who once considered the Democratic Party home but were pulled away by a populist message—an ill-defined one, to be sure, but delivered with a heap of anger.

It would be a mistake, though, for Democrats to think that it was only Mr. Trump who caused their predicament. Mr. Kessler notes that along the Atlantic seaboard and the West Coast, Democrats have roughly a 3-to-1 advantage in seats in the House of Representatives. Through the South and the country's interior, mean-

while, they trail Republicans by more than 100 seats, many in districts that once were reliably Democratic.

Economic rather than cultural issues are the ticket for wooing back many of the lost voters in such places. Thus, the danger for Democrats nationally is that the resurgence of activism and anger in the party's liberal base will push the party to the left on cultural issues—and, in the process, away from some of the very working-class Americans

whose support is needed for a Democratic renaissance.

That danger was amply illustrated by a dust-up over abortion in recent days. Mr. Perez, the party chairman, and Sen. Sanders both campaigned on behalf of Heath Mello, a Democrat running to be mayor of Omaha. His victory would be the kind of statement to show Democrats can claw back voters in Trump territory.

The problem for some in the party, though, is that Mr. Mello is personally antiabortion, and, as a state senator, sponsored a bill that would require a physician to tell a woman an ultrasound image of a fetus is available before performing an abortion. So the Perez/Sanders appearance brought an immediate protest from NARAL Pro-Choice America.

That pushback, in turn, prompted Mr. Perez to release a statement saying support for "a woman's right to make her own choices about her body and her health" is "not negotiable."

Mr. Perez's declaration atop a 2016 Democratic platform that put the party on record against taxpayer funding of abortion—led some to conclude the party now has no room for antiabortion Democrats. And that could be a significant roadblock for some of those working-class Trump voters the party wants and needs to win back.

Former EEOC Lawyer Eyed for Civil-Rights Position

BY BETH REINHARD

The White House is considering Eric Dreiband, who filed discrimination lawsuits as the top lawyer at the Equal Employment Opportunity Commission and has also defended big businesses from such lawsuits, to lead the civil-rights division at the Justice Department, according to people familiar with the matter.

Mr. Dreiband now works at Jones Day, a law firm that has become a popular wellspring for the new administration and supplied many of the lawyers who sued the administration of former President Barack Obama over its health-care law. Mr. Dreiband was part of the legal team that represented Catholic plaintiffs objecting to the contraceptive coverage under the law.

Mr. Dreiband also repre-



Eric Dreiband, a former Equal Employment Opportunity Commission lawyer, is a candidate for a top Justice Department post.

sented the University of North Carolina system when it was sued by the Justice Department over a state law requiring transgender people to use public bathrooms matching

the gender listed on their birth certificate. The university system argued that it didn't intend to enforce the law.

Mr. Dreiband didn't respond to requests to comment.

make changes to allay their concerns and insisting that few states would actually use the waivers allowing higher premiums for pre-existing conditions, according to people familiar with the matter.

One centrist, Rep. Mike Coffman (R., Colo.), seemed receptive. "There are many moderates who overreacted to the amendment, thinking that it does more than it actually does," he said. "So I think people are taking a second look at it." Even so, Mr. Coffman is working on an amendment that would strengthen protections for those with pre-existing conditions. But some senior Republicans said Monday that the time for fiddling with the bill may have passed.

Meanwhile, Rep. Billy Long (R., Mo.) came out against the bill on Monday, citing its treatment of people with pre-existing conditions.

The White House is pushing aggressively for a vote on health this week, eager for a victory on the politically potent subject. House leaders, including Speaker Paul Ryan (R., Wis.), embarrassed by having to pull an earlier version of the bill, have not committed to a backlash.

The bill includes an additional \$137 million for border security, but it will be used for technology and infrastructure, not the wall that Mr. Trump repeatedly promised on the campaign trail. The \$1.5 billion total for border security is half of what Mr. Trump requested.

Mr. Trump's proposed budget called for cuts to National Institutes of Health funding, but the current version boosts NIH funding by \$2 billion.

"It seems like Democrats were really the winners," said Justin Boggie, a senior policy analyst at the conservative Heritage Foundation.

The White House denied Monday the bill represented a setback, noting it includes spending on defense and border security, well as policy provisions on school choice and other matters.

—Michael C. Bender

and Michelle Hackman contributed to this article.

The civil-rights division at the Justice Department, which will celebrate its 60th anniversary this year, has broader authority than the EEOC to enforce federal laws barring discrimination and to investigate alleged violations of voting rights and civil liberties.

Former Attorney General Eric Holder repeatedly called the division "the crown jewel" of the Justice Department.

If nominated by President Donald Trump and confirmed by the Senate, Mr. Dreiband, whose potential selection was

reported last month by National Public Radio, would lead the office at a time when hate crimes are on the rise.

The Senate Judiciary Committee is holding a hearing Tuesday on the recent increase in religious hate crimes, which has included dozens of bomb threats to

Jewish Community Centers.

The former acting chief of

the division under Mr. Obama,

Vanita Gupta, is among those

scheduled to testify. She has sharply criticized the direction of the civil-rights division under Attorney General Jeff Sessions, who has called for a pullback from investigating police departments accused of civil-rights abuses and has withdrawn from part of a voting-rights case in Texas.

Mr. Sessions has suggested that federal oversight of police departments has made them less aggressive in fighting crime and helped fuel a surge in murders in some big cities.

Mr. Dreiband's views on poli-

cating and voting rights aren't

known publicly, and that could

be a point of contention for

Senate Democrats and liberal

activists, along with Mr.

Dreiband's involvement in litig-

ation against the Affordable Care Act.

David Lopez, who served in the same job at the EEOC under Mr. Obama, said nothing in Mr. Dreiband's record provides "any glimpse about whether he would be a rubber stamp or counterweight to General Sessions' stated goal to turn back the clock in areas of voter disenfranchisement, police-community relations and the broad gamut of pressing civil-rights issues requiring an active and vigilant civil rights division."

Leslie Silverman, a former EEOC commissioner, said he is well-suited to the job.

"He's a lawyer's lawyer with incredible integrity," she said.

"He strongly believes in civil-

rights laws and wants to see

them fairly applied."

—Louise Radnofsky

contributed to this article.

HEALTH

Continued from Page One reflects a conscious strategy—getting the best deal it can on spending while focusing its efforts on the health bill this week.

Sen. Orrin Hatch (R., Utah), an ally of Mr. Trump, said every new president must learn how to steer bills through Congress. "Of course, there's always a learning curve," Mr. Hatch said. "I've seen a variety of presidents, Democrats and Republicans, who have had to learn—how do you work with Congress? What's the best way to win them over, and how do you get them to cooperate?"

The risk for Mr. Trump is that it is far from clear that Republicans can round up the 216 votes they need on health care, especially from GOP centrists, after making changes in their initial proposal to win over conservatives. The centrists are especially spooked by a provision allowing insurers in some states to charge higher premiums to patients with pre-existing conditions who have let coverage lapse.

Republican leaders on Monday ramped up their efforts to persuade this group, assuring centrists the Senate would

make changes to allay their concerns and insisting that few states would actually use the waivers allowing higher premiums for pre-existing conditions, according to people familiar with the matter.

One centrist, Rep. Mike Coffman (R., Colo.), seemed receptive. "There are many moderates who overreacted to the amendment, thinking that it does more than it actually does," he said. "So I think people are taking a second look at it." Even so, Mr. Coffman is working on an amendment that would strengthen protections for those with pre-existing conditions. But some senior Republicans said Monday that the time for fiddling with the bill may have passed.

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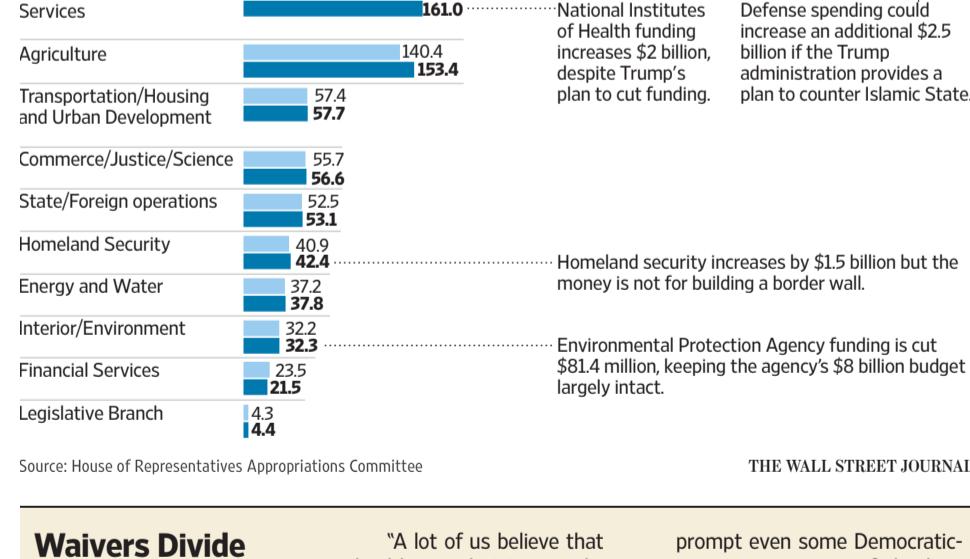
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Government Funding Bill Levels, Highlights

The proposal includes many measures sought by each party and does not contain any 'poison pill' riders that would have likely caused Democrats' opposition.

Funding level by spending area, in billions FY 2016 FY 2017 (proposed)



THE WALL STREET JOURNAL.

Waivers Divide Republican Ranks

A number of states would likely pursue waivers in the House Republican health plan enabling them to charge higher premiums to people with pre-existing conditions today can't access health care because the premiums and deductibles are so high."

But a number of centrist House Republicans have shied away from supporting the proposal, in part because they had pledged to maintain protections for people who are already sick and have high medical costs.

Proponents of the proposal have argued that the impact of the waivers would be muted, because many states wouldn't seek them.

A number of health-policy experts said they expect a number of states to seek the waivers as a way to keep overall premium costs from rising too high.

The rise in premiums could

prompt even some Democratic-run states to pursue federal waivers allowing them to opt out of parts of the ACA, according to liberal-leaning health policy groups.

Skimpier health plans would carry lower premiums. Charging higher premiums to some people with pre-existing conditions would also result in lower charges for healthier consumers.

President Donald Trump on Sunday argued that the proposal maintains protections for people with pre-existing conditions.

"Will have much lower premiums & deductibles while at the same time taking care of pre-existing conditions!" he tweeted on April 30. He also said in a CBS interview that there should be sale of insurance across state lines to foster competition.

—Stephanie Armour
and Michelle Hackman

The HNA logo, featuring the letters "HNA" in a bold, red, sans-serif font. A stylized yellow swoosh or arrow points from the letter "N" towards the letter "A".

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U.S. NEWS

GOP Sees Window to Tax-Cut Solution

By RICHARD RUBIN

WASHINGTON—President Donald Trump has said he wants to cut taxes, big-league, and Republicans are having trouble squeezing his ambitions into congressional rules forbidding bigger deficits after a 10-year budget scoring window.

Some lawmakers are exploring a way around that problem: Make the window bigger.

Sen. Pat Toomey (R., Pa.) last week suggested a "longer horizon" to overcome obstacles posed by the process known as reconciliation, which

lets a tax cut pass on a majority Senate vote but prevents additions to long-run deficits. The size of the window would also be changed through the budget process, and wouldn't require more than a simple majority; Republicans hold 52 seats in the chamber.

"They're clearly thinking about it," said Rohit Kumar, a principal in the tax policy group at PwC LLP and a former aide to Senate Majority Leader Mitch McConnell (R., Ky.). "There's no set number of years that it has to be or can be," said Mr. Kumar, referring

to the window. "So there's flexibility there."

A senior administration official said last week that no rule requires the window to be 10 years long.

A 15-year, 20-year or 30-year budget window could let Republicans pass a temporary tax cut that is long enough to give companies confidence to invest but short enough so its fiscal effects peter out by the 2030s or 2040s.

That would be a departure from the current framework. If a tax plan leaves a budget hole more than 10 years after it be-

comes law, it usually requires 60 votes in the Senate to pass.

Without that, lawmakers may need to set an expiration date at the end of that 10-year window, something that happened to 2001 and 2003 tax cuts under former President George W. Bush, a Republican. Most of those cuts became permanent law but some did lapse in 2013. One way to get deeper, longer-lasting cuts is to extend the window.

Republicans haven't made a decision yet on possibly extending the window's size. A Senate GOP aide said the plan for now

is to use the 10-year window.

Some forces in the party and the corporate world want permanent policy and would be wary of a longer window as a tool for a temporary tax cut.

"Pro-growth tax reform must be permanent," the Alliance for Competitive Taxation, a group whose members include Johnson & Johnson and Verizon Communications Inc., wrote to Mr. Trump on Monday. "A tax code that expires after a few years will not provide businesses with the certainty they need to invest and restart the engine of the U.S. economy."

Republicans on the House Ways and Means Committee said Sunday that they are aiming for a permanent, revenue-neutral policy. That presumably wouldn't require a longer window—though a longer window wouldn't necessarily be incompatible with their plans.

Permanent policy is important, Ways and Means Chairman Kevin Brady (R., Texas) told reporters on Monday as Republicans wrapped up a two-day policy session. "That's where we get the greatest growth for the greatest number of years."

CAPITAL ACCOUNT | By Greg Ip

A Reality Check on Cuts and Growth

Last week, President Donald Trump proposed slashing the corporate tax rate to 15% as the centerpiece of a tax plan designed to boost growth.

In 2000, the U.S. federal rate of 35%, combined with state taxes, was in the middle of the advanced-economy pack. Today, it is the highest in the 35-nation Organization for Economic Cooperation and Development because so many others have cut theirs.

projects. More spending on equipment, buildings and intellectual property should contribute to growth in the short run and create lasting payoffs by boosting worker productivity in the long run.

He is in good company. Between 2000 and 2016, most of the U.S.'s largest trading partners cut corporate rates. But their experience offers a reality check. There is little compelling evidence any enjoyed substantially faster growth as a result, and certainly not on the scale of Mr. Trump's ambitions; he wants to push the U.S. long-term growth rate to 3% from its current 2%.

This doesn't undermine the case for a lower corporate rate: All else equal, it almost certainly would help. But it is a warning to officials counting on rate cuts to generate so much growth they pay for themselves. Many forces operate on the economy, including demographics, the business cycle, technology and regulation. Taxes are just one factor, and often less potent than advocates advertise.

The theory is straightforward and uncontroversial. A tax cut makes it cheaper to finance investment in new

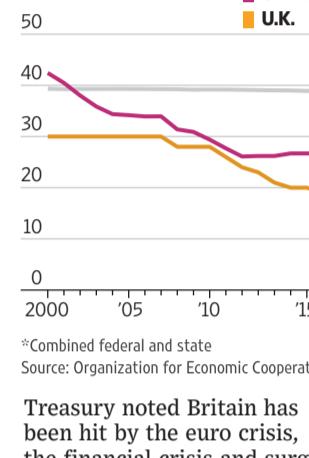
Britain reduced its corporate rate to 19% now from 30% in 2007. A 2013 study by the British Treasury predicted the tax cuts since 2010 would eventually boost the level of gross domestic product by 0.6%. That is certainly worth having, but spread out over, say, six years, would boost the growth rate by a barely noticeable 0.1 percentage point.

British investment as a share of GDP is actually lower than before 2007, and productivity growth—the ultimate determinant of living standards and where higher investment should leave its mark—averaged 0.6% from 2010 to 2015, according to the OECD, one of the worst among major countries.

Growing Pains

Canada and Britain have slashed their corporate tax rates but neither has seen a significant improvement in growth.

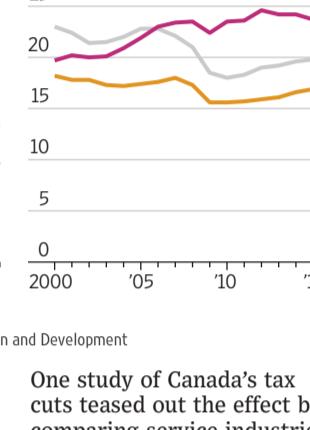
Marginal corporate tax rate*



*Combined federal and state

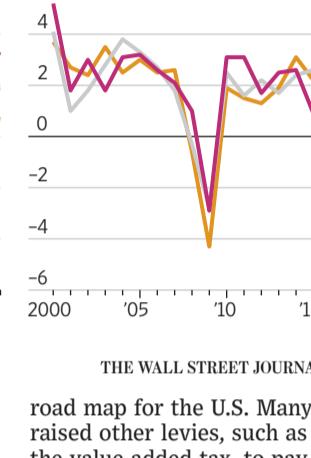
Source: Organization for Economic Cooperation and Development

Fixed capital formation as a share of GDP



Source: Organization for Economic Cooperation and Development

GDP, annual growth rates



Source: Organization for Economic Cooperation and Development

Treasury noted Britain has been hit by the euro crisis, the financial crisis and surging oil prices, all of which likely delayed the benefits of the corporate tax changes.

Canada cut its corporate rate from 28% in 2000 to 21% in 2004. While growth from 2000 to 2004 was about half a percentage point faster than the prior decade, it has since slowed. Canada's annual productivity growth since 2000 has been about 1%, slower than in the 1990s.

Jack Mintz, a tax expert at the University of Calgary, said Canada would have grown more slowly without the tax changes. Aging alone, he said, has knocked a percentage point off underlying growth since the 1990s.

Nonetheless, he said, Canada's lackluster performance flummoxes him.

Several studies find that tax cuts boost investment.

One study of Canada's tax cuts teased out the effect by comparing service industries, which benefited from the cuts with manufacturing, which already enjoyed a low rate and thus had less to gain. Services investment was highly responsive.

A 2004 study of 85 countries by Andrei Shleifer of Harvard and four others suggests a 10-percentage-point reduction in the effective corporate rate raises investment's share of gross domestic product by 2 percentage points.

Still, while these studies suggest lower corporate taxes have the predicted effect on investment, they don't show national growth rose as a result.

Of course, no two tax cuts are alike. Other countries may not provide a reliable

road map for the U.S. Many raised other levies, such as the value added tax, to pay for corporate cuts. Mr. Trump, a Republican, hasn't proposed significantly raising any taxes other than limiting some personal tax breaks, and would cut personal income-tax rates, which in theory incentivizes more work.

His plan comes with another caveat: It would be paid for with a dramatic increase in government deficits, which in theory should raise interest rates and crowd out the private investment, neutralizing some of the benefits of lower taxes.

Interest rates haven't responded to deficits lately because private investment has been so lackluster.

If those dynamics change, Mr. Trump's growth plans could face yet another impediment.

WASHINGTON WIRE

HISTORICAL RUMINATION

Trump Says Civil War Didn't Have to Happen

President Donald Trump, in expressing his admiration for former President Andrew Jackson, questioned why America's Civil War wasn't avoided and painted the seventh president as a leader who could have stopped the war from breaking out.

In an excerpt of an interview with the Washington Examiner that was posted by Sirius XM, Mr. Trump said that if Jackson had "been a little later, you wouldn't have had the Civil War."

Jackson served from 1829 to 1837, and died in 1845. Mr. Trump has embraced comparisons of his own upstart campaign to Jackson's, and has a portrait of Jackson in the Oval Office.

"He was really angry, that he saw what was happening with regard to the Civil War," Mr. Trump said of Jackson. "He said 'there's no reason for this.' People don't realize, you know, the Civil War, you think about it.

Trump said of Jackson. "He said 'there's no reason for this.' People don't realize, you know, the Civil War, you think about it. Why? People don't ask that question. But why was there the Civil War. Why could that one not have been worked out?"

The Civil War broke out in 1861 following the election of President Abraham Lincoln and the subsequent secession of several Southern states, after years of tension and failed compromises between slaveholding states and free states over the expansion of slavery into the West.

—Tim Hanrahan

PRESIDENTS ON THE LINE

Phone Call With Putin Scheduled on Tuesday

President Donald Trump is scheduled to speak with Russian President Vladimir Putin on Tuesday for the first time since he declared relations between Washington and Moscow to be at an all-time low.

The White House said the U.S. and Russian leaders will speak on the phone at 12:30 p.m. Eastern time. They last spoke a month ago, when Mr. Trump called Mr. Putin following a terrorist attack in St. Petersburg.

Their discussion on Tuesday comes amid tensions between the U.S. and Russia over the conflicts in Syria and Ukraine, and as U.S. concerns rise over North Korea.

—Carol E. Lee

Schools Get Break From Some Lunch Standards

BY TAWNELL D. HOBBS

The Trump administration is scaling back some healthful school lunch standards championed by former first lady Michelle Obama, as it seeks to give schools more flexibility with meals.

U.S. Secretary of Agriculture Sonny Perdue announced the changes Monday during a visit to an elementary school in Leesburg, Va.

Schools, which receive federal funding for meal programs, won't have to meet certain guidelines for whole grain, sodium and milk.

The U.S. Department of Agriculture said the decision comes after years of feedback

from schools and food-service experts, who have faced challenges meeting meal regulations; and from students, some of whom have complained that the meals aren't appetizing.

"If kids aren't eating the food, and it's ending up in the trash, they aren't getting any nutrition—thus undermining the intent of the program," Mr. Perdue said in a statement.

But American Heart Association Chief Executive Nancy Brown has concerns.

"USDA needs to remember that schools around the country are making great progress on healthy school meals, with more than 99% of schools already in compliance," Ms. Brown said in a statement.

"Rather than altering the current path forward, we hope the agency focuses more on providing technical assistance that can help schools get across the finish line, if they haven't done so already."

The changes will allow states to grant exemptions in the 2017-18 school year to schools experiencing hardship in finding a full range of products that meet whole-grain requirements; allow schools to meet past targets for sodium instead of new higher limits, to give more time to prepare appropriate foods; and allow schools to serve flavored 1% fat milk, instead of just fat-free.



Continued from Page One

been formally nominated for the job, which requires Senate confirmation.

In the meantime, Mr. Trump has the power to put his stamp on the comptroller's office under the National Bank Act, the law that created the office in the 1860s. The law gives the president wide latitude to remove the comptroller "upon reasons to be communicated by him to the Senate," and effectively gives the Treasury secretary power to designate an acting comptroller.

The administration is considering naming as acting comptroller Keith Noreika, a banking lawyer at Simpson Thacher & Bartlett LLP, according to people familiar with the matter.

Mr. Otting couldn't be reached for comment.

Mr. Noreika didn't respond to requests for comment. He served on Mr. Trump's transition team as a volunteer at the Treasury.

Mr. Trump has broadly struck a deregulatory tone that has boosted bank stocks and expectations of policies that will give financial firms more leeway than they enjoyed under Mr. Obama. Without financial regulators in place, however, the practical influence of his electoral win has been limited.

The Treasury Department, for example, is conducting a broad review of financial regulations with an eye toward undoing Obama-era financial rules, but the power to alter rules rests mostly with other agencies.

At the Fed, the key post of vice chairman in charge of bank oversight remains vacant. Mr. Trump hasn't appointed anyone to that post despite repeated assurances by administration officials that they would act quickly to fill it. The seven-member Fed governing board has three vacancies, including the vice chairman's job.

Some critics of the CFPB have hoped Mr. Trump would fire its director, Richard Cordray, but he hasn't done so. Such a move would likely

spark a big political fight with Democrats.

A federal lawsuit is pending that involves a question on whether the president has the power to remove the director at will.

Regulators over the financial markets also are awaiting administration leadership. Mr. Trump's nominee for chairman of the Securities and Exchange Commission, securities lawyer Jay Clayton, advanced closer to final confirmation on Monday by the Senate, with a final vote expected later this week. The SEC has two additional vacancies on its five-member commission.

Mr. Trump also has nominated Christopher Giancarlo to head the Commodity Futures Trading Commission, and he is awaiting Senate action.

Mr. Giancarlo began serving as acting CFTC chairman the day of Mr. Trump's inauguration on Jan. 20. The CFTC has three additional openings.

Mr. Noreika could begin work immediately at the OCC but is expected to serve temporarily, these people said. That is because the person

nominated to be comptroller likely couldn't simultaneously hold that job in an acting capacity.

Mr. Curry, a former state regulator, has used the comptroller's post to harangue large U.S. banks about risky lending, anti-money-laundering systems, community reinvestment and other matters. He has also recently moved to begin allowing financial technology firms more leeway in applying for federal banking charters.

Mr. Trump's choice for the job is expected to take a less aggressive tack on bank oversight, in line with the administration's view that Obama-era regulators went overboard in placing too many restrictions on banks.

CARLOS BARRIA/REUTERS

BANKS

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**ISRAEL WAS ESTABLISHED 69 YEARS AGO TODAY.
THROUGHOUT THOSE YEARS, THE UNITED STATES AND ISRAEL
HAVE BEEN PARTNERS IN DEMOCRACY, THEIR PEOPLE
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**THE DECLARATION OF THE ESTABLISHMENT OF
THE STATE OF ISRAEL**

The Land of Israel was the birthplace of the Jewish people. Here their spiritual, religious and political identity was shaped. Here they first attained to statehood, created cultural values of national and universal significance and gave to the world the eternal Book of Books.

After being forcibly exiled from their land, the people kept faith with it throughout their Dispersion and never ceased to pray and hope for their return to it and for the restoration in it of their political freedom.

Impelled by this historic and traditional attachment, Jews strove in every successive generation to re-establish themselves in their ancient homeland. In recent decades they returned in their masses. Pioneers, defiant returnees, and defenders, they made deserts bloom, revived the Hebrew language, built villages and towns, and created a thriving community controlling its own economy and culture, loving peace but knowing how to defend itself, bringing the blessings of progress to all the country's inhabitants, and aspiring towards independent nationhood.

In the year 5657 (1897), at the summons of the spiritual father of the Jewish State, Theodor Herzl, the First Zionist Congress convened and proclaimed the right of the Jewish people to national rebirth in its own country.

This right was recognized in the Balfour Declaration of the 2nd November, 1917, and re-affirmed in the Mandate of the League of Nations which, in particular, gave international sanction to the historic connection between the Jewish people and Eretz-Israel and to the right of the Jewish people to rebuild its National Home.

The catastrophe which recently befell the Jewish people - the massacre of millions of Jews in Europe - was another clear demonstration of the urgency of solving the problem of its homelessness by re-establishing in Eretz-Israel the Jewish State, which would open the gates of the homeland wide to every Jew and confer upon the Jewish people the status of a fully privileged member of the community of nations.

Survivors of the Nazi holocaust in Europe, as well as Jews from other parts of the world, continued to migrate to Eretz-Israel, undaunted by difficulties, restrictions and dangers, and never ceased to assert their right to a life of dignity, freedom and honest toil in their national homeland.

In the Second World War, the Jewish community of this country contributed its full share to the struggle of the freedom- and peace-loving nations against the forces of Nazi wickedness and, by the blood of its soldiers and its war effort, gained the right to be reckoned among the peoples who founded the United Nations.

On the 29th November, 1947, the United Nations General Assembly passed a resolution calling for the establishment of a Jewish State in Eretz-Israel; the General Assembly required the inhabitants of Eretz-Israel to take such steps as were necessary on their part for the implementation of that resolution. This recognition by the United Nations of the right of the Jewish people to establish their State is irrevocable.

This right is the natural right of the Jewish people to be masters of their own fate, like all other nations, in their own sovereign State.

Accordingly we, members of the People's Council, representatives of the Jewish Community of Eretz-Israel and of the Zionist Movement, are here assembled on the day of the termination of the British Mandate over Eretz-Israel and, by virtue of our natural and historic right and on the strength of the resolution of the United Nations General Assembly, hereby declare the establishment of a Jewish state in Eretz-Israel, to be known as the State of Israel.

We declare that, with effect from the moment of the termination of the Mandate being tonight, the eve of Sabbath, the 6th Iyar, 5708 (15th May, 1948), until the establishment of the elected, regular authorities of the State in accordance with the Constitution which shall be adopted by the Elected Constituent Assembly not later than the 1st October 1948, the People's Council shall act as a Provisional Council of State, and its executive organ, the People's Administration, shall be the Provisional Government of the Jewish State, to be called "Israel."

The State of Israel will be open for Jewish immigration and for the Ingathering of the Exiles; it will foster the development of the country for the benefit of all its inhabitants; it will be based on freedom, justice and peace as envisaged by the prophets of Israel; it will ensure complete equality of social and political rights to all its inhabitants irrespective of religion, race or sex; it will guarantee freedom of religion, conscience, language, education and culture; it will safeguard the Holy Places of all religions; and it will be faithful to the principles of the Charter of the United Nations.

The State of Israel is prepared to cooperate with the agencies and representatives of the United Nations in implementing the resolution of the General Assembly of the 29th November, 1947, and will take steps to bring about the economic union of the whole of Eretz-Israel.

We appeal to the United Nations to assist the Jewish people in the building-up of its State and to receive the State of Israel into the community of nations.

We appeal - in the very midst of the onslaught launched against us now for months - to the Arab inhabitants of the State of Israel to preserve peace and participate in the upbuilding of the State on the basis of full and equal citizenship and due representation in all its provisional and permanent institutions.

We extend our hand to all neighbouring states and their peoples in an offer of peace and good neighbourliness, and appeal to them to establish bonds of cooperation and mutual help with the sovereign Jewish people settled in its own land. The State of Israel is prepared to do its share in a common effort for the advancement of the entire Middle East.

We appeal to the Jewish people throughout the Diaspora to rally round the Jews of Eretz-Israel in the tasks of immigration and upbuilding and to stand by them in the great struggle for the realization of the age-old dream - the redemption of Israel.

Placing our trust in the Almighty, we affix our signatures to this proclamation at this session of the provisional Council of State, on the soil of the Homeland, in the city of Tel-Aviv, on this Sabbath eve, the 5th day of Iyar, 5708 (14th May, 1948).

Signed: David Ben-Gurion and 37 other founding signatories for the State of Israel.



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WORLD NEWS

NATO Weighs a Post to Fight Terrorism

Alliance will discuss creating new position following demands from President Trump

By JULIAN E. BARNES

BRUSSELS—The North Atlantic Treaty Organization is considering appointing a senior official to oversee counterterrorism efforts, a move aimed at meeting one of President Donald Trump's demands that the alliance focus more on terror threats.

The proposal is similar to NATO's recent decision to create a top intelligence post, a move that Mr. Trump has repeatedly praised and that he has cited as evidence the alliance has responded to his criticisms and is no longer obsolete.

While no NATO country has vocally opposed the idea of a senior counterterrorism coordinator, some diplomats are skeptical about the role's impact unless alliance members also agree to expand the organization's counterterror efforts, including funding additional training initiatives.

NATO diplomats have been discussing how they can expand counterterrorism training, including ways to use allied special operations forces to better train antiterror commandos in the Middle East and Africa.

Those proposals could include expanding the work or mandate of the NATO Special Operations Headquarters, which develops NATO counterterrorism plans.



VISAR KREUZI/ASSOCIATED PRESS

Italian forces, part of the NATO-led peacekeeping mission in Kosovo, attending a joint exercise in April.

No NATO member, including the U.S., has advocated the alliance conducting counterterrorism strikes or taking a direct attack role in the military fight against Islamic State in Syria, Libya or Afghanistan.

But expanding the alliance's use of its scarce resources, such as special-operations forces, is difficult and could weigh on NATO's budget.

Bruno Lété, a security expert at the Brussels office of the German Marshall Fund, said the U.S. has indicated it wants NATO to do more to combat terrorism. "NATO allies are going to need to subscribe to Trump's desire for a new NATO that can engage in counterterrorism efforts," Mr.

Lété said.

Allied ambassadors are set to formally discuss the counterterrorism post and other proposals at a meeting on Friday, officials said. Diplomats have been debating various proposals as they prepare for the meeting of allied leaders, including Mr. Trump, later this month. Turkish, British and French delegations have circulated papers.

The U.S., however, hasn't submitted a paper or made any formal requests to the alliance. While Mr. Trump has said he wants the allies to do more on counterterrorism, neither he nor other U.S. officials have stated any specific desires, according to allied

diplomats.

Some NATO allies have said privately that without a formal proposal from the U.S., reaching consensus on new counterterrorism plans is difficult.

Some allied military officers have said current training efforts are disjointed and could be better coordinated. While there is a midlevel official assigned to coordinating NATO's various counterterrorism efforts, some officers say a high-level official could expand alliance and national training initiatives.

German diplomat Arndt Freytag von Loringhoven leads the new intelligence department that was formed by merging old functions. He was given

the title of assistant secretary-general and a mandate to increase allied intelligence-sharing. Several allies have praised the office's early efforts.

NATO diplomats said a new department devoted to counterterrorism isn't under consideration. Instead, the counterterrorism portfolio would be given to an existing NATO official, likely Sorin Ducaru, a Romanian diplomat who is assistant secretary-general for emerging security challenges.

More broadly, other diplomats question whether a larger role for NATO in fighting terrorism is wise, or if money would be better spent on national efforts.

"We have trouble identify-

Georgia: Alliance members and partners support Georgia with some 38 resident and nonresident experts working on defense reform.

Ukraine: The NATO representation in Ukraine has 21 international staff. NATO aims to help Ukrainian defense and security institutions become more effective and accountable.

Iraq: The alliance has roughly 20 training and capacity-building staff (military and civilian) in Iraq. The training includes counter-improvised explosive devices, explosive ordnance disposal, and de-mining; civil-military cooperation; and reform of Iraqi security institutions.

Source: NATO

ing what more NATO could do," said one European diplomat. "NATO is not the relevant body to do more fighting terrorism."

One senior diplomat said that while NATO will never be "the first responder," it can do more to combat terrorism and should continue expanding intelligence sharing on terror threats, such as providing more information about internal threats that could impact the wider alliance.

Some countries have revived the idea of NATO formally joining the coalition against Islamic State.

Germany and Italy remain skeptical of the proposal, alliance diplomats said.

Greece, Creditors Set Terms On Bailout

By NEKTARIA STAMOULI

ATHENS—Greece and its international creditors reached an agreement early on Tuesday to keep the country's existing bailout program going, clearing the way for debt-relief talks.

The agreement sets out the austerity measures and economic overhauls Greece must implement and releases the next bailout disbursement it needs to make around €7 billion (\$7.63 billion) in debt repayments in July.

"There is white smoke," Greek Finance Minister Euclid Tsakalotos said after a marathon meeting with a delegation of creditors. "Negotiations on all issues have been completed."

The agreement also lays out



People gathered near Paris on Monday for a Marine Le Pen rally.

Ms. Le Pen also paraded her newly founded alliance with conservative politician Nicolas Dupont-Aignan, a first-round candidate who she pledged would be her prime minister.

Notably absent from Ms. Le Pen's speech was any mention of what was once a flagship proposal: to withdraw France from the eurozone.

One major concern for voters across the political spectrum, polls have shown, was the economic ramifications of Ms. Le Pen's idea to organize a referendum on reinstating a national currency.

In recent days, Ms. Le Pen has sought to soften her language on the issue, suggesting France could keep the euro as one of two currencies and any change in the status quo would take years to play out.

The agreement releases a tranche of money it needs to make debt payments.

the conditions for the creditors—the International Monetary Fund and the eurozone—to discuss ways to ease the country's mounting debt.

"I'm certain that there will now be negotiations on debt because there is no excuse," Mr. Tsakalotos said.

Under the accord, Greece commits to make further fiscal cuts—after its current bailout ends—equaling around 1% of gross domestic product in 2019 through pension reductions. A similar amount of cuts are to be made in 2020 from a reduction in the threshold for paying personal income taxes.

Greece's left-led government also committed to a labor overhaul and privatizations to make its economy more competitive.

The two sides also agreed on a package of growth-enhancing measures mostly consisting of tax cuts that would be implemented if Greece exceeds its targets.

The IMF, which considers Greece's debt highly unsustainable, hasn't officially joined the country's bailout yet. In order to resume lending it wants Europe to commit to substantial debt relief first.

WORLD WATCH

ITALY

Renzi Wins Vote to Lead Party in Election

Former Prime Minister Matteo Renzi won a leadership contest to head the left-leaning Democratic Party in the next general election due by mid-2018.

He won more than 70% of the vote in initial results, putting down a challenge that exposed splits within the party, which has lost ground to the antiestablishment 5 Star Movement. Polls last month showed support for the 5 Star Movement at as much as 32%, several percentage points ahead of the Democratic Party.

Mr. Renzi resigned as prime minister in December, bringing to an abrupt end a government that had been one of the most reform-minded in Europe. The Tuscan politician stepped down after voters in a referendum rejected constitutional changes meant to streamline lawmaking.

—Deborah Ball



WE WENT FISHING, AND NOW WE'RE BACK: A police boat examined fishing boats Monday at a port in Dalian, China. The annual summer fishing ban will be enforced in the Bohai Sea and the Yellow Sea this year from May 1 and end on Sept. 1.

in a row, and trade unions marked the day with rallies at government-designated areas. Still, small groups tried to reach the square, leading to scuffles with police.

Taksim holds a symbolic value for Turkey's labor movement. In 1977, 34 people were killed there during a May Day event when shots were fired into the crowd.

—Associated Press

CHINA Manufacturing Index Points to Slowdown

China's nationwide factory activity expanded at a slower pace in April, with a private gauge falling to a seven-month low.

The Caixin China manufacturing purchasing managers' index dropped to 50.3 in April from

51.2 in March, indicating a slower expansion of activity, Caixin Media Co. and research firm Markit said Tuesday.

Still, the index shows China's manufacturing sector has avoided a contraction of activity for 10 straight months. A reading above 50 indicates expansion.

Output and new orders both increased at the softest rates since last September, while busi-

ness confidence also weakened for two months in a row, Caixin said.

The softer Caixin PMI reading comes after moderation in a competing government gauge. China's official manufacturing PMI fell to a six-month low of 51.2 in April compared with 51.8 in March, the National Bureau of Statistics said Sunday.

—Liyan Qi



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WORLD NEWS

White House Defends Its Offer to Duterte

BY FELICIA SCHWARTZ

WASHINGTON—The White House tried to bat away criticism of President Donald Trump's decision to invite the Philippines' President Rodrigo Duterte to Washington.

White House press secretary Sean Spicer said on Monday that Mr. Trump sees the invitation to Mr. Duterte—who has waged a brutal and deadly antidrug campaign since he took office last year—as part of the Trump administration's efforts to enlist countries in the region to further diplomatically and economically isolate North Korea.

"The national interests of the United States, the safety of our people and the safety of people in the region are the No. 1 priorities of the president," Mr. Spicer said.

Mr. Trump extended the invitation to Mr. Duterte in a phone call on Saturday, which the White House described as "very friendly." A White House statement about the call made no mention of any criticism of Mr. Duterte's human-rights re-

cord.

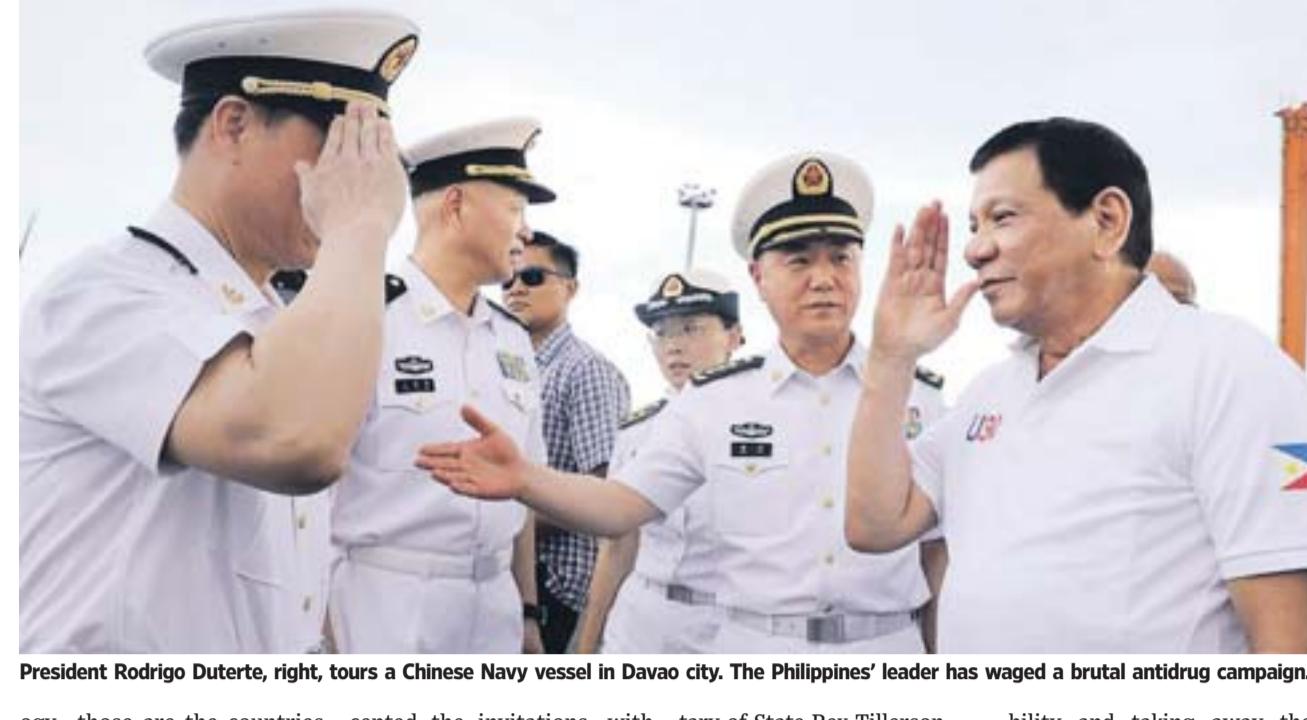
Rights groups and lawmakers strongly criticized the invitation, pointing to Mr. Duterte's bloody antinarcotics campaign that has killed more than 8,000 people.

Sen. Ben Cardin (D, Md.), the senior Democrat on the Senate Foreign Relations Committee, slammed Mr. Trump's decision to open the White House to "a man who has boasted publicly about killing his own citizens."

Sen. Chris Coons (D, Del.) said welcoming Mr. Duterte to the White House "risks giving Duterte's actions and his brutal human-rights violations an American stamp of approval."

John Sifton, Asia advocacy director at Human Rights Watch, said the invitation sends "a terrible signal" and questioned how much power the Philippines has to enforce sanctions or press further action at the United Nations.

"Do they have any leverage with North Korea at all?" he said. "Uganda, Nigeria, Angola, Mongolia, countries that deal with them on missile technol-



President Rodrigo Duterte, right, tours a Chinese Navy vessel in Davao city. The Philippines' leader has waged a brutal antidrug campaign.

ogy—those are the countries you need to be talking to, beside China, when it comes to reining in North Korea."

But the White House said Mr. Trump wants to build a relationship with Mr. Duterte to "make sure our people are protected" and try to pressure North Korea to abandon its nuclear program.

Mr. Trump also has invited the leaders of Thailand and Singapore to the White House. Thai Prime Minister Prayuth Chan-ocha and Singapore Prime Minister Lee Hsien Loong both said they had ac-

cepted the invitations, with the White House saying the leaders reaffirmed their commitment to uphold close relations with the U.S.

The Trump administration has said it is pursuing a strategy of "maximum pressure" to confront North Korea's nuclear program. The effort includes pressing countries like China and other regional powers to do more to enforce existing sanctions.

Mr. Trump on Monday held out the possibility of direct talks with North Korea, echoing comments last week by Secre-

tary of State Rex Tillerson.

"If it would be appropriate for me to meet with him, I would, absolutely. I would be honored to do it," Mr. Trump told Bloomberg News on Monday, referring to the country's leader Kim Jong Un. "If it's under the again, under the right circumstances. But I would do that."

Still, the White House said that the possibility of talks is "far away."

"We want to hold out the possibility if they were ever serious about completely dismantling [their] nuclear capa-

bility and taking away the threat that they pose both to the region and to us, there's always going to be a possibility," Mr. Spicer said. "That possibility is not there at this time."

Separately, the U.S. military said a missile-defense system it was installing in South Korea was now "operational and has the ability to intercept North Korean missiles."

U.S. Forces Korea, which oversees the military's various combat forces, said the Terminal High-Altitude Area Defense, or Thaad, was also ready to defend South Korea.

Maduro Seeks New Constitution

BY KEJAL VYAS

CARACAS—Venezuela President Nicolás Maduro on Monday signed an order to convene a special assembly to redraft the country's constitution, the latest in a string of efforts to retain power in the face of mounting protests and civil unrest.

Mr. Maduro called for a vote—though it remained unclear among whom—to elect a constituent assembly, which would in theory become the nation's highest authority.

The opposition responded by pledging to intensify anti-government demonstrations. They called on protesters to block roads beginning as early as 6 a.m. Tuesday in rejection of what they said was the leftist leader's latest attempt to violate democratic order and avoid elections that polls show his ruling Socialist Party would overwhelmingly lose.

"Don't let yourselves be fooled. This is a fraud, a coup d'état," said Julio Borges, who leads the country's congress, the National Assembly.

Mr. Maduro fired back by saying, "I am no Mussolini."

"We need to transform the state, especially that rotten



I am no Mussolini, Venezuela President Nicolás Maduro said Monday.

National Assembly over there," Mr. Maduro told red-clad supporters at a May Day rally in downtown Caracas, referring to the country's congress.

Mr. Maduro said a constituent assembly would ease Venezuela's crippling economic crisis, guarantee peace and beat back what he alleges are efforts to destabilize his administration, without explaining in detail how. "I don't want a civil war," he added.

But legal experts said Mr. Maduro's decision was a last-ditch effort to sideline his rivals who control the National

Assembly. While Mr. Maduro has largely neutered the legislature by barring it from passing laws, lawmakers have warned international investors that any deals with the government would be illegal unless approved by congress, curtailing the cash-strapped Maduro administration's ability to secure credit lines overseas.

"This is an absurd proposal and an element of distraction to try to paralyze the opposition, which is united in the streets mobilizing to get rid of the government," said Antonio Canova, a law professor at An-

drés Bello Catholic University. "Every day it is clearer that we're in a dictatorship."

Mr. Maduro's proposal, the first call for a constituent assembly since his mentor and predecessor, Hugo Chávez, rewrote the constitution in 1999, came as thousands of Venezuelans took to the streets Monday, facing tear gas and National Guard armored vehicles for the fifth straight week to demand an immediate end to the president's autocratic rule.

At least 29 people have died over a month of clashes between demonstrators and state security forces that are sometimes backed by armed paramilitary gangs, work as the Socialist government's enforcers and often charge into opponents on motorbikes.

With polls showing that four out of five Venezuelans want Mr. Maduro out of office, all eyes are now on how the constituent assembly is convened. Mr. Maduro, in his speech, promised elections would be held, as they were in 1999 when Mr. Chavez pushed through a new constitution.

Mr. Maduro said he wanted at least half of the assembly to be composed of the working class, farmers and unionists.

Southeast Asia that are still doing business with North Korea."

The three countries have long military and economic ties with the U.S., though relations have cooled dramatically with Manila since Mr. Duterte took office last year and embarked on a violent war on drugs, and to a lesser degree with Thailand since a military regime came to power in 2014.

Thai Prime Minister Prayuth Chan-ocha and Singapore Prime Minister Lee Hsien Loong both said they had accepted the invitations, extended in phone discussions with Mr. Trump. Both leaders reaffirmed their commitment to uphold close relations with the U.S., the White House said.

In his call with Mr. Prayuth, Mr. Trump assured the Thai prime minister of his intention to play "an active and leading role in Asia" in close cooperation with Thailand, the White House said.

Thailand was the fourth-largest exporter to North Korea in 2015 after China, India and Russia, according to United Nations data. The Philippines was fifth.

Palestinian.

Mr. Netanyahu has said he won't accept the establishment of a Palestinian state based on the pre-1967 borders because of the security risks it poses.

He also has called it unrealistic for large numbers of Palestinian refugees to return to Israel, a key demand of both Hamas and Fatah. Such an influx, he and other Israeli officials say, would jeopardize the Jewish majority.

—Felicia Schwartz contributed to this article.



A bombing in Jerusalem in February 1996 killed at least 23 Israelis.

parliamentary elections but fails to reach a power-sharing deal with Palestinian Authority leader Mahmoud Abbas.

2007 After fighting over control of Palestinian territories, Hamas takes control of Gaza Strip and the Fatah-led Authority stays in power in the West Bank.

2008 Hamas fires rockets into Israel, sparking a bloody three-week conflict.

2014 Hamas and Israel fight a 50-day air and ground war. Some 2,200 Palestinian civilians and militants and more than 70 Israeli soldiers and civilians are killed in the fighting, according to the United Nations.

2017 Hamas revises its charter calling for the destruction of Israel. The group says it will formally accept the principle of a Palestinian state in territories Israel captured in the 1967 Middle East war.

—Rory Jones

HAMAS

Continued from Page One
is increasingly isolated from longtime supporters in the region.

"Hamas is attempting to fool the world but it will not succeed," said David Keyes, spokesman for Israeli Prime Minister Benjamin Netanyahu. "Daily, Hamas leaders call for genocide of all Jews and the destruction of Israel."

A U.S. official said the Trump administration hasn't changed its outlook on Hamas.

The timing of the document's release stems from the rivalry between Hamas and the Fatah faction of the Palestinian Authority, said Jonathan Schanzer, a former terrorism finance analyst at the Treasury Department and now senior vice president at the Foundation for Defense of Democracies.

"It's an attempt to grab market share," he said. "It's a very calculated shift, but I think the Trump administration is not going to see Hamas any differently...it's a softening of rhetoric, not a change of behavior."

Mr. Trump has said he wants to broker a peace deal between Israel and the Palestinians. Mr. Abbas has stepped up pressure on Hamas in recent weeks in an apparent attempt to signal to the White House he is trying to unify the Palestinians, who have been politically divided since Hamas won control of Gaza 10 years ago.

Since then, Israel has frequently noted the difficulty of holding peace talks with Mr.

Abbas and the Palestinian Authority on the grounds they don't represent all Palestinians.

Hamas is also under pressure on other fronts. It has strained ties with previous backers Iran and Syria over its support for Syrian rebels. Gulf states, which have deepened their covert relationship with Israel, haven't passed along most of the money pledged to rebuild Gaza after Hamas's 2014 war with Israel. Turkey restored diplomatic ties with Israel last summer.

Mr. Mashaal unveiled the new charter on Monday in the Qatari capital of Doha, where the movement has its headquarters. The new charter states: "Palestine symbolizes the resistance that shall continue until liberation is accomplished, until the return is fulfilled and until a fully sovereign state is established with Jerusalem as its capital."

In its 1988 charter, drafted a year after it was founded, Hamas called for the destruction of Israel and the Palestinian takeover of all Israeli territory. Since then, it has fought three short wars with Israel and occasionally called for a 10-year truce with its neighbor. But it has never formally recognized the state of Israel.

In revising its charter,

Hamas also dropped a reference to its connection with the Muslim Brotherhood, from which Hamas evolved in the 1980s. Egypt's current leader, President Abdel Fattah Al Sisi, came to power in a 2013 coup that ousted Mohammed Morsi of the Muslim Brotherhood. Egypt and other Gulf states, such as Saudi Arabia and the United Arab Emirates, have in recent years designated the group a terrorist organization.

In recent months, Hamas has been conducting internal elections. Mr. Mashaal is expected to step down after more than a decade as the group's leader and to be succeeded by Ismail Haniyeh, who was the group's local chief in Gaza until earlier this year, when hard-liner Yahya Sinwar succeeded him.

Officials with Hamas have warned that attempts by Mr. Abbas to force them to give up control of Gaza will only deepen the group's political differences with the Palestinian Authority, which is dominated by Mr. Abbas's more moderate and secular Fatah party.

Mr. Abbas last month cut salaries to workers in Gaza and told Israel it would no longer pay for the electricity supplied by Israel to the coastal enclave.

In response, Hamas asked Arab nations, including Egypt, which shares a border with Gaza, to deal directly with the group and not go through the Palestinian Authority.

A spokesman for the Palestinian Authority didn't respond to a request for comment.

Mr. Mashaal has wanted Hamas to appear more moderate internationally with the

eventual goal of replacing Fatah as the most influential group in the Palestine Liberation Organization, said Kobi Michael, former deputy director-general of Israel's Ministry of Strategic Affairs. The PLO represents Palestinians in negotiations with Israel.

But current and former Israeli officials expressed skepticism that the more moderate charter would be adhered to by Messrs. Haniyeh and Sinwar, who are considered more militant than Mr. Mashaal. Mr. Sinwar was convicted in the

1980s of killing Israeli soldiers and sentenced to four life sentences. He was later released in a 2011 prisoner swap.

The Fatah-dominated PLO recognized the state of Israel as part of the Oslo Accords process of the 1990s. In recent years, Mr. Netanyahu and other Israeli political figures have called on Palestinians to recognize Israel specifically as a Jewish state as a prerequisite for peace. Palestinian officials have rejected that demand, saying one-fifth of the country's population is Arab

and

2000 After the PLO and Israel fail to sign a peace agreement, Palestinians launch a second intifada. Hamas organizes suicide bombings and other attacks.

2006 Hamas wins Palestinian

Palestinian.

Mr. Netanyahu has said he won't accept the establishment of a Palestinian state based on the pre-1967 borders because of the security risks it poses.

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—Felicia Schwartz contributed to this article.

Three Decades Of Conflict

1987 Hamas is founded during the first Palestinian uprising, known as the intifada, as an offshoot of Egypt's Muslim Brotherhood. In its charter, which it created the following year, the group called for Israel's destruction.

1993 In the wake of the first Oslo Accord signed between Israel and the Palestine Liberation Organization, Hamas rejects the principle of the peace process and vows to continue armed resistance.

1994-97 Hamas claims responsibility for a series of suicide bombings in cities across Israel.

2000 After the PLO and Israel fail to sign a peace agreement, Palestinians launch a second intifada. Hamas organizes suicide bombings and other attacks.

2006 Hamas wins Palestinian

parliamentary elections but fails to reach a power-sharing deal with Palestinian Authority leader Mahmoud Abbas.

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—Rory Jones

WORLD NEWS

CIA Chief In Seoul As Tension Escalates

Associated Press

SEOUL—The director of the Central Intelligence Agency is visiting South Korea, the U.S. Embassy in Seoul confirmed, amid heightened tensions on the Korean Peninsula.

An embassy official said Mike Pompeo and his wife were in the South Korean capital on Monday, but wouldn't say for how long. He spoke on condition of anonymity because he wasn't authorized to speak to the media.

South Korean media reports said the CIA chief arrived in South Korea over the weekend for meetings with the head of South Korea's National Intelligence Service and high-level officials in the presidential office. The U.S. official, however, wouldn't confirm any meetings beyond ones with officials at U.S. Forces in Korea and the U.S. Embassy.

The visit comes after North Korea conducted another missile test on Saturday, and a U.S. aircraft carrier group was in nearby waters. A Japanese destroyer left port Monday, reportedly to escort U.S. naval ships as Japan increases its military role in the region.

The Japanese destroyer Izumo, a helicopter carrier, departed from Yokosuka port south of Tokyo in the morning.

Japanese media reports said it would meet up with and escort a U.S. supply ship, a first-time mission under new security legislation that allows Japan's military a greater role overseas. They said the U.S. ship is expected to refuel other American warships, including the USS Carl Vinson carrier strike group.

Japan's Defense Ministry only said that the Izumo would participate in an international naval event in Singapore on May 15.

Economics Color Africa Food Woes

Inflation, foreign-exchange shortages join war, drought to boost prices of essential goods

BY NICHOLAS BARIYO

A toxic mix of economics, bad weather and conflict is fueling record starvation levels in Africa, as prices of staple foods touch records in half the continent's 54 countries amid the worst harvests in three decades.

The countries worst affected, including South Sudan, Somalia and northern Nigeria, are plagued by civil war. But even in relatively stable regions, rising inflation rates and foreign-exchange shortages have exacerbated conditions.

Falling commodity prices across central and southern Africa have sent currencies more than 30% lower against the dollar in the past six months, spiking inflation and hurting purchasing power.

"The corn price doubled again [in March]," said Sarah Mweene, a 38-year-old taxi driver from Lusaka, copper-rich Zambia's capital, where in March eight people died in a stampede of thousands of people who were lined up for emergency food rations. "We can only afford one meal a day for the children....It's never happened before."

In commodity-dependent Zambia, churches converted into food banks are filling beyond capacity as crowds join lines for corn handouts.

On a recent day, thousands of people marched on a sports stadium in Lusaka, where a church was donating free food. Mobs forced the stadium's steel doors open, snatching cooking oil, corn meal, salt and anything else they could find.

The government is seeking an emergency \$1.6 billion International Monetary Fund loan to aid the economy.

Agriculture Minister Dora Siliya said shortages and rising prices are the government's big challenge, but hopes the situation will stabilize in the coming months,



A woman walked her donkeys through drought-plagued Hargeisa, Somaliland, in March. The region has been plagued by civil war.

when supplies from the 2017 harvest start to trickle in.

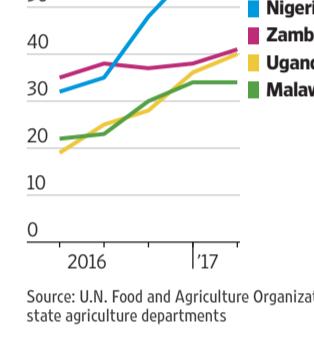
Commodity prices have moderately recovered since last year, but they remain more than 50% below their 2013 peak, according to the World Bank. While the commodity crash has forced countries like Nigeria and Angola to put more effort into creating sustainable agricultural production, many remain net food importers, exposing citizens to shocks of weakened currencies.

In Uganda, meanwhile, a historic drought and surging food prices have forced thousands from the countryside to beg on the streets of the capital. The nation, usually a surplus food producer, ran out of grain stocks in December, government officials said.

Sliding currencies and a shortage of increasingly ex-

Costlier Staples

Grain prices per kilogram, for selected African countries



Source: U.N. Food and Agriculture Organization; state agriculture departments



THE WALL STREET JOURNAL.

Network, a U.S.-funded research group.

The United Nations has declared famine in South Sudan and warned parts of Nigeria and Somalia are edging toward starvation.

The U.N. said it needs \$4.4 billion by July to address the food crisis, but by early April had raised just \$984 million. Worsening crises in Syria, Yemen and Iraq are stretching budgets for aid groups, curtailing relief efforts. President Donald Trump's proposal to cut \$10 billion in foreign aid risks aggravating funding shortfalls, aid officials warn.

"This crisis is adding to the pressure felt by the overstretched and underfunded international humanitarian system," said Nigel Trick, Oxfam's regional director for East Africa. "It's overwhelming."

To some, sunglasses are a fashion accessory...

But When Driving, These Sunglasses May Save Your Life!

Drivers' Alert: Driving can expose you to more dangerous glare than any sunny day at the beach can... do you know how to protect yourself?

The sun rises and sets at peak travel periods, during the early morning and afternoon rush hours and many drivers find themselves temporarily blinded while driving directly into the glare of the sun. Deadly accidents are regularly caused by such blinding glare with danger arising from reflected light off another vehicle, the pavement, or even from waxed and oily windshields that can make matters worse. Yet, motorists struggle on despite being blinded by the sun's glare that can cause countless accidents every year.

Sometimes it does take a rocket scientist. A NASA rocket scientist. Some ordinary sunglasses can obscure your vision by exposing your eyes to harmful UV rays, blue light, and reflective glare. They can also darken useful vision-enhancing light. But now, independent research conducted by scientists from NASA's Jet Propulsion Laboratory has brought forth ground-breaking technology to help protect human eyesight from the harmful effects of solar radiation light. This superior lens technology was first discovered when NASA scientists looked to nature for a means to superior eye protection—specifically, by studying the eyes of eagles, known for their extreme visual acuity. This discovery resulted in what is now known as Eagle Eyes®.

The Only Sunglass Technology Certified by the Space Foundation for UV and Blue-Light Eye Protection. Eagle Eyes® features the most advanced eye protection technology ever created.

The TriLuminous® Lens Technology offers triple-filter polarization to block 99.9% UVA and UVB—plus the added benefit of blue-light eye protection. Eagle Eyes® is the only optic technology that has earned official recognition from the Space Certification Program for this remarkable technology. Now, that's proven science-based protection.



Slip on a pair of Eagle Eyes® and everything instantly appears more vivid and sharp. You'll immediately notice that your eyes are more comfortable and relaxed and you'll feel no need to squint. The scientifically designed sunglasses are not just fashion accessories—they are necessary to protect your eyes from those harmful rays produced by the sun during peak driving times.

Eagle Eyes® Lens

simulation



How AMAZON WEB SERVICES KEEPS THEIR CUSTOMERS FLYING HIGH.

They started with a simple idea: to make cloud computing available to every business, large or small. But as they grew from a startup to millions of clients, they wanted a whole new way to connect with their customers. That's why they've always used Salesforce. The Customer Success Platform, powered by Einstein artificial intelligence, qualifies their leads, predicts when customers are ready to buy, and helps them close more deals. What if you had a way to help your business take flight?



Blaze your trail.

IN DEPTH

LEND

Continued from Page One
pled. Goldman doesn't report revenues tied to lending, which remains a small part of its overall business.

"It's not quite Bailey Savings & Loan," said Glenn Schorr, a research analyst who covers banks, "but it's getting closer."

The pivot has brought cultural shifts to a firm ruled by hard-charging deal makers and traders. Mr. Schorr recruited executives from finance arenas foreign to Goldman's world—from Discover Financial Services, Capital One Financial Corp., regional banks and online lenders.

Cultural shifts

Into a firm known for courting the financial elite, he hired executives skilled at selling to the masses—from underwear retailer Jockey International, food-delivery app GrubHub Inc., concert promoter Live Nation Entertainment Inc. In January, Goldman reorganized several hundred employees into a new division reporting to Mr. Schorr named Consumer and Commercial Banking.

Some Goldman investment bankers have privately grumbled at being cast as small-town lenders. Other current and former executives say the push is misguided, exposing Goldman to a new risk—the American borrower—in hopes of collecting a few nickels on the dollar.

Goldman's lending push comes as the financial system is awash in capital and demand for new loans is starting to flag. What's more, entrenched lenders such as Citigroup Inc. and J.P. Morgan Chase & Co. have deep relationships with CFOs and treasurers, who typically decide which banks to borrow from.

"When you need money and you pick up the red phone, it goes to J.P. Morgan, Bank of America, Citi," said Tom Deas, former treasurer of chemicals maker FMC Corp. and now chairman of the National Association of Corporate Treasurers. "That will be slow to change."

Last month, Goldman got a reminder of why it must find new ways to make money. Its trading desk stumbled badly, reporting weak quarterly numbers that Chief Financial Officer R. Martin Chavez said "served as a reminder of the benefits of having a diversified global client franchise."

Goldman's push to lend—still in its early days—further blurs the lines that separated investment banks like it from commercial banks. The former made money on their wits, brokering deals and trading securities; the latter took depositors' cash and lent it, pocketing the difference.

Goldman began as a lender. In the 1870s, its immigrant founder Marcus Goldman sold short-term credit known as commercial paper to merchants along Manhattan's wharves.

As the firm grew, it focused on brokering deals and trading big slugs of stock, arenas where the fees were larger and the field less crowded. Goldman's specialty was turning over capital quickly, squeezing profit from the same dollar again and again. By contrast, lending money locked it up for years.



In lending, 'we can only go up,' says Stephen Schorr, who oversees the lending effort as CEO of Goldman Sachs Bank USA.

"We were in the moving business," Mr. Schorr said, "not the storage business."

After Congress in 1999 repealed a Depression-era law that had kept the two separate, J.P. Morgan, Citigroup and other commercial banks barreled into Goldman strongholds such as trading and underwriting, where margins were fatter.

Goldman decided not to reciprocate and challenge its commercial cousins on their turf. It lacked a big cache of retail deposits to fund loans cheaply, and its executives tended to view lending as pedestrian and commoditized—a business built on brawn, not brains.

While rivals sent armies of lending specialists to Main Street, Goldman's M.B.A.s and

line but had little interest in retail or commercial banking. Some executives debated trying to shed the firm's new status, which had brought additional federal oversight. The newly created banking entity sat mostly empty.

The postcrisis world proved a harder place to make money, amid new regulation, a global recession and low interest rates. Bond-trading revenues, a huge driver of profits, fell to \$8.7 billion in 2013 from \$21.9 billion in 2009. Mr. Blankfein, CEO since 2006, began pushing executives to find ways to grow.

Some floated the notion of moving into traditional lending, but there was still resistance. David Viniar, Goldman's long-serving chief financial officer, was skeptical of lending, according to people familiar with Mr. Viniar's position. He kept a toaster in his office as a reminder of Main Street banking gimmicks to avoid. Mr. Viniar left the post in 2013, remains on Goldman's board and supports the firm's current efforts.

At a management off-site in the Hamptons in the summer of 2014, executives batted around ideas for growth, according to people familiar with the meeting. Some made a case for looking for new revenues by using Goldman Sachs Bank USA, the legal entity created at regulatory gunpoint in 2008.

Goldman was being regulated like a Main Street bank, they argued, but wasn't reaping the benefits. What's more, they said, politicians had many Wall Street activities in their crosshairs but tended to view lending as a social good, helping small businesses thrive and families make ends meet.

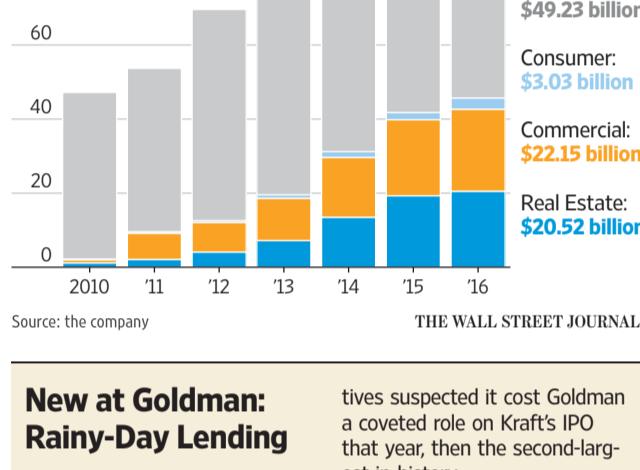
"The feeling was that nobody was going to get hauled in front of Congress" for writing simple loans, one executive remembers. Several Goldman officials had testified in Washington about the bank's crisis-era mortgage-trading activities, a scarring episode for the firm's image.

Mr. Schorr, whom Mr. Blankfein tapped to lead the effort, began assembling a team. He recruited Harit Talwar from Discover, the credit-card giant, and Dustin Cohn, Jockey's head of marketing.

Goldman launched a business last fall to make online loans of a few thousand dollars to individuals. Named Marcus, after

Credit Score

Goldman Sachs, once content to leave loans to other firms, has moved into a range of new lending businesses.



Source: the company

THE WALL STREET JOURNAL.

New at Goldman: Rainy-Day Lending

tives suspected it cost Goldman a coveted role on Kraft's IPO that year, then the second-largest in history.

That wouldn't happen today, said Susie Scher, Goldman's top banker for investment-grade debt. "It's a cultural shift," she said. "The mentality now is that we have to lend to support our clients."

Still more lending initiatives are planned. Goldman executives have discussed adding trade finance, which companies use to import and export goods, and are looking for new ways to lend to individuals, perhaps by making car loans or advancing money for online purchases, people familiar with the firm said.

—Liz Hoffman

Goldman's credit-selling founder, it targets borrowers carrying high levels of credit-card debt and offers to refinance at lower rates. It has lent about \$1 billion in its first six months.

Years ago, Goldman would likely have "securitized" the loans, bundling them, slicing them up and selling the pieces. That would have freed up those loan dollars to be used elsewhere and earned lucrative fees for Goldman's traders. In perhaps the most striking sign of Goldman's newfound taste for plain-vanilla banking, the firm plans to keep the loans and pocket the interest payments.

"It's hard to get more boring than that," said Mr. Schorr, the analyst.

Goldman's lending push also extends into its investment bank, which advises companies on mergers and fundraising. It is the firm's second-largest division by revenue and its most profitable.

For decades, Goldman's bankers specialized in negotiating the sale of their clients to corporate buyers. Fees on the "sell side" are predictable, but usually lower than those earned by the acquiring company's banks, which raise debt to fund takeovers. Goldman earned \$56 million for advising Botox maker Allergan on its 2015 sale; J.P. Morgan earned more than \$200 million arranging a loan for the buyer, Actavis PLC.

Goldman has subtly pivoted

in such deals, angling for a larger share of the fees that come from providing the money, not just advice, for deals. "That was the white space on the map," said John Waldron, who runs the investment-banking unit in the U.S.

In late 2015, when Goldman's top retail-industry banker, Kathy Elsesser, was talking to Newell Rubbermaid Inc. about buying rival Jarden Corp., she brought colleagues who specialized in raising debt to early meetings. Their message, according to people who attended: "We can do this. You don't have to go to" a big commercial lender.

The \$10.5 billion check Goldman wrote Newell to finance the deal was the bank's single largest loan ever. That was topped last summer by an \$11.4 billion loan commitment backing Bayer AG's acquisition of Monsanto Co. Goldman ranked third last year in arranging loans for U.S. deals, up from ninth in 2012, according to Dealogic.

Much of that debt is sliced up and sold quickly, so Goldman doesn't carry much risk. Overall, though, corporate loans held on the firm's books grew to \$28.7 billion in 2016 from \$15.0 billion in 2014, filings show.

Stash of deposits

Funding the firms' loans is a growing stash of deposits. Goldman for years financed activities by borrowing against holdings of securities, a strategy that left it exposed during the financial crisis. It branched out in 2016, buying an online savings-account platform from General Electric Co. and began taking retail deposits for the first time. Meanwhile, it has been gathering more of its corporate and wealthy clients' extra cash.

Deposits have increased to \$124 billion in 2016 from \$28 billion in 2008, still a fraction of J.P. Morgan's \$1.4 trillion.

Still, it is slow going overall. When AT&T Inc. needed \$40 billion in debt to buy Time Warner Inc., it called J.P. Morgan and Bank of America Corp. Goldman executives chafed at the miss, said people familiar with the bank, which left it out of 2016's biggest takeover.

There is also a danger that Goldman, hungry for market share, takes on risky assignments. Two financing deals for private-equity buyouts last year earned Goldman a formal reprimand from banking regulators who felt the companies would carry too much debt. A third was rejected by bond investors, who forced Goldman's client to pay a higher interest rate.

And lending to consumers can be risky, especially because Goldman is targeting those already heavily in debt. Goldman is entering the space amid new cracks in the market: Store-card issuer Synchrony Financial and Capital One both set aside hundreds of millions of extra dollars last quarter to cover an expected rise in credit-card delinquencies.

"If you are driven by investment-banking mentality, retail banking, in the main, is different," said Deanna Oppenheimer, who ran Barclays PLC's retail operations and now runs a financial-services consulting firm. "The products are simple, but the complexity is in the scale, and it's not a slam-dunk that they get that right."

FISH

Continued from Page One
sold to restaurants and wholesalers, has risen from almost zero in 2011 to 4,320 pounds in 2016.

"What better way to try to wipe something out than to get humans involved with it and create demand?" said Chad Wells, corporate chef for the group that owns Victoria Gastro Pub in Columbia.

He said he likes working with snakehead because the firm-fleshed white fish has a mild taste that holds up well to a range of flavors and seasonings.

For a \$90-a-head tasting dinner in March, Chef Wells bought a whole 10-pound snakehead at \$5 a pound. Because the fish is coated in thick slime, he first towed it down so he could safely butcher it. He then marinated the meat in citrus for a ceviche that he served up to about 45 diners.

Diner Chris Czryca gave it three stars out of five. "I don't think it's going to knock any high-end fish off the menu anytime soon," he said, "but it's

certainly not something I would turn my nose up at."

Sherry Eltermann, a 46-year-old nurse, passed. "It doesn't sound really appetizing," she said, wrinkling her nose.

Scientists say the state isn't anywhere close to eating its way out of the problem. The torpedo-shaped fish scares many people. It has a lot of teeth. It can survive for a few days out of water and some types can wriggle short distances on land. It gets big, too, topping 18 pounds. Breathless media coverage powered visions of a beast devouring anything in its path, wet or dry.

"People were worried they were vipers or something [and] had venom in their teeth," said Joseph Love, a biologist with the Maryland Department of Natural Resources, who said there is no sign snakeheads have hurt biodiversity even as they have spread throughout the bay.

Virginia state biologist John Odenkirk said fears elevated so fast that people balked at letting their dogs swim in the water. He admits getting caught up in the initial madness, fearful that the "apex predator" would upset the ecosystem: "I was

like, holy crap, the sky is going to fall, this is really, really bad."

Josh Newhard, a fish biologist with the U.S. Fish and Wildlife Service, said there are populations of northern snakehead in New York, Pennsylvania, New Jersey and Delaware, but that they haven't expanded as far or as fast as the Potomac population has. He also said Arkansas has worked to eradicate snakeheads from a Mississippi River tributary.

Hollywood took note and spun tales of mutant monsters terrorizing swimmers and boaters in TV movies like "Snakehead Terror" and "Frankenfish,"

in which one character intones: "We are fish food."

Bow fisherman Emory "Dutch" Baldwin took it as a challenge. He started hunting the fish for sport eight years ago, never imagining anyone might eat it. He fed his catch to coyotes, foxes and buzzards.

Then a nail-salon owner of Asian descent, who heard about Mr. Baldwin's snakehead hunting from an employee, asked if Mr. Baldwin could get him the fish.

"Lightbulb went off in my head," he said. Mr. Baldwin, a crane operator in Washington, now supplies shops and chefs in

Washington and Maryland, and eats what he doesn't sell. "Absolutely delicious," he said, though he isn't ready to try the fish's cheek meat, which he hears is scallop-like.

Converting the invader into a main course became all the rage in certain restaurant circles, said Victor Albusi, chef and owner of Del Campo, a South American grill in Washington. The fish's reputation as a piscine menace added to the allure for adventurous diners, he said.

"It's got the Bigfoot kind of aura about it," he said.

The push to market snakehead has a few hurdles. Mr. Albusi said the fish can be hard to get. Not a lot of people catch it, and the price is high. Mr. Wells said he has seen fillets go for \$17 a pound, and one Washington seafood stall sells them for \$22 a pound.

Tim Sughrue, vice president of Congressional Seafood, a wholesaler in Jessup, Md., that sells to 500 restaurants from Richmond, Va., to Philadelphia, has struggled to interest his customers. "I've tried and tried and tried. I can't get anybody to bite," he said, adding he thinks the reason is the way

the fish has been portrayed in the media.

The name isn't helpful, said Spike Gjerde, co-owner of Baltimore's farm-to-table restaurant Woodberry Kitchen, who has served the fish smoked, beer-battered and blackened as the headliner of a \$30 entree.

Scott Drewno, a snakehead fan ending a stint as chef at The Source, an Asian-themed restaurant in Washington, said it could use help from "the people that branded kale."

It wouldn't be the first fish to reach the seafood counter under an assumed name. Orange roughy started as slimehead. Patagonian toothfish is better known as Chilean sea bass. "Snakehead seems so like a bad word," said charter captain Mike Starrett. He said he coined the name "Potomac pike" eight years ago and still hears fellow anglers use it.

In 2014, Charles County, Md., held a naming contest and chose "spotted channa," a nod to the species' scientific name, Channa argus. County Commissioner Ken Robinson is the self-described "wacko" who dreamed up the competition. "No question, it has not caught on," he said.



A snakehead is weighed at a 2013 Maryland fishing tournament.

BRENDAN SMIALOWSKI/AGENCE FRANCE PRESSE/GETTY IMAGES

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GREATER NEW YORK

Met Gala Brings Out the Stars and the Style



ALL DRESSED-UP: Priyanka Chopra got some help with her trench-coat-style evening gown on her arrival at the Met event Monday.

State Targets Title-Insurer Abuses

BY LESLIE SCISM

New York state regulators are toughening rules for title insurers to prevent them from passing on the costs of meals and other entertainment through the rates they charge to home buyers.

Gov. Andrew Cuomo and the state's Department of Financial Services on Monday proposed regulations to crack down on "unscrupulous practices" they say have resulted in millions of dollars of improper expenditures being charged to consumers as "marketing costs."

Consumers typically are un-

aware of the details of title insurance, but homeowners buy it to guarantee clear ownership of the property and to ensure there aren't such problems as outstanding tax liens. They pay hundreds or even thousands of dollars, depending on the property's value.

Many people rely on a mortgage broker, real-estate agent or attorney to recommend a title insurer.

In 2013, the department held hearings to examine whether title insurers were entertaining real-estate and mortgage brokers in a quest for referrals, and were improperly passing on costs to

home buyers. The investigation revealed expenditures by insurers and the agents for such things as golf outings, sporting events, Madison Square Garden suites, charitable contributions and gifts, according to state officials at the hearings.

A spokesman for the American Land Title Association, an industry trade group, said the group wouldn't have a comment until it had a chance to review the proposals in their entirety.

One of the proposed regulations will clarify that meals, entertainment, gifts and other such expenditures are in con-

flict with a statute aimed at eliminating improper inducements for doing business.

The practices being investigated in New York are believed to be common in many states, consumer advocates said.

"For far too long, meals and entertainment have been used as inducement for title-insurance business," said Department of Financial Services Superintendent Maria T. Vullo. "Many New Yorkers who buy or refinance a home have been footing the bill without explanation for excessive fees that contribute to high closing costs."

MTA Faulted On Escalator Maintenance

BY PAUL BERGER

The Metropolitan Transportation Authority routinely delays or skips maintenance on subway station escalators and elevators, according to an investigation by the New York City Comptroller's office.

An audit of the MTA's maintenance procedures found that only 20% of machines sampled by the comptroller's office received all of their scheduled maintenance on time, comptroller Scott Stringer said on Monday. The audit, which ended in July, was conducted over 18 months.

Of the 36 elevators and 29 escalators checked, 21 failed the MTA's own safety requirements and had to be taken out of service, the report found. About 75% of those machines had been serviced in the previous two weeks.

"The maintenance system is a failure," Mr. Stringer said, standing outside the 72nd Street Subway station on Manhattan's Upper West Side surrounded by advocates for retirees and people with disabilities. "They are not doing the repairs. They are not tracking the repairs."

Edith Prentiss, a disability-rights advocate, said the lack of access prevented thousands of people from socializing and working. Transportation in New York City is more of a problem for people with disabilities "than any other issue," she added.

The MTA rejected most of the comptroller's findings, say-

ing the audit results were skewed because the investigation excluded machines installed after 2011. That claim was rejected by the comptroller's office, which said its random sample included four machines placed into service after 2011.

A spokeswoman for the MTA, Beth DeFalco, said New York City Transit has a detailed system for machine maintenance and that it closely tracks repair work and maintenance.

In April, disability groups and disabled New York City residents filed two lawsuits seeking class-action status against the MTA. The suits contend that the MTA discriminates against people with disabilities by, among other things, failing to provide access for people in wheelchairs in three-quarters of its subway stations.

Mr. Stringer said his audit showed that even in stations with elevators, the MTA isn't in compliance with federal and state laws, including the Americans with Disabilities Act.

Ms. DeFalco said the MTA is fully compliant with its federal and state law accessibility obligations under a settlement agreement the agency entered into with the federal government during the 1990s.

"New York City Transit is spending more than \$1 billion to increase the number of ADA-compliant subway stations and replace existing elevators and escalators as part of our current capital plan," she said.

New York to Recoup Costs For Trump Tower Security

BY MARA GAY
AND ZOLAN KANNO-YOUNGS

New York City will be reimbursed for most or all of the cost of protecting Trump Tower under a federal budget agreement reached by lawmakers in Washington.

The budget deal includes \$61 million for localities that have incurred significant costs because of visits by President Donald Trump. New York City, which has spent tens of millions securing the president's Midtown residence, is expecting to receive much of those funds.

"We are getting what we are owed," New York City Mayor Bill de Blasio said in a statement Monday.

Some of the money also could go to Palm Beach County in Florida, where Mr. Trump spends time at his private club, Mar-a-Lago, and other places such as Bedminster, N.J., home to Trump National Golf Club.

Officials estimate New York



NYPD officers and a doorman outside Trump Tower last month.

City is spending between \$127,000 and \$146,000 daily to protect Trump Tower. Most of the costs are related to the New York Police Department. The daily cost rises to about \$308,000 when Mr. Trump is in the city, they said.

An NYPD spokesman on Monday said the department wasn't prepared to release an itemized list of what the money in the proposed budget

would cover.

Police Commissioner James O'Neill wrote a letter to New York members of Congress in February requesting reimbursement of \$24 million for guarding Trump Tower and the first family. He said the dollar amount was calculated by analyzing payrolls, overtime sheets and more than 25,000 patrol log entries between Election Day and the inauguration.

"Here in New York, we created a climate conducive to the industry," the governor said.

But promoting craft beer as an economic driver for the state is one thing. Judging craft beer, which can be complex in terms of its flavor profile, is another.

"I'm hoping he knows something about it," said Nikki Cavanaugh, co-owner of Rushing Duck Brewing Co., a craft producer in Chester.

Governor Becomes Judge—of Beer

BY CHARLES PASSY

It is a given that New York Gov. Andrew Cuomo knows a thing or two about politics. Now he wants to show he knows his beer.

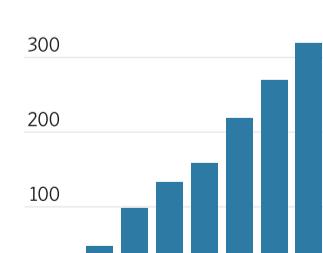
Mr. Cuomo will serve as one of the judges for the Taste New York Inaugural Craft Beer Challenge, a statewide competition this month that is drawing entries from nearly 70 breweries across the state.

The governor won't have to sample every last beer submitted, however. Instead, the public will be invited to voice support for their favorite participating brewery in an online tally.

The governor will be on the panel that picks the best beer in a blind taste test from among the top five vote-getting breweries. The final adjudication will take place on May 17 at a still-to-be-determined location in New York City.

Bottoms Up

Small-production breweries in New York state



Note: Breweries that produce 75,000 barrels or less per year

Source: New York Governor's Office

THE WALL STREET JOURNAL.



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GREATER NEW YORK

Michael Moore to Debut on Broadway

BY CHARLES PASSY

Provocative film director Michael Moore is bringing his act to Broadway.

Mr. Moore will star in "The Terms of My Surrender," a one-man show he has created for a 12-week run at the Belasco Theatre in Manhattan. Previews begin July 28, with opening day set for Aug. 10.

Mr. Moore is known for his liberal political views and in-your-face style.

Among his many films are the documentaries "Fahrenheit 9/11," which looked critically at the George W. Bush presidency, and "Bowling for Columbine," which took on the gun industry.

Mr. Moore appears ready to bring that same mind-set to his Broadway debut. The show, which is being produced by IMG Original Content and veteran Broadway producer Carole Shorenstein Hays, seems to be created with President Donald Trump in mind.

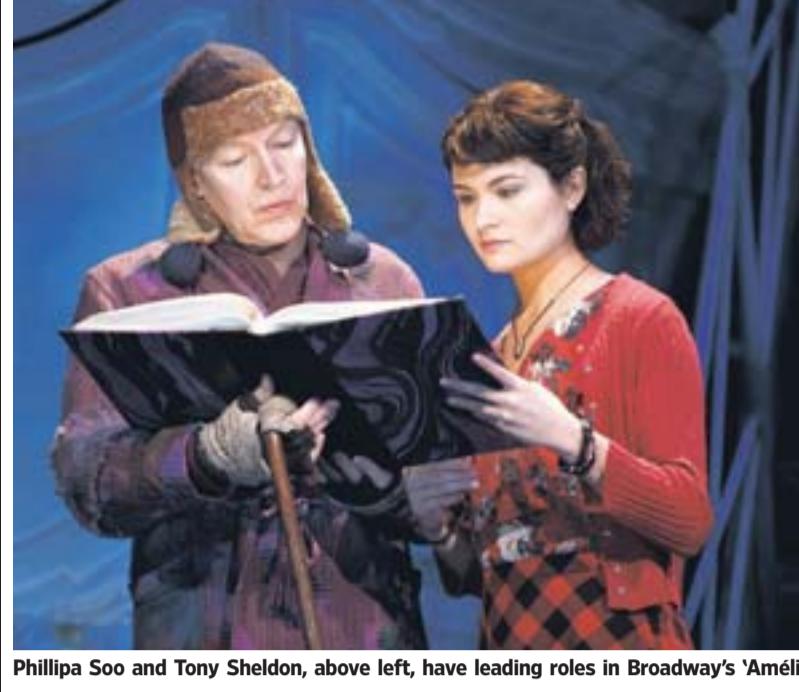
As the news release announcing the production states: "So, the question is posed: Can a Broadway show take down a sitting President?"

The show, the statement said, will "take audiences on a ride through the United States of Insanity," all in a setting "just blocks from Trump Tower."

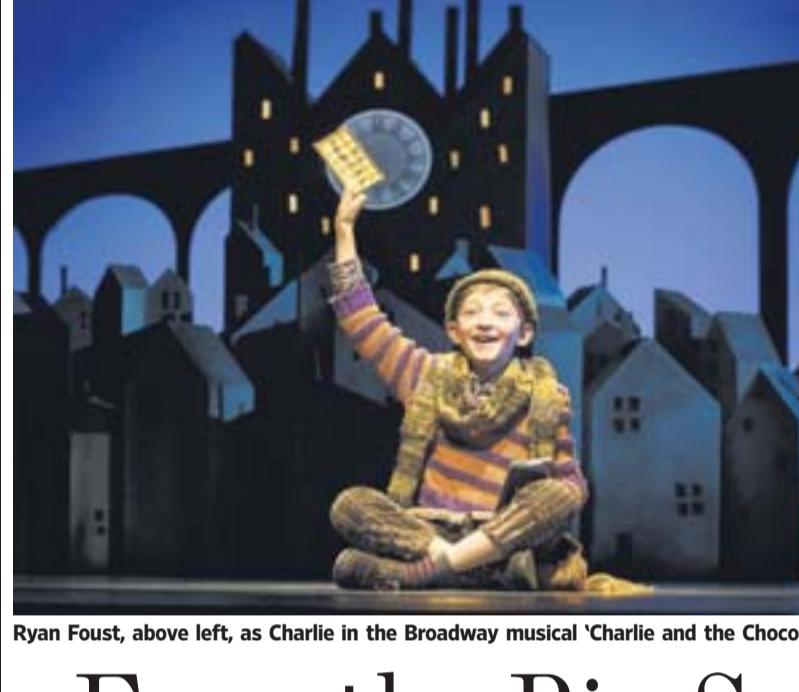
Conservative political commentator Jeffrey Lord doubted Mr. Moore's Broadway debut would damage the president. If anything, Mr. Lord said, it could have the reverse effect by playing into the belief among the president's supporters that liberal elitists are out of touch with today's America.

Neither Mr. Trump nor the White House responded for comment about the show.

Mr. Moore said he was inspired to create the work because he believes Broadway, located in the city that is the "capital of corporate America," is a great vehicle to spread his political message.



Phillipa Soo and Tony Sheldon, above left, have leading roles in Broadway's 'Amélie,' based on the 2001 film, right, starring actors Audrey Tautou and Michel Robin.



Ryan Foust, above left, as Charlie in the Broadway musical 'Charlie and the Chocolate Factory.' Right, Peter Ostrum played the part in a 1971 film version.



CLOCKWISE FROM TOP: JOAN MARCUS; MIRAMAX/EVERETT COLLECTION; DAVID L WOLPER PRODUCTIONS / EVERETT COLLECTION; JOAN MARCUS

From the Big Screen to Broadway

Turning a beloved movie into a theatrical production is a delicate, and potentially lucrative, undertaking

BY CHARLES PASSY

The current Broadway season has been especially driven by movie-to-musical adaptations, with no fewer than five such new shows now playing. Among them: The period piece "A Bronx Tale," the postcard-to-Paris romantic fable "Amélie" and the decidedly quirky "Groundhog Day."

But that also means it has been a season of tough decisions.

As Broadway insiders and

observers explain, the process of taking a beloved film and turning it into a theatrical work always is challenging. The goal is to build on a movie's brand equity, knowing there is a sizable audience who enjoyed the story on the big screen and might be inclined to see a theatrical version.

The payoff can be sizable: Consider that "A Bronx

Tale," which opened last fall, has grossed more than \$21 million to date, playing to audiences at 90% capacity or higher most weeks, according to the Broadway League, a trade group. And that is not to mention long-running Broadway hits, such as "Aladdin" and "The Lion King," which also are based on films.

However, if the theatrical production hews too closely to the movie, the audience could respond negatively, thinking they might be better off—at least financially—just watching the flick again.

"It's definitely a balance," said Jennifer Tepper, a Broadway historian.

For the producers and creative teams behind the Broadway shows, a major part of the process is identifying those beloved elements from the movie, small or large, that simply can't be sacrificed. In "Amélie," based

on the 2001 movie of the same name, the title character's childhood pet goldfish was one hands-off example. So was a key line of dialogue from the film: "If God were trees, cognac would be the sap."

"There is something very French in that," said Pam MacKinnon, director of the Broadway show.

Theatrical productions also are quick to learn the pitfalls of cutting too mercilessly. When "Charlie and the Chocolate Factory," the musical based on Roald Dahl's book and the 1971 movie adapted from it,

opened in London four years ago, it didn't include "The Candy Man," one of the film's most popular songs.

Now, in the Broadway version that opened earlier this month, the fan favorite kicks off the show.

"They were looking a gift horse in the mouth," said

Jack O'Brien, director of the Broadway production, of the previous decision to cut it.

The adaptation game isn't just about nipping and tucking. It is also about deciding what to expand or tweak.

With "Anastasia," the musical based in part on the 1997 animated movie about the Russian royal family, a new character was created for the theatrical version—namely, Gleb, a Communist military official who chases down Anastasia, the former princess and the story's heroine.

It is part of the creative team's goal of introducing a historical and political edge to the show, and, in the process, to make it appealing to an audience beyond the children who loved the film.

"Our dream was to make it a mature musical," said Lynn Ahrens, the lyricist who worked on both the film and the Broadway staging.

Finally, in the case of

"Groundhog Day," based on the 1993 movie-turned-cult-classic, a few minor characters have been given deeper back stories. One example: Ned Ryerson, a pushy insurance salesman who hounds Phil Connors, the obnoxious television weatherman at the center of the show.

In the film, he essentially appears for momentary comic relief. In the musical, he is fleshed out as a family man with his share of struggles.

For Danny Rubin, who helped write the screenplay for the film and penned the book for the musical, such changes weren't only driven by the need to keep the audience engrossed. He wanted to creatively challenge himself by thinking about the story differently.

"I didn't want to do just a

remake of the movie. That was of no interest to me," Mr. Rubin said.

GREATER NEW YORK WATCH

HARTFORD

Budget Gaps Widen As Revenue Drops

Connecticut's budget problems just got worse.

The state's latest revenue forecast released Monday shows a budget gap of \$2.3 billion for the coming fiscal year, a \$600 million increase from the February forecast. The state also faces a \$2.78 billion shortfall for the following fiscal year, up \$864 million from prior estimates.

"The precipitous drop in revenue we experienced in late April creates major challenges for the state throughout the remainder of this fiscal year and into the next biennial budget," said Benjamin Barnes, secretary of the state's Office of Policy and Management.

Revenue for the fiscal year ending June 30 also is coming up short, pushing the current deficit to \$389.8 million. Mr.

Barnes said the state needs to

make immediate spending cuts

to avoid having to borrow money

to meet expenses.

Gov. Dannel Malloy, a Democrat, said weaker-than-expected income-tax revenue from the state's wealthiest residents is driving the shortfall. The state's top 1% of earners typically contribute 30% or more of the state's total income tax revenue, Mr. Malloy said.

Budget negotiations between

the governor and leaders of the

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Budget negotiations between

LIFE & ARTS

YOUR HEALTH | By Sumathi Reddy

The Big Debate On Hearing Aids

As demand rises, should people be able to buy them over-the-counter at the drug store?

Federal lawmakers are considering it

SHOULD HEARING AIDS be sold at local pharmacies like a pair of reading glasses?

It is a question that federal lawmakers are now considering with bipartisan legislation to create a new category of hearing aids sold over-the-counter for people with mild to moderate hearing loss.

Patient advocate groups like the Hearing Loss Association of America say the proposed legislation would increase access to hearing aids, which cost an average of nearly \$5,000 for a pair. Hearing aids aren't covered by Medicare and typically not paid for by many private insurance companies either. The price includes the fitting and tuning of the device done by an audiologist or hearing aid dispenser.

Medicare doesn't cover the cost of hearing aids because a statute from the 1960s specifically prohibited paying for them. At the time, there was little awareness of the impact of hearing loss on health outcomes and the few available hearing aids weren't very good or expensive, said Frank Link, an associate professor of otolaryngology-head & neck surgery at Johns Hopkins University who researches the link between hearing loss and the increased risk of dementia.

Because private insurance companies typically follow Medicare's lead, they also haven't covered the cost of hearing aids though some plans are starting to, he said. (Medicare doesn't cover the cost of eye exams or eyeglasses either. Private insurance varies on vision coverage.)

An estimated 30 million Americans have some degree of hearing loss and the numbers are growing. A study published last month by Johns Hopkins University researchers predicted that the number of U.S. adults with hearing loss will nearly double by 2060. Yet it is estimated that 67% to 86% of people who would benefit from using a hearing aid don't use them.

Patricia Holland was among them. When she first noticed age-related hearing loss, she waited about three years to buy a hearing aid because of the sticker shock.

"I only bought a hearing aid in one ear because the cost was so high but you really need two for balance," said Ms. Holland, a 79-year-old retiree living in Waltham, Mass. Five years later she finally bought a second hearing aid.



The BEAN costs \$214 a piece, and fits in the outer ear. Its buyers often experience age-related hearing loss.



The momentum for OTC hearing aids began with a **National Academies of Sciences, Engineering and Medicine** report published last year calling for more efforts to provide adults with affordable hearing aids.

The report recommended that the U.S. Food and Drug Administration remove the regulation that requires either a medical evaluation or that individuals sign a waiver that they aren't getting one before purchasing a hearing aid, a move the FDA subsequently made.

It also called for the creation of a new category of OTC wearable hearing devices—separate from hearing aids used for more severe hearing loss. That is what the current proposed bill would do, while also directing the FDA to devise safety and effectiveness standards for the new class of hearing aids. Technology companies with personal sound amplification products—called PSAPS—that are already commercially available, often at lower prices than traditional hearing aids, are a big proponent of the legislation as it would enable them to market their products for hearing loss.

Barbara Kelley, executive director of the patient advocacy group the Hearing Loss Association of America, says every day they get up to eight emails or calls from people saying they can't afford to buy hearing aids.

"Cost is a barrier," she said. "Stigma is a barrier. Access to care is a barrier. People with mild to moderate hearing loss aren't even taking the steps to get hearing health care."

She noted that research has shown that untreated hearing loss is associated with many other health conditions, such as increased risk of falls, anxiety, isolation and cognitive declines.

The traditional hearing aid industry—controlled by about half-a-dozen companies—is against the bill while audiologist groups have concerns.

"Hearing loss is a health issue," said Brandon Sawalich, senior vice president of Starkey Hearing Technologies, the only U.S.-based manufacturer of hearing aids, and chairman of the board of the Hearing Industries Association, a trade group. "Going about it with self-diagnosis and self-treatment is not a responsible way to approach hearing loss."

The HIA would support OTC hearing aids for mild hearing loss, said Mr. Sawalich, but not moderate hearing loss.

"The proper way to fit hearing aids requires patient service and patient care and that is done through a proper hearing professional," he said.

Ian Windmill, president of the American Academy of Audiology, a professional organization of audiologists, said the group hasn't taken an official position on the proposal yet but has some concerns and wants to make sure consumers are properly informed on the different devices and what they are for.

Manufacturers of PSAPS, made by technology companies like **Doppler Labs** and **Bose**, are usually smaller than traditional hearing aids, can be adjusted by smartphone apps and are significantly cheaper, usually less than \$500 per ear. But the companies currently aren't allowed to market their products for hearing loss because they are not medical devices approved by the FDA.

"Consumers with mild hearing challenges don't often want to get a hearing test and go to an audiologist and get a prescription for a costly hearing aid," said Julie Kearney, vice president of regulatory affairs for the **Consumer Technology Association**, a technology trade association with 2,200 members, represents companies that make PSAPS.



Here One is two wireless ear buds and a connected app made by Doppler Labs Inc. They cost \$299.99 and let you stream music and amplify speech.



CLOCKWISE FROM TOP RIGHT: GETTY IMAGES/ISTOCKPHOTO; BOSE; DOPPLER LABS INC. (2); ETYMIC RESEARCH, INC.; STARKEY HEARING TECHNOLOGIES

TALK RADIO

THE WOMAN BEHIND HOWARD STERN



Marci Turk, the chief operating officer of Howard Stern's radio operations, is credited with softening his image.

BY JOE FLINT

SHE IS RARELY mentioned on-air. She doesn't have a funny nickname like producer Gary Dell'Abate's "Baba Booey" nor is she endlessly teased and tormented like staff writer Benji Bronk. Not even many longtime listeners know her name.

But to anyone close to Howard Stern, the self-proclaimed king of all media, Marci Turk is "The Howard Whisperer." The chief operating officer of Mr. Stern's Sirius XM Satellite radio operations, Ms. Turk has become something of a gatekeeper to the radio star and one of his most trusted advisers.

As Mr. Stern tries to broaden his appeal and soften his image, some fans are complaining Ms.

Turk has cleaned up the shock jock and made him safe for the kind of celebrities he used to mock. With Mr. Stern devoting more of his show to being a serious interviewer, Ms. Turk is often accused in chat rooms of making him more politically correct. In February, for example, Mr. Stern spent 90 minutes interviewing "Girls" star and creator Lena Dunham who later called him a "feminist." Musician Sheryl Crow and actor Steve Martin have been guests. Lengthy celebrity interviews mean less time for his usual high jinks.

Mr. Stern mentioned Ms. Turk on air two weeks ago in a diatribe at listeners who miss the old Howard. "The new thing from the people who now hate me is, 'oh Howard changed because of Marci Please see STERN page A16



LIFE & ARTS

PHOTOGRAPHY REVIEW

The Subcontinent, Uncropped

BY WILLIAM MEYERS

New York

HENRI CARTIER-BRESSON (1908-2004) chose Asia as his area of interest in 1947 when the five founding members of the Magnum Photos cooperative agency divvied up the world. "India in Full Frame" at the Rubin has 69 prints Cartier-Bresson himself selected of the work he did there for an exhibition in Oslo in 2002. The "full frame" in the title refers both to his comprehensive coverage and his insistence on having his negatives printed full frame—that is, without cropping. The black border around the image shows the entire negative has been included and, therefore, that we are looking at the photograph as it was shot rather than one subsequently modified in the darkroom. Only a master can succeed at this.

For instance, a naked child—an infant, really—takes up the lower left of "Untitled, Madura, Tamil Nadu" (1950). The child's arm seems unnaturally thin, and his ribs can be seen in his chest, probable signs of under-nourishment. The one eye visible on his sad face is fixed on the photographer. The child is held by an adult; all that is seen is a naked shoulder and two hands, so it may be a woman or a man. The fingers of the hand that holds the child's head are splayed out in a pattern that is echoed in the spokes of a wooden wagon wheel that occupies the upper right of the print. The wheel goes back millennia in Indian history and is important in the country's religious iconography. A starving child and a wheel are portents of India at midcentury, and of Cartier-Bresson's talent for juxtaposition.

India in December 1947, when Cartier-Bresson first arrived, had just gained independence from Britain and there was violent Muslim-Hindu sectarian turmoil. The Rubin exhibition begins with pictures related to these historic events. "Lord Mountbatten, Last Viceroy of India; Jawaharlal Nehru, Prime Minister; and

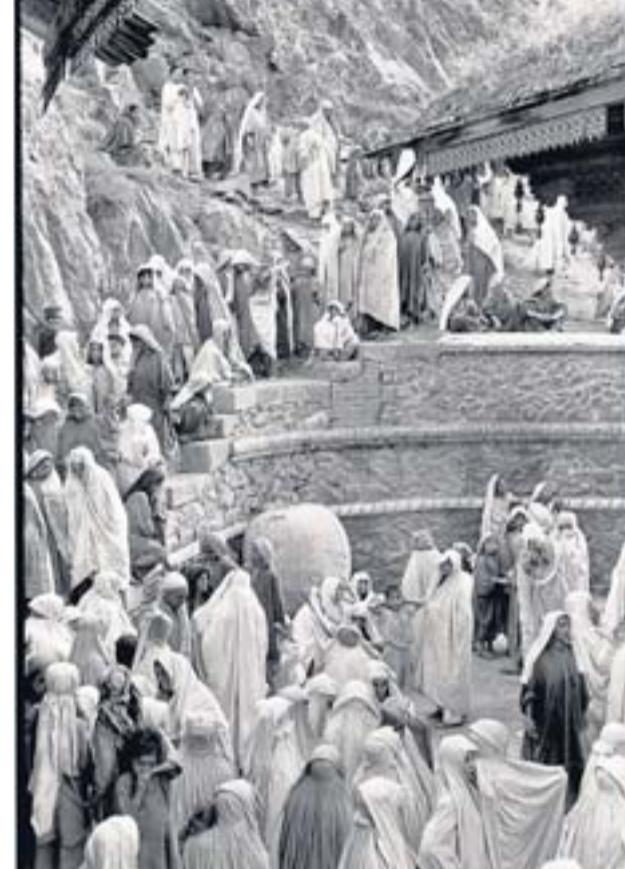
Edwina Mountbatten, Government House, Delhi" (1948) shows the viceroy in his dress naval whites with a chest full of battle ribbons; his wife is laughing, apparently at something Nehru said. Nehru, whom we now know had an affair with her, is delighted. The portrait of "The Minister of the Interior, Vallabhbhai Patel, Birla House, Delhi" (1948) shows a somber man draped in a white robe sitting with his hands folded on his desk.

"A Refugee Camp for 300,000 People, Kurukshetra, Haryana" (1947) is one of four pictures Cartier-Bresson took there. The rows of tents receding into the background and the groups of people milling about are an example of his ability to compose pictures with the visual equivalent of what rhythm is in music; the eye is led in a regulated way from one element to the next. "Drying the Laundry on a Tree, Kurukshetra, Haryana" (1947) is lyrical in its sympathy for the victims of the clashes coping as best they can.

Cartier-Bresson was the last person to photograph Mahatma Gandhi, just hours before



© HENRI CARTIER-BRESSON/MAGNUM PHOTOS (3)



his assassination on Jan. 30, 1948; although that picture is not in this show, there are 14 pictures of him and the events surrounding his cremation. The ghastly nighttime lighting of "Nehru Announces Gandhi's Assassination to a Crying Crowd, Delhi" (January 1948) emphasizes the traumatic nature of the occasion. A small group of men sit on the branches of a tree in the midst of seemingly endless masses in "Crowds Wait to Pay Last Respects as Gandhi's Funeral Cortege Approaches the Cremation Ground, Delhi" (January 1948), another example of significant juxtaposition.

Cartier-Bresson had spent time in Paris among the Surrealists, and their talent for normalizing the incongruous is apparent in a picture like "Residential House (Architectural Details) Tota-luji's Pole, Ahmedabad, Gujarat" (1966); a stray cow wanders into it. Something of the Surrealists' sense of humor shows in "Prepar-

ing for a Launch at the Thumba Equatorial Rocket Launching Station, Housed in a Former Church, Near Trivandrum, Kerala" (1966) with two men transporting the rocket's nose

Clockwise from above: An astrologer's shop in Bombay (1947); Women outside a mosque in Kashmir (1948); Gandhi dictates a message in Delhi (1948)

cone on a bicycle.

The Rubin has vitrines with magazines open to Cartier-Bresson's photo essays—Harper's Bazaar, Life, Sunday Mirror Magazine, Illustrated. (Editors cropped his images to fit the space they had.) Cartier-Bresson was a photojournalist, but his best work was bigger than the stories it illustrated; it is some of the most beautiful art of the 20th century. "Muslim Women on the Slopes of Hari Parbat Hill, Praying Towards the Sun Rising Behind the Himalayas, Kashmir" (1948) is one such. Four women draped in plain robes are on the crest of a hill—two sitting, two standing—with their backs to the camera. They face across a vast valley of plains and trees and villages and rivers to a cloud-shrouded, backlit mountain range. One of the standing women, barefoot, has her arms outstretched with her hands turned upward in supplication. It is a moving image of religious devotion that transcends sectarian particularism.

Henri Cartier-Bresson: India in Full-Frame

Rubin Museum of Art, through Sept. 4

Mr. Meyers writes on photography for the Journal. See his photographs at www.williammeyersphotography.com.

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SPORTS

NBA PLAYOFFS

The Rockets Shoot From Outer Space

BY BEN COHEN

Houston

THE ORIGINAL IDEA TO defy basketball doctrine came from James Harden. Not long after the Houston Rockets traded for him, they learned that Harden was an iconoclast. He liked shooting 3-pointers. Very long 3-pointers.

"What do you think?" he said to Houston general manager Daryl Morey.

Morey understood the importance of studying data, and what he found was surprising: Harden's shooting percentage didn't suffer on 3-pointers taken two feet or more behind the line.

It took five years for the Rockets to embrace his strategy by signing better shooters to surround Harden and entrusting their offense to perhaps the sport's most innovative coach. But this was finally the season Houston colonized basketball's next frontier.

The Rockets made the most 3-pointers in NBA history because they realized there was one way they could shoot more threes: shoot longer threes.

"That line doesn't mean a whole lot anymore," Houston coach Mike D'Antoni said.

"Well, you get three instead of two," Morey said. "Other than that."

The 3-point line extends as far as 23 feet, 9 inches from the basket, and for as long as it's been on the court, NBA teams got as close to that line as they could. The Rockets went the opposite way. They were the only team to hit more of those threes this season from outside 25 feet than inside 25 feet. They also depended on those shots. The league attempted 11% of its field goals from beyond 25 feet. That number for the Rockets was an NBA-record 23%.

Houston's complete disregard for the exact location of the 3-point line resulted in one of the greatest offenses the league has ever seen. That offense is why the Rockets remain a threat to upset the Golden State Warriors and dethrone the Cavaliers for the NBA title.

The Rockets made it their priority to chase the sport's best shots in the deep paint and behind the arc. These shots have expected values higher than one point—a magic number in basketball.

Brittni Donaldson, a data analyst for Stats LLC, analyzed more than 200,000 field-goal attempts from this NBA season using the company's SportVu technology, which revealed two parts of the court that produced shots yielding more than one point of expected value: between 0 and 6 feet and between 22 and 27 feet.

The farther teams get from the basket, the farther they get from that expected value. Their shots are worth more once they're behind the 3-point line—but even the return diminishes with distance.

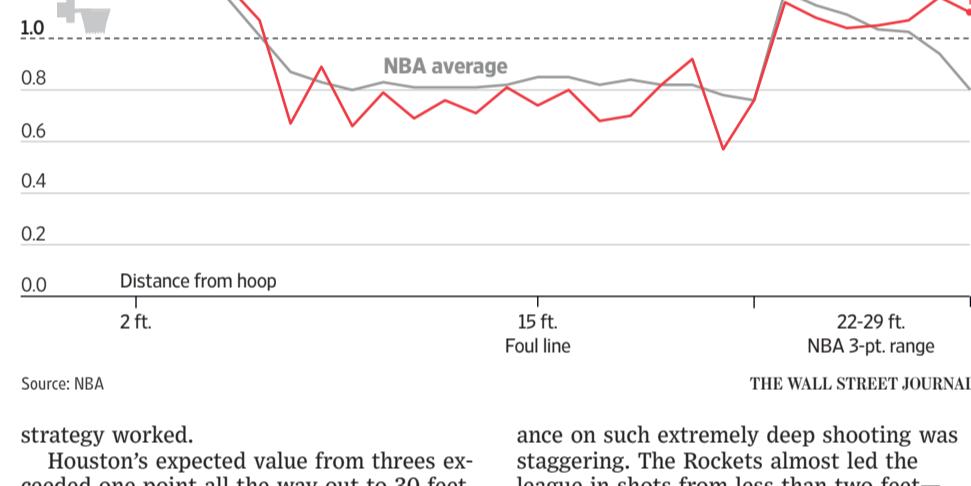
Except for the Rockets. That's why their



CHARLES KRUPA/ASSOCIATED PRESS

Basketball's Magic Number

NBA teams look for shots that yield more than one point on average. The Rockets get that value on their 3-pointers up to 30 feet.



Source: NBA

THE WALL STREET JOURNAL.

strategy worked.

Houston's expected value from threes exceeded one point all the way out to 30 feet, according to the SportVu data. Their reli-

ance on such extremely deep shooting was staggering. The Rockets almost led the league in shots from less than two feet—layups and slam dunks—and yet they still

took more shots from 25 to 26 feet.

That willingness to shoot from previously uninhabitable parts of the court was the engine powering the Rockets' offense. By setting high screens for Harden and positioning shooters far away from the hoop—and far behind the line—Houston created room for his drives and freed Ryan Anderson, Trevor Ariza and Eric Gordon for cleaner looks.

The spacing of Houston's offense caused problems for a simple reason: It's harder to play defense when there's more to defend.

Over the course of the season, they slowly recognized that range no longer seemed to matter, and their coach started encouraging the Rockets to ignore the 3-point line and launch from remote areas. So they backed up—and then backed up again.

"It doesn't bother their shot at all," D'Antoni said. "They might even shoot better longer. I don't know. I think we have stats on it." D'Antoni was right. The stats prove the improbable: They do shoot better longer.

Houston shot 35.8% on threes inside 25 feet, excluding the shorter corner three, but 36.3% between 26 and 30 feet. The rest of the NBA shot 37.6% on close threes and 33.6% on deep threes. The Rockets also took 14% more threes than the league average inside 25 feet—and 122% more outside 25 feet.

The result was a style of play so deeply weird that it often looked almost like a different sport altogether.

One local fan named Chris Cassidy had enough perspective to notice the strange aesthetics. When he goes to Rockets games, Cassidy sits with Morey. But he can't watch every Rockets game. He has a day job that keeps him busy at night—and sometimes takes him off the planet entirely. Cassidy is NASA's chief astronaut.

NASA, like every NBA team, is obsessed with efficiency. That means searching for small risks with big rewards, Cassidy said. The basketball equivalent of a small risk with a big reward is a longer 3-pointer.

"On a different scale," Cassidy said, "I can see exactly how that relates to what the Rockets are doing."

The Rockets were the first team to flee the mid-range because they recognized that shots between the paint and arc were mathematically stupid. What they showed this year was that shooting any three from any location was smarter than shooting most twos. "Plus," Morey said, "you don't have the risk of stepping over it."

Before this season, the first of D'Antoni and Morey's basketball marriage, they made a decision to bet on 3-pointers. But the plan to experiment with longer 3-pointers came from the players themselves. "It just kind of happened," Anderson said.

It turned out to be easy for the Rockets to take advantage of serendipity. All they had to do was keep shooting—no matter where they were.

THE COUNT



Atletico and Real Madrid play Tuesday.

THE 'REAL' MADRID THRIVES IN EUROPE

Real Madrid is often accused of caring more deeply about the Champions League, the glitzy pan-European tournament, than anything that goes on at home in Spanish soccer.

If they're honest, Real fans don't really dispute this.

Over the past seven years, the club's domestic results have bounced up and down, but in Europe, it remains a model of consistency. Real will play in the semifinals for the seventh season in a row. No one knows the heartbreak Real can inflict better than Tuesday's opponent, Atletico Madrid, as they prepare to clash in the knockout rounds for the fourth straight season.

In the Spanish league, the recent history of the Madrid derby is of manager Diego Simeone hauling Atletico up to Real's level—and often surpassing it. Atletico has won four of its past eight league meetings against Real and lost only once.

But if the Spanish capital belongs to Atletico right now, Europe remains firmly the property of Real.

Los Blancos muscling past Atleti in the Champions League is turning into a rite of spring. Three years ago, they did it in the final, tying the game in the dying seconds before running away with the trophy in extra time. Then in 2015, Real knocked out Atletico in the quarterfinals with a single goal over two legs. And last season, Real crushed Atletico's dreams in yet another final, this time in a penalty shootout capped by Cristiano Ronaldo.

Even Simeone admits that, when it comes to European competition, his crosstown enemy has a special knack for breaking opponents' spirits. As he put it after losing the 2016 final, "It puts a lot of years on you." —Joshua Robinson

DANIEL OCHOA DE OLZA/ASSOCIATED PRESS

NBA PLAYOFFS | By Jason Gay

GREATNESS IN GRIEF

This was last year in Boston, before a Celtics game: Tommy Heinsohn, the Hall of Fame Red Auerbach-era player and coach turned broadcaster, uncurred his 6-foot-7 frame at a table in the arena corridor, and began talking about the current Boston team. They were overachievers, almost all of them. As he ticked through the talent on the Celtics roster, Heinsohn—who played with Russell, Cousy and Havlicek—paused over one name to convey his obvious respect and admiration.

"The Little Guy," the legend said, brightening into a toothy smile.

Heinsohn was talking about Isaiah Thomas, the Celtics point guard who is listed at 5 foot 9, and charitably so, according to...Isaiah Thomas (Thomas claims he's 5 foot 8, which would make him the shortest player in today's NBA). Since arriving in Boston two seasons ago with a rep as an unmanageable shooter, the 28-year-old Thomas has evolved into nothing less than a leader and a star.

This year, Thomas averaged 28.9 points, third-best in the league, and his late fourth-quarter takeovers helped Boston improbably capture the Eastern Conference's top regular-season record. Thomas won't win the MVP this season, but he'll get some votes further down the ballot. It's hard to imagine a player as important to his club as he is.

But that's not the reason we're talking about Isaiah Thomas right now.

A little more than two weeks ago, tragedy struck Thomas: his 22-year-old younger sister, Chyna, was killed in a single-car accident not far from Tacoma, Wash., where the Thomas family grew up. The news broke the day before Game 1 of Boston's opening-round series with Chicago, and Thomas played, somehow, through sorrow both visible and unseen. But Boston lost Game 1, and then Game 2, after which Thomas flew home to see his family and mourn.

He returned to his team before Game 3—and the Celtics haven't lost since. Boston has rallied behind Thomas, picking him up at times, but Thomas has often been his stellar self as the Celtics ripped off four straight wins to eliminate Chicago and then took



Boston Celtics guard Avery Bradley, left, hugs teammate Isaiah Thomas.

Sunday's Game 1 conference semifinal opener against Washington. How he's managed it defies belief. After speaking at his sister's funeral Saturday in Tacoma, Thomas landed in Boston at 4 a.m. Sunday. Arriving for the opener's 1 p.m. tip-off, he wound up scoring 33 points and nine assists, even after losing a tooth in an awkward first-half collision.

As sports performances go, the easy thing to say is that it's extraordinary. The truth is, it's much more difficult to process. Who knows exactly how Thomas has done what he's done?

Nearly every life at some point is touched by grief, but the sudden loss of a young sibling is a gut-wrenching shock. It's tempting to gloss it over with the usual tough-guy bromides, about compartmentalization, about soldiering through—and though some of that may be true, who really knows what it's like to be Thomas right now? Grief is never a single, fixed feeling. If you watch the TV clips of Thomas speaking at Chyna's funeral in sunglasses and a dark suit, you hear him admit how he really just wanted to "give up and quit."

"Never in my life have I thought about quitting," Thomas said.

His grief is still alive, aching. How could it not be? And yet there Thomas was, a few hours later, in the starting lineup. He again played like an MVP, lifting the Celtics from a 16-0 hole to overpower a lively Washington team. Thomas's game is relatively straightforward: he attacks relentlessly, putting the defense on its heels, either taking the ball to the basket or kicking it out to one of Boston's talented perimeter shooters. He's a gifted three-

point shooter himself, and he hit 5 of 11 from long-range as the Celtics pulled away 123-111.

The Boston crowd hung on every one of his shots, as if wishing them in. In a short time, Thomas has become one of the city's most popular athletes, his everyman size part of the appeal. That sort of myth-making can be pat—Thomas is one of the best scorers in the NBA full-stop—but Thomas has returned the love, embracing Boston, admiring the Celtics's long history of legends, but refusing to be awed.

"It was tough, but it's the playoffs," Thomas said when Sunday's Game 1 was over. "There's no excuses."

Thomas's teammates are incredulous. "I don't know if I'd be able to handle it," said forward Al Horford. "He's able to come in here and say 'No excuses'—but he has a perfectly good excuse. And he still comes out and he's focused."

Sports isn't really equipped to tackle emotional distress. Look how easily the story line moved Sunday after Thomas had his tooth knocked out—that's the kind of pain sports can handle, the physical stuff, what it's like to brush off a little blood. The internal stuff is far harder. There's a rich tradition of wrapping off-court tragedies in on-court redemption stories, but that's always been too neat. A game may indeed serve as a therapy, but win or lose, there will be memories, heartaches, raw reminders that follow forever. "Basketball, when I'm on the court, just keeps me going," Thomas said. "I do everything for my sister now." Boston already knew The Little Guy was a player. It also turns out he's a giant.

OPINION

It's the Prosperity, Stupid



MAIN
STREET
By William
McGurn

Donald Trump's new tax bid: "President Trump's proposal to slash individual and business taxes and erase a surtax that funds the Affordable Care Act would amount to a multitrillion-dollar shift from federal coffers to America's richest families and their heirs . . ."

This is a curious way to put it, as if the country's millionaires and billionaires are readying to raid the American people of their money. Because before there can be any multitrillion dollar shift out of U.S. coffers, there has to be a multitrillion dollar shift into those coffers.

Wouldn't it have been more accurate to explain that if the federal coffers won't be as full in the Trump years, it will be because people will get to keep more of their own money?

The sour dynamic of the modern Beltway, alas, any bid aimed at allowing more Americans to keep more of what they earn will inevitably be presented through the Chuck Schumer filter of the rich robbing the poor. As if on cue, the Senate minority leader emerged on Sunday to characterize the Trump plan as "massive tax cuts for the very wealthy, crumbs, at best, for everyone else."

Which leads to a temptation the Trump administration would be wise to resist. The impulse will be to make the argument that theirs is a tax cut for populists and not plutocrats on the basis of provisions such as the doubling of the standard deduction.

Let us stipulate that any time Americans get to keep more of what they've worked for, and in a way that makes filing taxes easier, this columnist cheers. But if the only benefit to middle- and working-class Americans from the proposed Trump cuts is a lower tax bill, the White House loses the argument. Because the promise here is something much larger than just a lower tax burden. It's a return to a booming American economy, the best way to fatten employee paychecks and open new opportunities for upward mobility.

True, Republicans start out with a rhetorical handicap here. The English language has few phrases as boring as "economic growth." Even so, the economic reality is that nothing delivers the extraordinary punch—especially for ordinary Americans—that sustained economic growth does.

When Treasury Secretary Steven Mnuchin presented the administration's tax plan, he argued that its primary purpose is to get the economy growing again. He's right, and that's how he should sell it.

John Cochrane, an economist at Stanford's Hoover Institution, calls sclerotic growth "the overriding economic issue of our time." For the last half of the 20th century, he notes,

the U.S. economy grew at an average rate of 3.5%. This translated into real income per person in the U.S. rising from \$16,000 to \$50,000—a huge improvement for ordinary Americans.

Since 2009, unfortunately, the economy has been averaging about 2% growth per year, which some call the new normal. In a back-of-the-envelope calculation last year made at

The real debate is about making dreams come true, not just lowering taxes.

this columnist's request, Mr. Cochrane reckoned that for a worker making \$50,000, 2% growth means his income would rise to \$54,400 eight years from now. But if we could get the economy growing at 3%, his income would rise to \$58,675. Remember, too, these gains are compounded every year.

Still, the case for growth is not primarily about numbers. It's about the American Dream and the next generation doing better than the one before: a new home in a good neighborhood, college, paychecks that go further, maybe even the wherewithal for some wage slave to make a go of starting up her own business.

Democrats never talk about economic growth because their model is the "Life of Julia," the Obama-era cartoon showing a woman who at every stage in her life requires

government to get ahead. The advantage of making the tax fight an argument about growth (as opposed to focusing on the tax relief) is that it dovetails with other Republican initiatives, especially the liberation of American know-how and possibility through deregulation.

Here's something else. A prosperity-based argument would also help Mr. Trump appeal beyond his white working-class base. In his book "Coming Apart," political scientist Charles Murray notes that the dysfunctions associated with poor black populations in inner cities—bad schools, broken families, government dependency, lack of economic opportunity—also characterize many poor white communities.

The flip side of the Murray argument is this: Measures that would open opportunities for the white working class would likely help lift others in the same economic boat. Is it any coincidence, for example, that when Joel Kotkin's Center for Opportunity Urbanism looked to the cities where African-Americans are doing best economically, it's not the progressive North that dominates. It's the growing South.

So let the Times and Mr. Schumer holler about emptying federal coffers and giveaways to the rich. If the Trump White House hopes to win this argument, it starts with making this debate all about dreams—and the economic growth that can turn them into reality.

Write to mcgurn@wsj.com.

BOOKSHELF | By David P. Barash

How the Brain Makes Us Do It

Behave

By Robert M. Sapolsky
(Penguin Press, 790 pages, \$35)

It is said that when Thomas Huxley first read Darwin's "On the Origin of Species," he muttered: "How extremely stupid not to have thought of that!" I'm no Huxley and Robert Sapolsky is no Darwin. But having read "Behave," I wish I had thought of writing a book like it. Mr. Sapolsky's concept is to examine behavior starting at its most immediate neural underpinnings, then trace it to progressively more distant causes, including hormonal, social and developmental ones, and ultimately to search out its evolutionary antecedents. To my knowledge, this hasn't been done before in one book, and he succeeds magnificently.

Take his discussion of the stress response, in which the sight of a lion (for instance) stimulates the brain's amygdala, which helps trigger the release of hormones that in turn stimulate the production of glucocorticoids, "mobilizes energy" and gets the body ready to react. Got it? The author then goes on to discuss stress in all its aspects—how stress can be something we love (roller coasters), how stress affects risk taking, how stress makes us more selfish, how men and women differ in their stress responses.

"There's an app for that!" runs an all-too-familiar trope for our smartphone-infused world. In Mr. Sapolsky's illumination of the well-springs of human behavior, we learn that there's some underlying biology—genes, hormones, brain-region specialization—for "that,"

whether the "that" is *Homo sapiens* behaving at our best (empathy, altruism, love) or our worst (war, hatred, intolerance or garden-variety mendacity). With "the good," he notes in regard to altruism, "you don't act because someone else's pain is so painful—that's a scenario that begs you to flee." Instead, he writes, it's a matter of social conditioning, a "case of things that have long since become implicit and automatic—being potty trained; riding a bike; telling the truth; helping someone in need." As for "the bad," we can look to biological origins for our worst conduct but that doesn't excuse most of us, most of the time. Testosterone may drive a genocidal warlord, but "hormones don't determine, command, cause or invent behaviors. Instead they make us more sensitive to the social triggers of emotionally laden behaviors."

Mr. Sapolsky is one of those very few eminent scientists who are also eminent—or even coherent—when writing for the general public. Biologists, more specifically those of us who study behavior from an evolutionary and ecological perspective, give lip service to the truism that a genuine understanding of human behavior requires attention to both ultimate causes (the evolutionary "why") and proximate mechanisms (the physiological "how"). But hardly anyone attempts to make the stretch the way Mr. Sapolsky has.

Biology can explain but not excuse our worst behavior. Testosterone may drive a vicious warlord, but social triggers shape his actions.

In this regard, he is especially good at pointing out the complexities of the brain-behavior connection and the way that even such a seemingly beneficial trait as neuroplasticity (the brain's ability to "rewire itself") is a double-edged sword: "remapping in blind or deaf individuals is great, exciting, and moving," he writes. "It's cool that your hippocampus expands if you drive a London cab . . . But at the other end, it's disastrous that trauma enlarges the amygdala and atrophies the hippocampus, crippling those with PTSD. Similarly, expanding the amount of motor cortex devoted to finger dexterity is great in neurosurgeons but probably not a societal plus in safe crackers."

The author's comprehensive approach integrates controlled laboratory investigation with naturalistic observations and study. To his immense credit, he doesn't omit cultural norms, social learning, the role of peer pressure or historical tradition. He also has a delightfully self-deprecating sense of humor. Introducing a chapter titled "War and Peace," he summarizes the chapter's goals as: (a) to demonstrate that "many of our worst behaviors are in retreat, our best ones ascendant"; (b) to examine "ways to improve this further"; (c) to derive "emotional support for this venture" (d) and, "finally, to see if I can actually get away with calling this chapter 'War and Peace.'" Earlier, after an especially abstruse sentence, he adds a footnote: "I have no idea what it is that I just wrote."

Mr. Sapolsky is a proud reductionist. Unlike most current academics, he unblushingly uses the word "sociobiology" when referring to the application of evolutionary insights to behavior, eschewing the phrase "evolutionary psychology," a usage I fervently hope will soon go extinct (all psychology is evolutionary, or should be). Scientific progress nearly always involves what postmodernist lingo labels (and belittles) as the "valorization" of reductionism. But reductionism—in my not-so-humble opinion—has been responsible for most of the dramatic advances in science, from physics to chemistry to biology and psychology. Einstein famously noted that the "ground aim of all science is to cover the greatest number of empirical facts by deductions from the smallest possible number of hypotheses." A comparable ethos is on display in "Behave," and yet Mr. Sapolsky gives respectful as well as highly sympathetic and well-informed attention to the various "higher" levels of explanation—sociological, anthropological, economic—that contribute to a fully articulated explanation of complex human phenomena.

It's no exaggeration to say that "Behave" is one of the best nonfiction books I've ever read. But here are two complaints. First, quite a few wonderful and beautifully stated insights are relegated to bottom-of-page footnotes in small print that is difficult to read. Second, this is a long book—indeed, a very long book, at nearly 800 pages. Can there be too much of a good thing? When it comes to books, I'm not so sure; I am entirely sure, however, that whatever else it is, "Behave" is a very good thing indeed.

Mr. Barash is professor of psychology emeritus at the University of Washington. His most recent book is "Out of Eden: The Surprising Consequences of Polygamy."

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OPINION

REVIEW & OUTLOOK

Pre-Existing Confusion

Inurance coverage for pre-existing health conditions can be confusing, as President Trump and a journalist showed in a television interview over the weekend. Allow us to explain how the GOP reform would work in practice and why pre-existing conditions have been exaggerated as a political problem.

Mr. Trump told CBS's John Dickerson that "I watch some of the news reports, which are so unfair, and they say we don't cover pre-existing conditions, we cover it beautifully." Mr. Dickerson seemed surprised: "Okay. Well, that's a development, sir. So you're saying it's going to be pre-existing to everybody?" Mr. Trump said the House bill had "evolved" but as usual didn't explain how.

House conservatives rebelled over the original version of the American Health Care Act, which only partially deregulated insurance markets. The bill maintained the rule known as guaranteed issue, which requires insurers to cover all applicants regardless of medical history. It also relaxed community rating, which limits how much premiums can vary among beneficiaries.

The media and the left thus claim that conservatives want to allow insurers to charge sick people more, and some conservatives agree, which spooks the moderates. But the latest compromise between conservatives and centrists doesn't repeal guaranteed issue or community rating. It keeps these regulations as the default baseline, and states could apply for a federal waiver if they want to pursue other regulatory relief.

But the waivers aren't a license to leave cancer survivors without insurance. States can only receive a waiver if they avail themselves of the bill's \$100 billion fund to set up high-risk pools. These state-based programs, which were run in 35 states until they were pre-empted by ObamaCare, subsidize coverage for older and sicker patients. This helps these individuals and keeps coverage cheaper for everyone else.

Why might a Governor prefer such an arrangement over the ObamaCare status quo? Well, the law's price controls are a raw deal for most consumers, which leads to a cycle of rising premiums and falling enrollment. Average premiums rose by 40% or more in 11 states this year, and insurance markets in states like Tennessee, Kentucky and Minnesota are in crisis.

Barack Obama, Capitalist

Poor Barack Obama. The fellow governs for eight long years as the most progressive President since LBJ, and now his former left-wing fans are upset that he wants to enjoy the fruits of capitalism as a private citizen.

Our liberal friends are disappointed—the tone is more sorrow than anger—that the former progressive hero has decided to give speeches for big money. One reported payday was \$400,000 from the Wall Street firm Cantor Fitzgerald, and there may be more.

Senator and progressive ethicist Elizabeth Warren took a shot at Mr. Obama in an interview with the *Guardian* published Monday, saying that he and other politicians are out of

Let the man make a buck, as long as he pays the top marginal rate.

touch with "the lived experiences of most Americans." The left-wing press is fretting that the former President is either tone-deaf or cashing in on his former office, or some other quality they usually associate with greedy Republicans.

But why begrudge the man his right to make a living? Mr. Obama is a relatively young man with two daughters to put through college, and speech-making is something he knows how to do. There's also some rough justice in Mr. Obama experiencing the bite of the high tax rates he imposed on everyone else. If he wants to appease his critics, Mr. Obama can always write a check to the U.S. Treasury for whatever he saves from the coming Republican tax cut.

China's Case for Trump's Tax Cuts

Here's an argument for the Trump Administration's tax reform from a surprising source: China's leaders fear the plan will lure manufacturing to the U.S. Forget a trade war, Beijing says a cut in the U.S. corporate rate to 15% from 35% would mean "tax war."

The People's Daily warned Friday in a commentary that if Mr. Trump succeeds, "some powerful countries may join the game to launch competitive tax cuts," citing similar proposals in the U.K. and France. Worst affected, the Communist Party's premier mouthpiece opined, would be "export-oriented countries that are powerless to compete in tax reductions"—i.e., China.

Beijing knows from experience how important tax rates are to economic competitiveness. Conventional wisdom holds that low labor costs turned China into "the world's factory." Less widely known is the role taxes played in its growth miracle.

China's double-digit growth streak began in the mid-1990s after government revenue as a share of GDP declined to 11% in 1995 from 31% in 1978—effectively a supply-side tax cut. But then taxes began to rise again as the Communist Party reasserted control over the heights of the economy. In 1999 the government set a revenue goal of 20% of GDP, and the tax man's take now stands at 22%.

China's big government doesn't stop there. The central government runs a fiscal deficit of 3%, and local governments fund their operations through borrowing from state banks. It's no coincidence that as government has grown, growth has slowed to below 7%.

Chinese companies have started to complain that the high burden is killing profits. Zong Qinghou, founder of the country's largest beverage company Wahaha, revealed that his company pays more than 500 different fees to government entities, in addition to taxes. The proliferation of such levies contributed to low private-investment growth last year.

Chinese leaders fret that business may move to the U.S.

Chinese windshield maker Fuyao Glass opened a \$600 million factory last October near Dayton, Ohio, and plans other facilities in Illinois and Michigan, creating 4,500 jobs. CEO Cao Dewang caused a stir in December when he told a reporter the decision was driven by tax differences: "Overall taxation for manufacturers in China is 35% higher than that in the U.S."

Mr. Cao said out loud what many entrepreneurs mutter under their breath. China's 25% profits tax may be lower than the U.S. 35% rate, but the country also imposes a 17% value-added tax as well as 16 other taxes. Inputs such as land, electricity and transportation are all much cheaper in the U.S., Mr. Cao said. Left unsaid is another big cost: Chinese officials demanding bribes. Together, these can cancel out China's lower labor costs.

When electronics giant Foxconn announced in January that it is considering a plant in the U.S., American commentators wondered whether pressure from the Trump Administration was a factor. But in China it was read as further proof that high taxes have started the process of "hollowing out."

President Xi Jinping began to address the problem about 18 months ago when he launched "supply-side reforms" to cut corporate taxes and regulation. The results have been modest because the government reverted to Keynesian spending stimulus. But the program's stated goal of restoring lost competitiveness shows that Beijing understands the importance of corporate tax rates to growth and prefers not to have to compete in a "tax war."

The U.S. inflicts one of the highest corporate-tax rates in the world, and reform is urgently needed to compete against other developed economies. If that's the stick, the People's Daily warning offers a carrot: A supply-side cut can make the U.S. attractive to Chinese companies suffering from big government at home.

Here's how the House health reform will cover high-risk patients.

Community rating and guaranteed issue also punish the sick by degrading quality. When insurers can profit by being the best plan for, say, cancer or diabetes, they invest in such care. When both the healthy and sick pay the same rates, the incentive is to load up on healthier people and discourage people with expensive ailments or chronic conditions from enrolling by using higher copays, narrow provider networks or tiered prescription drug formularies.

In a recent study of the Affordable Care Act, Daniel Prinz and Timothy J. Layton of Harvard and Michael Geruso of University of Texas-Austin conclude that insurers are using benefit designs to screen for unprofitable consumers. The result is that people with expensive conditions cannot obtain adequate coverage.

Pre-existing conditions are an understandably emotional issue, because people fear losing their plan or a financial catastrophe if they develop a serious health problem. But only about 4% of the population under age 65 is high risk. ObamaCare's Pre-Existing Conditions Insurance Plan was created from 2010 to 2014 as a transition until the entitlement debuted nationwide: Anyone could sign up for heavily subsidized coverage if they were denied in the private market. Enrollment topped out at merely 115,000 people in 2013.

This debate is also distorted by a misunderstanding of health risks. The actuarial probability that a healthy person will become sick is already priced into premiums, meaning it is true insurance for unknown future health outcomes. People with pre-existing conditions don't need insurance—they need help paying for expensive treatment that is already known.

High-risk pools are a fairer and more equitable solution to this social problem, rather than hiding the cost by forcing other people to pay premiums that are artificially higher than the value of the product. The waivers also include protections for people who renew continuous coverage from major premium increases if they become ill.

Liberals are inflating the pre-existing conditions panic with images of patients pushed out to sea on ice floes, but the GOP plan will ensure everyone can get the care they need. Republicans can win this argument, but first they need to join the debate and explain their ideas.

Let the man make a buck, as long as he pays the top marginal rate.

touch with "the lived experiences of most Americans." The left-wing press is fretting that the former President is either tone-deaf or cashing in on his former office, or some other quality they usually associate with greedy Republicans.

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LETTERS TO THE EDITOR

Maybe the Glass-Steagall Was Largely Full

How soon we forget. In the sixth paragraph of William M. Isaac and Richard M. Kovacevich's "The Shattered Arguments for a New Glass-Steagall" (op-ed, April 26), the authors state: "Unfortunately, regulators failed to see or act on the growing problems until they had escalated into a full-scale financial crisis." Yet two paragraphs later, they write, "Investment banking . . . is part of the regulated commercial-banking industry," as if such regulation is now endowed with benevolent oversight capability that will forever keep us safe. Glass-Steagall was enacted in the 1930s and worked reasonably well until Travelers merged with Citigroup and Congress changed the law, with President Clinton signing it.

Fewer than 10 years later, a financial crisis of historic proportions struck. The authors assert that the Glass-Steagall repeal wasn't a contributing factor (and that they know who the culprits were at the heart of the crisis, "20 or so institutions").

After four decades in the commercial-banking business, I support a clear, hard-line rule like Glass-Steagall.

CHARLES FENTON
Tustin, Calif.

Messrs. Isaac and Kovacevich must be living in one of those parallel universes Stephen Hawking and others speak of. For 66 years (1933 to 1999) the U.S. economy didn't have a serious systemwide financial crisis. Nine years after Glass-Steagall was seen as "no longer appropriate," we suffered the worst crash since the Great Depression.

The large banks which "survived because they were diversified" must also exist in this parallel timeline. All of them, with the possible exception of Wells Fargo and J.P. Morgan Chase, had to be bailed out. That we made a profit doesn't change the fact that they had dug themselves (and

the rest of the economy) a very deep hole they couldn't get out of.

Dodd-Frank is a disaster. Its 14,000-plus pages don't do what Glass-Steagall did in 37 pages. It's putting the smaller banks out of business, and its loopholes leave us open to repeating the crash of 2008. The CDOs and other high-risk "instruments" are again being issued, and if Warren Buffett can't figure them out, it's unlikely even those creating them can.

It took having a "panic" every 10 to 15 years of our first 150 years before we accepted that banks needed to be regulated to protect them (and us) from themselves. One of the most important parts was keeping them from getting "too big to fail." I hope it won't take another 150 to relearn the lesson.

CHRIS DALY
Yucaipa, Calif.

Citigroup didn't survive 2008 because it was diversified; it was essentially bankrupt. Citigroup survived because U.S. taxpayers bailed it out to the tune of \$45 billion directly and another \$431 billion indirectly through loan guarantees and liquidity support. It was the No. 1 beneficiary of Uncle Sam's bailout support, and Bank of America was No. 2.

Citigroup was the largest underwriter of collateralized-debt obligations in 2007, the year before the crash. A few years later, Citigroup made a \$590 million settlement with its stockholders because it had earlier represented that its subprime exposure was \$13 billion, when in fact it was more than \$50 billion. Had Glass-Steagall still been in effect in 2007 and 2008 and the bank prohibited from underwriting such securities, how on earth would it ever have had even \$1 billion of these toxic assets in its inventory, let alone \$13 billion, or God forbid, more than \$50 billion?

ROBERT N. DOWNEY
New York

Let's Improve ObamaCare, Not Replace It

The April 10 editorial "Reviving Repeal and Replace" describes ObamaCare as "a failing entitlement," and fuels the rhetoric surrounding repeal and replace. It seems we may be losing sight of our collective goal to advance the caliber of health care in the U.S.

Most of us agree with the Affordable Care Act's founding principles: improve quality, improve access and reduce cost. We should honor these principles and proceed with caution as we consider fixing what people perceive to be broken.

We should stop talking about "repeal and replace." I suggest we call it "renovate." Let's get both parties to align around this concept—because the structure of the house is good. If we can do that, then we can talk about improvements. In that spirit, here are some areas that I propose as starting points:

Drive health and wellness as an investment and provide incentives for prevention.

Address the social determinants of health. This will have a bigger impact than anything else.

Encourage innovation and ensure the U.S. continues to lead in this area.

Be more thoughtful about the

HBS: Nothing Inspires Envy More Than a Great Success

Regarding Matthew Stewart's review of Duff McDonald's "The Golden Passport" (Books, April 22): Mr. McDonald should be ashamed of himself for degrading one of the world's great schools. I commend Harvard Business School Dean Nitin Nohria for his decision not to waste the staff's time talking to Mr. McDonald or his associates.

HBS is certainly not a magic cure-all. However, it provided many of us with essential skills. These include critical thinking and decision-making, effective verbal and written communication, and time management with a constant work overload. These skills are valuable regardless of one's occupation. In fact, the military had the largest single contingent in my class.

EDWARD R. FRICK
Pinehurst, N.C.

Matthew Stewart's review reminds me of an observation a very successful HBS classmate of mine made at our 40th reunion regarding the most valuable lesson he learned during our two years: He would never hire a Harvard M.B.A.

DAVID M. HIRSCH, HBS M.B.A., '67
Providence, R.I.

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Pepper ... And Salt

THE WALL STREET JOURNAL



"All the airbags are positioned to protect your smart phone in any conceivable collision."

OPINION

'Nationalist' Shouldn't Be a Dirty Word

By Walter Russell Mead

If Donald Trump were a liberal Democrat, some of the media's descriptions of "chaos" and "disarray" in the White House probably would be replaced with stories about "creative tension" among a "team of rivals." As it is, the struggle between "nationalists" like Steve Bannon and "globalists" like Gary Cohn is characterized in near-apocalyptic terms. Yet as Mr. Trump told The Wall Street Journal last week, "I'm a nationalist and a globalist." That is good news: Mr. Trump and the Republican Party should be weaving nationalist and globalist themes together rather than picking them apart.

Trump will be successful if he puts U.S. interests first—while still helping to maintain global order.

Nationalism—the sense that Americans are bound together into a single people with a common destiny—is a noble and necessary force without which American democracy would fail. A nationalist and patriotic elite produces leaders like George Washington, who aim to promote the well-being of the country they love. An unpatriotic and antinationalist elite produces people who feather their nests without regard to the common good.

Mr. Trump is president in large part because millions of Americans, rightly or wrongly, believed

that large sections of their country's elite were no longer nationalist. Flawed he may be, but the president bears an important message, and Trump-hating elites have only themselves to blame for his ascendancy. A cosmopolitan and technocratic political class that neither speaks the language nor feels the pull of nationalist solidarity cannot successfully lead a democratic society.

The president symbolized his nationalist commitment by hanging a portrait of Andrew Jackson in a place of honor in the Oval Office. Now Mr. Trump must stay true to that commitment or he will lose his political base and American politics will spin even further off balance. But life is rarely simple. Jacksonian means will not always achieve Jacksonian goals. Sometimes, they even get in the way.

Jackson learned this when his populist fight against the Second Bank of the United States ultimately led to a depression that turned the country over to his hated Whig rivals. As Mr. Trump comes to grips with the tough international economic reality, he is realizing that not everything the Jacksonians think they want will actually help them. The president has already discovered that rippling up the North American Free Trade Agreement won't help the middle-class voters who put him in office.

Jacksonian voters don't want North Korea to have the ability to threaten the U.S. with nuclear weapons. They also don't want a second Korean War. Reaching the best outcome on Korea could mean giving China a better deal on trade than many Trump voters would desire.



BLOOMBERG

President Trump discusses an executive order on trade, March 31, in front of a portrait of President Andrew Jackson, who served 1829-37.

Populists like to rail against globalization and world order. Yet the security and prosperity of the American people depend on an intricate web of military, diplomatic, political and economic arrangements that an American president must manage and conserve.

Mr. Trump is learning that some of the core goals of his Jacksonian program can be realized only by judiciously employing the global military, diplomatic and economic statesmanship associated with Alexander Hamilton. Bringing those two visions into alignment isn't easy. Up until the Civil War, the

American party system revolved around the rivalry of the Jacksonian Democrats with the Hamiltonian Whigs. Abraham Lincoln fused Jacksonian unionism with Henry Clay's Hamiltonian vision when he created the modern Republican Party. Theodore Roosevelt and Ronald Reagan revitalized the party of their times by returning to the Jacksonian-Hamiltonian coalition that made the old party grand.

The future of the Trump administration and the Republican Party largely depend on whether the president and his allies can return to

these roots. The elements of fusion are there. While Jacksonians are skeptical of corporate power and international institutions, they like economic growth that benefits the middle class, and they strongly believe in an America that stands up for itself and its allies. They are less worried about budget deficits than they are about a strong economy. If the tide is lifting the rowboats, they do not care all that much that the yachts are rising too.

For the coalition to work, Hamiltonians need to realize that the health and cohesion of American society is fundamental to the world order that allows corporations and financial firms to operate so profitably in the global market. In other words, Peoria matters much more than Davos. It was American power and will that built the present world order and ultimately must sustain it. A divided society with an eviscerated middle class cannot provide the stable, coherent leadership that is required.

The U.S. must be simultaneously a nationalist power, focused on the prosperity and security of its own people, and a globalist power working to secure the foundations of international order that Americans need. Mr. Trump appears to understand this truth better than many of his most vituperative critics. The task now confronting the president and his team is to develop and execute a national strategy based on these insights. Nothing in today's world is harder than this, and nothing is more essential.

Mr. Mead is a fellow at the Hudson Institute, a professor of foreign affairs at Bard College, and editor at large of the American Interest.

Spare the 'Dreamers' a Nightmare by According Them Due Process

By Theodore J. Boutrous Jr.
And Jesse Gabriel

President Trump has adopted a sympathetic tone toward the young undocumented immigrants known as Dreamers, who were brought to America as minors. The Obama administration offered them renewable two-year protection from deportation under a policy called Deferred Action for Childhood Arrivals, or DACA. Asked in February about the policy's future, Mr. Trump pledged to "show great heart" in dealing with these "incredible kids." Last month he declared that Dreamers should "rest easy." For his part, Homeland Security Secretary John Kelly has characterized DACA as "a commitment" that must be honored.

But the administration is sending mixed signals. Attorney General Jeff Sessions, asked about Mr. Trump's "rest easy" remarks, resisted the notion. "Well, we'll see," he said. "I believe that everyone that enters the country unlawfully is subject to being deported."

Emboldened and newly aggressive agents of Immigration and Customs Enforcement seem to have their own agenda, too. In February, ICE arrested our client, a young father and two-time DACA recipient

named Daniel Ramirez Medina. He was detained for more than six weeks and is now fighting deportation. The agency detained a 22-year-old Mississippi woman, who was in the process of renewing her DACA status, after she spoke out against the detention of her father and brother. A 23-year-old man from California with a cognitive disability is suing the government, saying federal agents summarily deported him mere hours after he was detained—even though he had twice been granted protection under DACA.

DACA began in 2012, when then-Homeland Security Secretary Janet Napolitano, at President Obama's direction, issued a policy memorandum to address noncitizen "young people who were brought to this country as children and know only this country as home." It was framed as an exercise in "prosecutorial discretion," deferring action against Dreamers and allowing them to live and work in the U.S. The policy requires them to pay a fee, provide the government with sensitive personal information, and pass a rigorous background examination. Mindful of Congress's role, the Napolitano memorandum made clear that DACA did not purport to establish a new substantive right

or immigration status, since those were matters for the legislative branch.

As the website of Citizenship and Immigration Services indicates, however, a person who is deemed to qualify for DACA is considered "to be lawfully present" in the U.S. and protected from deportation. DACA has enabled nearly 800,000

The president pledged to 'show great heart.' But his administration is sending mixed signals.

young people to obtain work permits, attend universities, open bank accounts, start businesses, buy homes and cars, and—for Luis Cortes Romero, our co-counsel in the Ramirez case—graduate from law school and pass the bar.

Mr. Ramirez qualified for DACA in 2014 and then again in 2016, passing background checks both times. Nothing had changed when agents arrested him on the morning of Feb. 10, as he slept in his father's house. Nevertheless, ICE revoked his DACA status and work permit and locked him up.

Our legal team immediately filed a habeas corpus petition, asking the federal district court in Seattle to set Mr. Ramirez free. On March 28 we were able to persuade an immigration judge to release him on bond as he fights deportation.

Last week we filed an amended complaint in federal court. It argues that the summary revocation of Mr. Ramirez's DACA status was contrary to the government's own established procedures, which require that Dreamers be provided with a "Notice of Intent to Terminate" and "33 days to file a brief or statement contesting" such action. As the Supreme Court explained in another immigration case, *U.S. ex rel. Accardi v. Shaughnessy* (1954), federal agencies must follow their own rules.

We also seek a judicial declaration that DACA status cannot be revoked—and that DACA recipients cannot be arrested, detained and deported—without procedural safeguards such as notice and an opportunity to be heard. The due-process rights enshrined in the Constitution, not to mention fundamental fairness, require no less.

We are not arguing that anyone has a substantive right to DACA, or that the policy creates a new

immigration status. As the Napolitano memorandum recognizes, only Congress can establish those things.

Rather, we are making a narrow but important claim: that the government, after coaxing these young people out of the shadows, deeming them "lawfully present," and then promising not to arrest, detain or deport them if they follow the rules, cannot turn around and do just that. The executive branch should be held to the promise it has made. In *Raley v. Ohio* (1959), the Supreme Court condemned this type of bait-and-switch as "the most indefensible sort of entrapment by the State."

Mr. Sessions's Justice Department thus far has defended this ICE entrapment as authorized and appropriate. It therefore seems likely that, unless and until President Trump directs the administration to put his soothing words into action, it is up to the federal courts, applying the Constitution, to ensure that Dreamers can "rest easy."

Mr. Boutrous is global co-chairman of the litigation group at the law firm of Gibson Dunn & Crutcher LLP and Mr. Gabriel is a senior associate at the firm.

Durbin's Debit-Card Price Controls Hit the Poor Hardest

By Todd J. Zywicki
And Julian Morris

On Tuesday the House takes its first step toward reforming the Dodd-Frank Act when the Financial Services Committee marks-up Chairman Jeb Hensarling's Financial Choice Act. One surprisingly contentious provision of Mr. Hensarling's bill—dividing even Republicans usually suspicious of price controls—is also one that could do the most good for small businesses and American consumers: repeal of the so-called Durbin Amendment.

Sen. Richard Durbin's 11th-hour addition to Dodd-Frank imposed price controls on the service fees

banks with more than \$10 billion in assets can charge merchants who process debit-card payments. As implemented by the Federal Reserve in 2011, the amendment ended up cutting these interchange fees in half—from 51 cents to 24 cents per transaction, on average—costing banks \$8 billion to \$14 billion annually. Although Mr. Durbin promised a safe harbor to community banks and credit unions, his amendment contained other provisions that have driven down their rates as well, by 19% in the case of PIN debit transactions.

Mr. Durbin asserted at the time that "every single Main Street business" would benefit from lower

costs, and that they would pass those savings on to consumers in the form of lower prices at the register. But as we (with co-author Geoffrey Manne) demonstrate in a new report for the International Center for Law and Economics, it hasn't worked that way. While big-box retailers and their shareholders have managed to pocket more than \$40 billion in cost savings so far, most Main Street businesses and the poorest American households have suffered.

First, costs for most retailers haven't fallen. A 2014 study by the Richmond Fed found that only 11% of merchants surveyed had seen their card-acceptance costs fall as a result of the Durbin Amendment. Three times as many merchants—mostly small businesses and those making small-ticket sales—reported increased costs. Contrary to Mr. Durbin's promises, only 1% of merchants reported that they had reduced their prices, while 20% raised them.

Second, Mr. Durbin's theory ignored that banks would have to recoup their lost revenue in other places. Since the amendment's enactment, banks have slashed access to free checking (which has fallen from 76% to 38% of accounts since 2008), doubled monthly maintenance fees on other accounts, raised other monthly fees, and increased the mandatory minimum balance to qualify for free checking from \$109 in 2008 to \$670 last year. In addition, affected banks have almost completely eliminated rewards on debit cards, amounting to an effective 1% price increase on

all goods and services for consumers who previously used these "cash back" rewards cards. All told, according to a study by the Boston Fed, banks have recouped roughly 30% of their lost interchange revenue by charging customers higher fees.

Limits on fees lead banks to charge the poor more for other services—or to stop offering them at all.

Wealthy households have largely avoided the Durbin Amendment's sting by shifting purchases to rewards-rich credit cards and raising their monthly balances to hang on to free checking. Lower-income families, by contrast, are either paying hundreds of dollars in new bank fees or have been driven out of bank accounts entirely, turning instead to check cashers, pawnbrokers and other financial providers that cater—at higher cost—to unbanked consumers. All told, we estimate that the Durbin Amendment has saddled lower-income consumers with \$1 billion to \$3 billion per year in higher out-of-pocket costs—with little or no relief in the form of lower retail prices.

Retailers and their lobbyists nevertheless continue to point to a 2013 study by economist Robert Shapiro that claims that merchants would pass most of their cost savings on to shoppers. But this assumption is based on a woefully incomplete

analysis and is contradicted by the actual experience reported in the Richmond Fed study.

Mr. Shapiro also claims that Sen. Durbin's price controls would create 37,500 additional retail jobs through increased consumer spending and retailer reinvestment of savings in the first year alone. Besides being implausible on its face, his back-of-the-envelope calculation inexcusably ignores the effect of sucking \$40 billion out of the retail banking system, which has contributed to the elimination of thousands of the industry's jobs. Mr. Shapiro also ignores the billions of dollars in higher bank fees consumers are paying and the adverse effect of eliminating debit card rewards—both of which leave American families with less money to spend.

Moreover, he ignores that many small businesses saw their costs increase and consequently raised prices or laid off workers. According to the Richmond Fed study, a majority of fast-food restaurants and grocery stores saw their debit costs increase—an outcome that is especially painful for lower-income families, which spend a higher percentage of their income putting food on the table than do wealthier households.

Price controls don't work, and the Durbin Amendment is no exception.

Mr. Zywicki is executive director of the Law and Economics Center at George Mason University's Antonin Scalia Law School. Mr. Morris is the vice president of research at the Reason Foundation. Geoffrey Manne contributed to this article.

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Matthew J. Murray
Deputy Editor in Chief

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EDITORIAL AND CORPORATE HEADQUARTERS:
1211 Avenue of the Americas, New York, N.Y., 10036

Telephone 1-800-DOWJONES

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THE WALL STREET JOURNAL.

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Fund Firm Fires Boss in Purge

AllianceBernstein also drops 9 of 11 directors as money managers fend off cheaper rivals

By JUSTIN BAER
AND SARAH KROUSE

AllianceBernstein Holding LP fired its chief executive and removed nine of its 11 directors, the most dramatic shake-up yet among money managers under pressure to halt a flood of cash to cheaper rivals.

Peter Kraus, a former **Goldman Sachs Group** Inc. executive who had served as AllianceBernstein's chairman and CEO since 2008, was dis-

missed from both those roles Friday, the firm said in a securities filing Monday.

Before his abrupt exit, Mr. Kraus had been discussing succession plans with the board. He had identified internal candidates, and intended to stay until his contract expired in January 2019, said people familiar with the matter.

AXA SA, the French company that has majority ownership of AllianceBernstein, wanted to make a change sooner, these people said. Seth Bernstein, a former **J.P. Morgan Chase & Co.** executive, is the new CEO and will serve on AllianceBernstein's board.

The shake-up reinforces the changes sweeping through

old-fashioned money-management firms that have long relied on their ability to bet on individual stocks and bonds. Hundreds of billions of dollars have been pulled in recent years from these firms focused on active money management, as investors lose faith in star managers and seek out cheaper funds that mimic stock and bond indexes.

"Money management firms whose business model is to promise clients investment strategies that 'will beat the market' are in deep trouble," said Alan Palmeter, a business law professor at Wake Forest University.

The rise of giants such as **BlackRock Inc.** and **Vanguard**

Group, which together have more than \$9 trillion in assets, has made life more difficult for firms including AllianceBernstein, which had \$497.9 billion in assets at the end of March, according to the firm's most-recent earnings report.

AllianceBernstein—formed in 2000 from the combination of a mutual-fund firm and research outfit—experienced trouble during the 2008 financial crisis, when bad wagers on financial firms led to the ouster of Chief Executive Lewis Sanders.

Mr. Kraus, a former investment banker who had once advised AXA, was asked to help the firm recover. He brought with him a résumé that included stints at some of the

biggest names on Wall Street.

He had recently left Goldman and joined his former colleague, John Thain, to help navigate **Merrill Lynch & Co.** through what would become the worst downturn in decades. Within months, though, Merrill had sold itself to **Bank of America Corp.** Mr. Kraus left for AllianceBernstein, reporting to AXA Chief Executive and Chairman Henri de Castries.

AllianceBernstein under Mr. Kraus became more diversified. But it continued to struggle with broader industry shifts including a flood of investor cash flowing into exchange-traded funds, a move away from proprietary wealth-management

Please see **FUND** page B12

Another Fox News Executive Departs

By JOE FLINT

The sexual harassment scandal that has engulfed Fox News for nearly a year claimed another casualty Monday with the resignation of Bill Shine, the network's co-president and one of its longest-serving executives.

Mr. Shine will depart in the next several weeks after helping with a transition, Fox News said in a statement, which also announced a management restructuring.

Mr. Shine's exit continues a string of high-profile departures from Fox News in the wake of a sexual-harassment controversy that has already led the network to part ways with its former chairman and chief executive, Roger Ailes, and prime-time star anchor Bill O'Reilly.

Mr. Shine and Jack Abernethy were promoted to co-presidents of the news network last year after the departure of Mr. Ailes, who resigned amid allegations he sexually harassed multiple women at the channel. Mr. O'Reilly exited last month after also being accused of sexual harassment. Both men have denied any wrongdoing.

In lawsuits, some Fox News talent and former executives have alleged that Mr. Shine ignored complaints of bad behavior by Mr. Ailes and enabled an environment that is hostile to women.

In a lawsuit against Mr. Ailes, Mr. Shine and other Fox News executives filed last August in the Supreme Court of the State of New York, on-air personality Andrea Tantaros said she was told by Mr. Shine that she would "need to let this one go" after complaining of harassment by Mr. Ailes.

Fox News has previously denied any wrongdoing by Mr. Shine with regards to harassment at the channel. Mr. Shine couldn't be reached for comment.

In a November regulatory filing, 21st Century Fox said it had costs of about \$35 million in the quarter related to "settlements of pending and potential litigations" tied to Mr. Ailes.

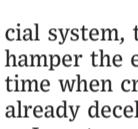
Apart from that disclosure, former Fox News talent booker Laurie Luhn received a settlement of \$3.15 million in 2011. In addition, Fox News and Mr. O'Reilly have paid \$13 million in settlements to women going back more than decade. Another Fox News contributor, Tamara Holder, received a settlement of close to \$3 million in March after accusing a Fox News executive

Please see **FOX** page B2

Could India's Cash Crunch Kill Off Credit Cards and ATMs?

STREETWISE
By James Mackintosh

Slowdown In China Credit Is a Warning to The World


China is making yet another attempt to rein in its overleveraged financial system, threatening to hamper the economy at a time when credit growth is already decelerating.

Investors outside the country don't seem to care, but they should. China probably isn't going to create another global financial scare, as it did in 2015 and at the start of 2016, but the effects will still ripple around the world.

China this year has tightened monetary policy and launched a regulatory assault on off-balance-sheet and interbank lending, squeezing financing for speculative vehicles. In the past, China's crackdowns on shadow banking have proved temporary, but the new head of the China Banking Regulatory Commission, Guo Shuqing, has more credibility than his predecessors. The CBRC has this year issued a flurry of orders including detailed work aimed at "regulatory arbitrage," or rule-dodging.

"Basically every commercial bank in China is involved in at least some of the long list of activities now targeted by regulators," wrote Chen Long at Gavekal Dragonomics in a note to clients.

Yields on Chinese bonds have risen and share prices in Shanghai and Shenzhen have fallen as Chinese investors came to realize that Mr. Guo was serious in his attack on shadow banking.

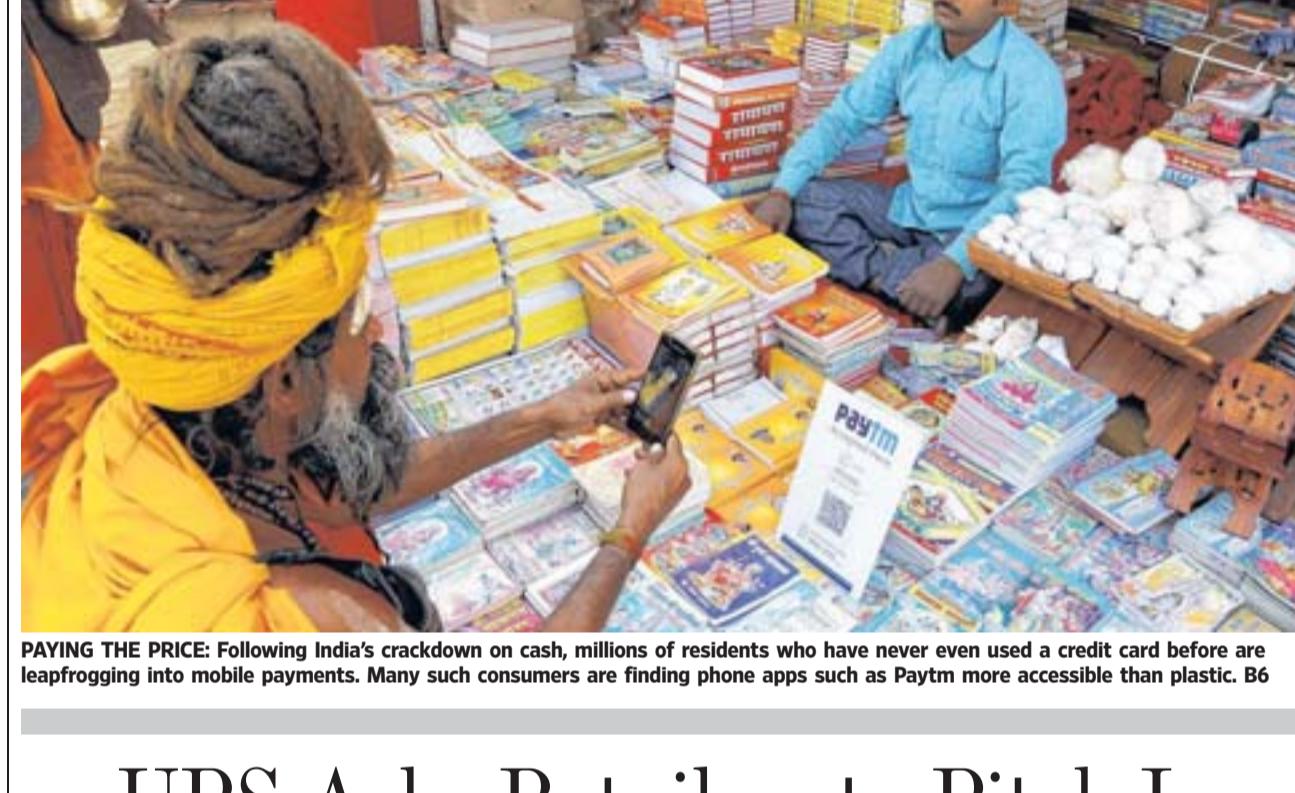
Investors elsewhere shrugged. China watchers are reassured that the authorities won't do anything to risk upsetting the economy before Xi Jinping's expected second term as president is signed off on by the Communist Party Congress in the fall. Economic stability is guaranteed, the argument goes, because anything else would be unthinkable.

The perennial concern about China is that its credit boom must eventually follow every other in history and turn to bust. But China has demonstrated time and again that it can delay the moment of reckoning, and it might even delay it long enough to grow out of its credit excesses, as long as it can head off further worsening.

Slower growth with less new debt would be a good thing, as long as the old debt can be contained.

The reason to be concerned about China now is that a slowdown in credit

Please see **STREET** page B13



JITENDRA PRAKASH/REUTERS

PAYING THE PRICE: Following India's crackdown on cash, millions of residents who have never even used a credit card before are leapfrogging into mobile payments. Many such consumers are finding phone apps such as Paytm more accessible than plastic. B6

UPS Asks Retailers to Pitch In

Delivery company doesn't want to be left holding the bag on cost for excess capacity

By PAUL ZIOBRO

United Parcel Service Inc., the world's largest delivery company, is pushing back against major retailers who order up capacity for vast numbers of packages during the holidays but don't meet their forecasts.

With the retail world in upheaval, UPS is asking retailers to help pay when the extra space and workers aren't put to use—or even when the boxes don't match the sizes that retailers promised earlier in the year.

"If there are variations to the plan, let's see what we can do, but we should be

compensated accordingly," said UPS Chief Executive David Abney in an interview. He said the charge isn't meant to be punitive but one element of a broader negotiation with retailers over pricing during peak times.

UPS, like rival **FedEx Corp.**, is grappling with the e-commerce boom, which is resulting in more business but rising costs to pick up, sort and deliver packages. The difficulties increase during the peak holiday season, when a greater percentage of deliveries are to homes and apartment buildings, which cost more for UPS to fulfill than to business addresses.

Both companies are looking for ways to recoup the billions they are investing to add capacity to their networks to handle the surge in online shopping. FedEx says it has dropped some retailers that refused recent price increases, and UPS has raised prices and invested in new routing systems and bigger storage facilities.

It faces skepticism, however, that it isn't raising retailer prices as aggressively as FedEx. Mr. Abney has previously said that UPS could lose business if it doesn't make such changes carefully, adding: "You do that and at some point, you can have un-

used capacity."

FedEx is taking a different approach, saying it might lower prices for companies that ship larger volumes but wouldn't charge them for failing to meet their projections.

"You can give me more volume at this particular time of year, and I'll give you pricing that reflects the volume you're going to give us," said its senior vice president for e-commerce Carl Asmus. "The last thing I'd ever want to do or say is I'm going to penalize a customer."

Like UPS, FedEx sets prices for large customers on a case-by-case basis, with de-

Please see **SURGE** page B2

INSIDE



M&A FALLS TO LOWEST LEVEL IN YEARS

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SPACEX PUTS SPY IN THE SKY

AEROSPACE, B5

San Francisco Eases Home-Share Curbs

By GREG BENINGER



JUSTIN SULLIVAN/GETTY IMAGES

Home-sharing sites **Airbnb Inc.** and **Expedia Inc.'s HomeAway** have reached a settlement with San Francisco that makes it easier for rental hosts to register with the city and helps the companies avoid costly fines.

The settlement ends a lawsuit filed in June by the two sites over rules that impose fines of \$1,000 a day for each host who isn't properly registered with the city to use their short-term rentals.

The companies argued the ordinance—which requires hosts to register in person and present evidence to the websites—is too onerous and results in too many violations.

Only about 2,100 hosts on Airbnb and HomeAway have registered with the city since the legislation was passed in 2015, compared with some 8,000 San Francisco hosts on Airbnb alone.

The sites also will provide

the city with a monthly accounting of listings, and they agreed to cancel future bookings and deactivate listings when the city finds invalid registrations.

Under the pact, San Francisco will get a monthly account of listings.

Regulators have long targeted Airbnb over concerns its business allowing homeowners to rent their homes or spare rooms squeezes out locals by making it more lucrative to cater to tourists than to lease dwellings to long-term residents. The company has argued that its site is primarily used by well-meaning homeowners seeking to earn extra cash, rather than illegal hotel operators.

The settlement eliminates a hurdle for Airbnb as it considers an eventual initial public stock offering. The company in March was valued at \$31 billion by its investors, which include venture firms like Sequoia Capital and Andreessen Horowitz and mutual-fund companies such as **Fidelity Investments** and T. Rowe Price Group Inc.

Chris Lehane, head of

Airbnb's policy team, said the settlement would ensure "a regulatory framework that is effective."

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BUSINESS & FINANCE

Lender Hit by Big Outflows

By JACQUIE McNISH

TORONTO—A Canadian mortgage lender said Monday that it had drawn 1 billion Canadian dollars (\$732.5 million) from an emergency C\$2 billion credit line secured last week, as deposits continued to stream out of the firm following allegations it misled investors about mortgage-application fraud.

Home Capital Group Inc., Canada's largest mortgage lender to borrowers with less-than-stellar credit scores and unpredictable incomes, said customers had pulled about C\$1 billion, or 72%, of its high-interest savings deposits since the beginning of last week. The firm, which denies the allegations, said Monday that it expected the balance of these deposits to have fallen to C\$391 million; Home Capital had C\$2 billion of such deposits at the end of 2016.

The firm said it also had C\$12.86 billion of "guaranteed investment certificate" deposits as of April 28. These funds are placed on deposit for a fixed time and can't be immediately withdrawn.

Home Capital's stock fell more than 50% in heavy trading last week. It dropped a further 13% Monday.

The deposit outflow at Home Capital's Home Trust mortgage subsidiary increased sharply after April 19, the com-

pany said. That was the day Canada's top securities regulator alleged the company, its founder, former chief executive and chief financial officer misled investors about the scale of a mortgage-application fraud problem Home Capital uncovered in 2014.

The speed and depth of the deposit exodus is rare in Canada's financial sector, which is dominated by five banks that account for nearly three-quarters of Canada's C\$1.4 trillion in residential mortgages, according to the Bank of Canada.

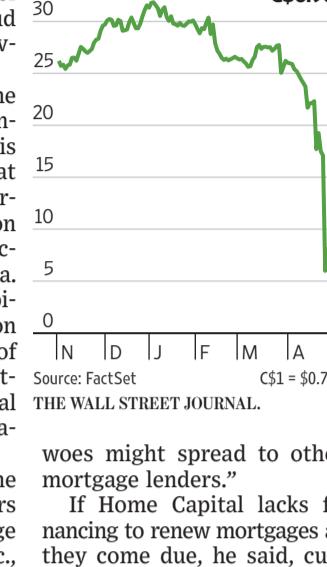
The flight from Home Capital has focused attention on concerns about the health of the Canadian residential mortgage market and its potential impact on the broader Canadian financial sector.

These fears prompted one of Home Capital's competitors in the higher-risk mortgage market, **Equitable Group** Inc., to announce Monday that it arranged a C\$2 billion credit funding line with a syndicate of Canadian banks. Equitable, which reported C\$19.3 billion of assets for its first quarter, said the financing was arranged after it experienced "elevated" deposit withdrawals last week after Home Capital reported its dwindling deposits.

Jeff Fenwick, an analyst with Cormark Securities, said Equitable's bank backstop will help contain "broader concerns that Home Capital's

Lender Under Pressure

Home Capital Group stock price



Source: FactSet C\$1 = \$0.73

THE WALL STREET JOURNAL.

woes might spread to other mortgage lenders."

If Home Capital lacks financing to renew mortgages as they come due, he said, customers may face challenges signing new mortgages, putting downward pressure on house prices.

Canada's national housing agency last week warned the rapid pace of home-price increases in Toronto and surrounding areas are inconsistent with economic fundamentals.

The Ontario Securities Commission alleges Home Capital misled investors in early 2015 about the extent of mortgage fraud it had uncovered in 2014

and the significant loss of business it would suffer when it announced that it fired an unidentified number of mortgage brokers.

The regulator alleged Home Capital terminated 30 brokers and other professionals because they failed to verify employment and income documents before approving many of the mortgages. The brokers generated about 10% of Home Capital's new mortgages, and their ouster "had an immediate negative impact" on the company's business, the regulator said.

The company was founded 30 years ago by Gerald Soloway, who retired from Home Capital's board last week. The company announced it had ousted its former CEO, Martin Reid, last month. It added that Chief Financial Officer Robert Morton is being reassigned to another position.

Mr. Soloway declined to comment through his lawyer. Mr. Morton declined to comment through Home Capital's spokesman. Mr. Reid couldn't be reached for comment.

Home Capital said its deposits are eligible for Canada Deposit Insurance Corp. coverage. A spokesman for Canada's federal deposit regulator said there hasn't been a failure by a deposit-taking institution in the country since 1996, when a small mortgage lender, Security Home Mortgage Corp., collapsed.

Mr. Hammy said on Twitter whatever comments he makes about Fox News will be on his 10 p.m. program and he confirmed that he isn't negotiating his exit from the network.

A Fox News spokeswoman added that speculation about him leaving the network is "completely untrue."

There were calls to remove Mr. Shine from media critics and advocacy groups, including the New York chapter of the National Organization for Women as well as from attorneys of Fox employees who have filed harassment and discrimination suits against the network. The liberal media watchdog Media Matters issued a statement after Mr. Shine's resignation saying Mr. Shine "perpetuated and maintained" a culture of sexual harassment that Mr. Ailes had cultivated.

Fox News and 21st Century Fox declined to comment beyond the network's statement.

Despite all the off-air tensions at Fox News, ratings for the cable channel remain strong. It is still beats rivals CNN and MSNBC in viewers and most demographics. Tucker Carlson took over Mr. O'Reilly's 8 p.m. time slot, and while his numbers aren't as strong as those of his popular predecessor, his ratings performance has been very solid.

FOX

Continued from the prior page
utive of sexual assault.

In a statement, Rupert Murdoch, executive chairman of **21st Century Fox** Inc. and chief executive of Fox News, praised Mr. Shine for his more than 20 years at the network.

"Bill has played a huge role in building Fox news to its present position as the nation's biggest and most important cable channel in the history of our industry. His contribution to our channel and our country will resonate for many years," Mr. Murdoch said.

21st Century Fox and **News Corp.**, parent company of The Wall Street Journal, share common ownership.

Mr. Shine was a formidable figure in Fox News's rise, helping to build it into a cable news ratings and profit machine. He has overseen much of the programming and production for Fox News since its launch in 1996, responsible for its prime-time lineup of conservative opinion shows.

As co-presidents of Fox News since last year, Mr. Shine has focused on programming and production for Fox News since its launch in 1996, responsible for its prime-time lineup of conservative opinion shows.

As recently as two weeks ago, senior 21st Century Fox executives were pushing back against rumors that Mr. Shine's days might be numbered. Last week, Mr. Murdoch had a lunch in public with Mr.

dent of Fox News after the transition. Longtime programming chief Suzanne Scott has been named president of programming, and Jay Wallace, executive vice president of news, has been promoted to president of news, the network said.

Shine and Mr. Abernethy that some industry observers interpreted as a sign of support.

But the speculation about Mr. Shine's future was growing in recent weeks and eventually became a distraction for the network and Mr. Shine, a person familiar with the matter said.

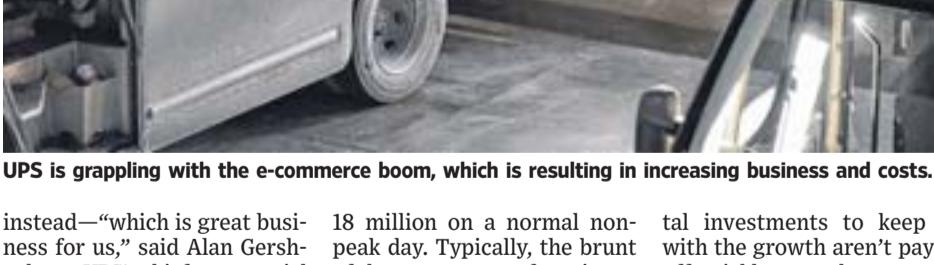
Fox News star Sean Hannity, who is close to Mr. Shine, defended him publicly last week, tweeting that if Mr. Shine left it would mean the "total end" of Fox News.

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Slow and steady wins the race.



UPS is grappling with the e-commerce boom, which is resulting in increasing business and costs.

Instead—"which is great business for us," said Alan Gershenhorn, UPS's chief commercial officer, during a conference call with analysts last month.

UPS cautioned that conversations with retailers are just starting and it is still working to complete how the surge price will be implemented. "We will handle it on a customer by customer basis, we will look at our costs and that's the way we're going to address it," Mr. Abney said.

As it is for retailers, the peak season is a critical stretch for UPS and FedEx. Last year, UPS said that daily delivery volume on 13 days in December swelled to 30 million packages, compared with 18 million on a normal non-peak day. Typically, the brunt of the surge comes from just a few dozen e-commerce retailers. FedEx Chief Executive Fred Smith has said no more than 50 customers are behind the bulk of the increase.

UPS is focusing the surcharge on the top shippers by volume during the winter holidays. The company will also seek to apply it to other events that cause volumes to swell, such as flower shipments during Valentine's and Mother's Day, and when new gadgets, videogames and books are released. The extra business has posed a major challenge for the delivery companies. Investors are worried that the capital investments to keep up with the growth aren't paying off quickly enough.

One challenge has been that forecasting sales has become increasingly challenging as shopping shifts online, often times to competitors such as **Amazon.com** Inc. Many traditional chains, including **Macy's** Inc. and **Toys "R" Us** Inc., struggled to predict their holiday sales last year.

In 2015, UPS started imposing additional charges on shipments when retailers blew through their shipping estimates, driving up costs. But now, UPS is looking for protection on the downside too.

—Brian Baskin contributed to this article.

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BUSINESS NEWS

IAC to Acquire Angie's List

Deal will create new company combining consumer site and professional service

By JOSHUA JAMERSON

Barry Diller's **IAC/InteractiveCorp** plans to buy **Angie's List Inc.**, combining the consumer-review site with IAC's HomeAdvisor and forming a new, publicly traded company.

Under the terms of an agreement, Angie's List investors are to get either one Class A common share of the new

company, to be called ANGI Homeservices Inc., or \$8.50 in cash for each share they own. The most IAC would pay out in cash would be \$130 million.

At \$8.50 a share, the deal would value Angie's List at more than \$500 million and represent a premium of 44% over its closing price Monday of \$5.89. Shares of Angie's List rallied more than 40% in after-hours trading, after The Wall Street Journal broke news of the deal.

ANGI Homeservices—assigned an approximate overall value in the deal of more than \$4 billion—plans to maintain both brands.

Angie's List is a well-known

service that provides a directory and recommendations of plumbers and the like, with more than five million members and 55,000 service professionals. HomeAdvisor is like an Uber for such professionals with more than nine million homeowners served and 156,000 service providers. IAC hopes that by putting them together it can draw more users.

The companies said that together they have North America's biggest network of "active, high-quality service professionals," collectively up 24% year over year in the first quarter.

IAC in November 2015

made an unsolicited buyout offer for Angie's List, but the proposal was rejected. Executives said at the time that Angie's List should have the chance to evaluate its profitable growth plan and share it with its stockholders before making any merger decisions.

Chris Terrill, chief executive of HomeAdvisor, will be CEO of the combined company. IAC CEO Joey Levin will be chairman. Thomas R. Evans, chairman of Angie's List, will join the new company's board, as will co-founder Angie Hicks.

◆ About.com gets a new name and fresh focus..... B4

Theranos Settles With Hedge Fund

By CHRISTOPHER WEAVER

Theranos Inc. settled a lawsuit alleging the company and its founder, Elizabeth Holmes, defrauded a San Francisco hedge fund into making a \$96.1 million investment through "a series of lies," the company said Monday.

Neither Theranos nor the hedge fund that filed the suit, **Partner Fund Management LP**, disclosed the terms of the settlement. Partner Fund had said it sought to recoup its entire investment as well as damages.

A significant settlement could have a big impact on Theranos, which has told investors it had \$200 million in cash at the end of 2016. It also faces continuing suits by consumers, other investors and its former retail partner, the giant pharmacy Walgreens.

Theranos spent about \$5 million on separate settlements in recent weeks.

When it introduced its blood-testing service in 2013, Theranos said it would reshape the industry by allowing dozens of tests to be run using only a few drops of blood. But the company did most of its tests on traditional devices made by companies like Siemens AG, according to former employees. Regulators found Theranos had accuracy problems with tests it performed on such commercial devices, as well as the few for which it used its own platform.

In a suit filed in the Delaware Court of Chancery, Partner Fund alleged Theranos had said—at the time it was soliciting its February 2014 investment—that it could do 98% of the tests it offered using its proprietary technology on finger-stick samples, among other things. In recent court filings, Partner Fund quoted from depositions it had taken of former Theranos employees it said showed otherwise.

For instance, a former lab director said 90% of samples were tested using more conventional methods in late 2013, according

to the court filing.

The Wall Street Journal first reported on concerns about Theranos's testing practices and technology in October 2015.

The company closed its medical lab operations in October 2016 after facing regulatory scrutiny and said it would refocus its resources on developing a miniaturized blood-testing device to sell to third parties.

In a statement Monday, Theranos said the settlement with Partner Fund "brings to a close the burden and expense of litigation and preserves resources to bring the miniLab platform to market."

The suit alleged that the lab company and its founder defrauded Partner Fund.

Lawyers for Partner Fund didn't immediately respond to a request for comment on Monday.

Last month, Partner Fund filed a separate suit seeking to block a deal Theranos sought to strike with its late-stage investors. The judge issued a temporary halt to the deal, and had scheduled a hearing for next week. That case ends as a result of the pact announced Monday.

The deal with late-stage investors, which would reward those who promise not to sue the company with additional Theranos stock, can now proceed: Theranos said in its announcement the deal is now scheduled to close on May 15. Theranos said shareholders owning 99% of the affected shares had said they would participate in the deal.

Besides the Partner Fund case, Theranos had settled two regulatory matters in the past couple of weeks.



Pipelines in Alberta, Canada. Some Canadian producers hope to replicate the success of U.S. drillers.

the world. The companies said the combined entity would be valued at C\$33 billion.

The merger follows a deal last year in which Canadian pipeline operator Enbridge Inc. bought Houston's Spectra Energy Corp. in an all-stock transaction valued at roughly \$28 billion.

Mick Dilger, Pembina's president and CEO, said the company

had misjudged the amount of liquids in the Montney, a shale gas and oil formation that is part of the Western Canadian Sedimentary Basin, and gets a "do-over" under the deal.

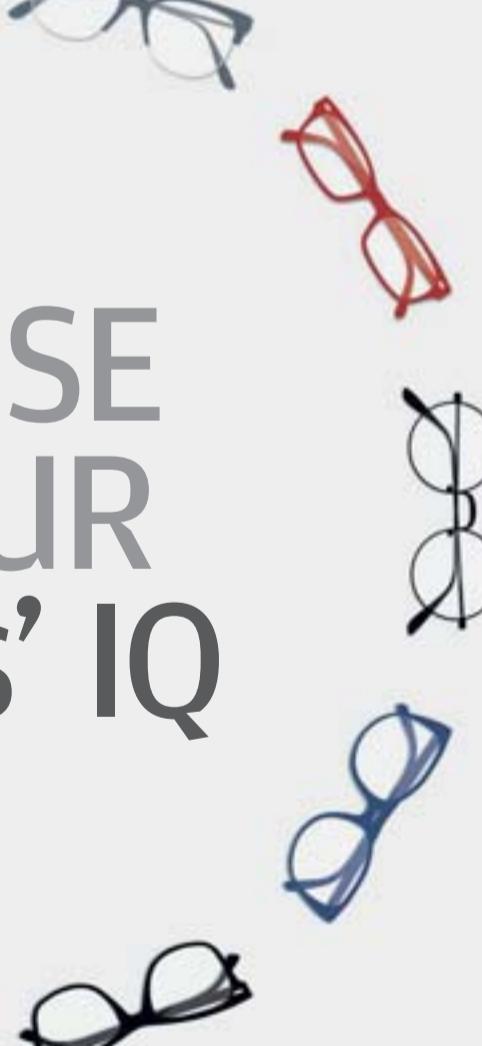
Pembina is paying about C\$18.65 for each Veresen share in the cash-and-stock deal, a 22% premium to Veresen's closing price Friday. Pembina

said the deal values Veresen at C\$9.7 billion, including debt.

Alberta-based Veresen owns and operates infrastructure across North America, including a pipeline business, a midstream business and a natural-gas liquids extraction business.

Calgary-based Pembina is an energy-transportation and midstream services provider.

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Critics of Net Neutrality Dealt a Setback

Federal court's move sets the stage for a likely appeal to the Supreme Court

By JOHN D. MCKINNON

WASHINGTON—A federal court declined to reconsider telecommunications companies' challenge to Obama-era net-neutrality rules on Monday, setting the stage for a likely appeal to the Supreme Court.

The widely anticipated rejection came just days after Federal Communications Commission Chairman Ajit Pai laid out his proposal for rolling back the net-neutrality rules, giving the industry a big win. But the telecom firms and their allies are still looking to the courts for backing in their opposition to the net-neutrality regulations. That could give them more legal protection whenever Democrats retake power.

TechFreedom, a conservative advocacy group that had

joined in the appeal, said the decision "clears the way for TechFreedom and other parties challenging the order to take their case to the Supreme Court."

It said the case could become a vehicle for rolling back agencies' powers. But some legal experts question whether the high court will accept an appeal, given that the FCC is beginning its own rollback.

The FCC's 2015 net-neutrality rules were aimed at requiring internet-service providers such as cable and wireless

firms to treat all traffic equally.

The carriers say they support basic net-neutrality principles, but opposed the FCC's action as regulatory overreach. Many internet firms and consumer groups view the rules as vital for preserving competition on the internet.

On Monday, the U.S. Circuit Court of Appeals for the D.C. Circuit turned down a petition for rehearing of the telecom companies' appeal by all the judges. The rehearing petition followed a decision upholding

the rules last year by a three-judge appeals panel.

In a concurring statement on Monday, two judges who sat on the panel, Judges Sri Srinivasan and David Tatel, said Mr. Pai's pending proposed rollback of the rules makes further consideration of the appeal "unwarranted."

But conservatives on the appeals court used Monday's announcement to plead for the high court to take the case and side with telecom firms.

"Hopefully, there is a clearer view of the road back

to a government of limited, enumerated power from One First Street," said Judge Janice Rogers Brown, referring to the Supreme Court's address in Washington.

Judge Brett Kavanaugh, who also dissented, said the FCC's 2015 rule lacked any basis in federal law, raising an issue that might hold interest for the high court—the question of how far regulatory agencies can go in implementing policy where Congress hasn't carved out clear authority.

Why Intel Paid Dearly to Buy Cloudera Stake

By RACHAEL KING

When Intel Corp. agreed to buy a 17% stake in big-data software startup Cloudera Inc. three years ago, it purchased the stock for more than double the share price that other investors had paid just two weeks earlier.

After Cloudera's initial public offering on Friday, Intel's \$742 million investment is now underwater, valued at roughly \$434 million.

It might appear that Intel stumbled badly. But people familiar with Intel's thinking say the chip giant agreed to pay Cloudera's high asking price in March 2014 in part because it would help guard against an acquisition of the startup by another company.

The resulting \$4.1 billion valuation—compared with \$1.8 billion earlier that month when venture investors bought in—was bound to scare away prospective buyers. Cloudera's software had gained popularity with companies analyzing oceans of digital information in

their corporate servers. Intel believed big-data software was crucial to helping it maintain its near-total dominance of the market for data-center servers.

Critically, Cloudera agreed to improve the security of its software and introduce features to make it more appealing to the corporate market where Intel needed to fend off competitors.

Intel declined to comment. Cloudera Chief Executive Tom Reilly said in an interview after the company's IPO that the higher price Intel paid reflected the deeper partnership between the companies. Cloudera wanted to stay independent, and he disputed that Intel was trying to prevent Cloudera from being acquired.

The lofty price Intel paid underscores the pressure it faces to preserve the dominance in its core markets of processors for servers and personal computers. The investment also sheds light on the difference in motivation between investment firms, which aim purely for a financial return, and corporate



Cloudera Chief Executive Tom Reilly, at the New York Stock Exchange for the startup's IPO on Friday.

investors, which often take stakes for strategic reasons.

Back in 2014, Intel wanted to make sure it had a say in the direction of big-data software, according to the people familiar with Intel's thinking. Big-data software was helping drive the use of chips, as companies needed more processing power to mine the vast troves of information flowing through their networks.

Intel deliberated over whether to invest in Cloudera or try to buy it, said one of these people. Intel decided against trying to acquire the startup for reasons including that to do so might alienate

some of its bigger partners such as Oracle Corp. and International Business Machines Corp., which also offer data-management software. On the other hand, if Cloudera was owned by another company, it might not be as concerned about making its software work best with Intel chips, according to this person.

In March 2014, Cloudera said T. Rowe Price, Google Ventures (which is now GV, Alphabet Inc.'s venture-capital arm) and MSD Capital would invest \$160 million, paying \$14.56 a share at a \$1.8 billion valuation.

Intel wanted in, but only if it could take a larger stake and

influence development of Cloudera's software, said a person with knowledge of the deal. Cloudera requested Intel pay more than double what those previous investors paid, saying it didn't need funding after its last round, according to a person with knowledge of the deal.

Intel agreed to buy \$371 million in stock from Cloudera and another \$371 million in stock from employees and investors Accel Partners and Greylock Partners.

In May, when the deal closed, Intel paid \$30.92 a share, more than double what the venture investors had paid in the same funding round. The

bet wasn't a big cost for Intel, representing only about 5% of its \$14 billion in cash and short-term investments.

But the investment could mean financial pain for Cloudera employees whose restricted stock units were priced at about \$26.16 in January 2015, after Intel's investment. Stock options were also issued to employees in March, but at an exercise price of \$17.85, above the \$15 IPO pricing. The share price rose about 21% to \$18.10 on the first day of trading, putting Cloudera's market value at roughly \$2.3 billion.

—Rolf Winkler contributed to this article.

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Nintendo Goes Airborne

By TAKASHI MOCHIZUKI

TOKYO—Nintendo Co. said it used aircraft to ship its new Switch videogame machine in its first month on the market, an unusual and costly logistics measure responding to unexpectedly high demand.

Earlier, Nintendo said it shipped 2.74 million units of the Switch in the month after the machine went on sale March 3, up from an initial plan of two million.

"We carried some of the Switches by plane in March to serve our customers more promptly," a company spokesman said. He said Nintendo in April switched to less-expensive sea freight to replenish store shelves.

Nintendo didn't say where the planes were used, but analysts and others briefed on the logistics said the flights took Switch machines to the U.S. and Europe from factories in China.

Ace Research Institute analyst Hideki Yasuda said further use of airfreight is possible because the item remains hard to find at retailers globally. "Air is a big profit-squeezer because it could cost [an] additional ¥5,000 per unit," or about \$45, he said.

Waseda Business School professor Atsushi Osanai said it was worth the price to get the product off to a good start.

"It is important that companies sell as many units as possible, as quickly as possible," he said. The initial months are critical, because strong hardware sales drive interest from software creators, and a wealth of software titles in turn generates interest in the hardware.

Switch machines sell for about 30,000 yen each in

Japan and about \$300 apiece in the U.S.

Nintendo said last week it expected to sell 10 million units of the Switch in the current fiscal year, which ends in March 2018.

Analysts say the number could be higher based on initial interest in the machine, which can be used in the living room and on the go. Macquarie Capital Securities analyst David Gibson expects sales of 14.5 million units or more in the fiscal year.

About.com Becomes Dotdash

By LUKAS I. ALPERT

About.com is about to become something else.

The all-purpose, general interest website that dates back to the earliest days of the internet is disappearing for good Tuesday after a year-long process that broke the operation into a constellation of niche-focused sites.

The company, which has been owned by Barry Diller's IAC/InterActiveCorp since 2012, will now be called Dotdash as the About.com site is retired.

The logic, according to Dotdash Chief Executive Neil Vogel, is that a broad omnibus site tends to underperform on the social media platforms like Facebook and Snapchat that

drive the internet today, making it less valuable to advertisers.

"About.com is a funny thing. Everyone knows what it is, but it doesn't mean anything to anyone," he said.

Starting a year ago, About.com began splintering off topics into a variety of stand-alone sites, starting with the health and wellness focused site, Verywell. The company has since added The Spruce for home improvement, The Balance for personal finance, Lifewire for technology and ThoughtCo for learning. Soon TripSavvy will be added with articles on travel.

Launched in 1997 as a catchall answer site before the days of powerful search engines like Google, About.com's trajectory serves as a road map of sorts for the short history of the internet.

Riding the wave of the first dot-com boom, About.com was sold in 2000 to magazine publisher Primedia Inc. in a deal that valued the site at \$690 million.

Five years later, following the collapse of the dot-com bubble, About.com was bought by New York Times Co. for \$410 million.

The site found firm footing as the era of "search" took hold on the internet, with its pages often surfacing high in search queries. But it struggled to establish a discernible brand due to its vast scope, said Mr. Vogel, who took over after the site was acquired by IAC in 2012 for \$300 million.

BUSINESS NEWS

Musk's SpaceX Puts Spy In the Sky

By ANDY PASZTOR

Elon Musk's **Space Exploration Technologies** Corp. added another successful launch to its record, but this time it carried a classified payload for the Pentagon's National Reconnaissance Office.

Lifting off from Florida's Kennedy Space Center at 7:14 a.m. local time, precisely at the beginning of the launch window, it was the first time SpaceX, as the company is called, conducted a mission dedicated to blasting an NRO or any other type of Pentagon spacecraft into orbit.

In a move that is common for classified launches, neither the company nor the agency, which operates the U.S.'s premier spy satellites, identified the nature of the spacecraft, its specific purpose or designated orbit.

Monday's launch was part of the closely held company's drive, following catastrophic accidents in 2015 and 2016, to shore up confidence of commercial and U.S. government customers in its low-cost approach to providing space transportation.

The 230-foot Falcon 9 rocket's cluster of nine main engines burned for two minutes and 20 seconds as planned, the lower stage separated without any problem, and later the company confirmed the upper stage was sending the payload into its intended position.

Monday's flight was the fourth successful launch since the Falcon 9 returned to service in January, following a four-month lapse prompted by an explosion on the launchpad last September during routine ground tests.

SpaceX has said it has roughly \$10 billion of launches in its order book.

Global Drought Hits Deal Making

Companies held back by proposed changes to tax and trade rules, higher valuations

By RICHARD TEITELBAUM

Corporate deal making has hit a rough patch despite robust stock and bond markets that in the past have led to a deluge of such activity.

Mergers and acquisitions this year have slid to their lowest level globally in nearly 20 years because

CFO JOURNAL valuations as well as political and economic uncertainty are making potential buyers wary.

The number of deals worldwide involving publicly traded targets this year fell to 793 as of April 28, according to Dealogic, down 20% from 991 in the comparable period last year and the lowest number since 1998.

Meanwhile, companies are paying higher multiples for acquisitions and investments. Buyers paid an average of 12.8 times the target's earnings before interest, taxes, depreciation and amortization, or Ebitda, this year, up from 12.1 for the comparable period in 2016 and the highest year-to-date multiple since 1997. The value of deals globally, however, is up 13.9% year to date at \$479.8 billion. Dealogic figures exclude spinoffs, and include minority investments.

Prospects for overhauls of U.S. corporate tax and trade policy along with concerns about Britain's plan to leave the European Union are prompting management to hit the pause button on deal activity. Rising stock prices and deal valuations are adding to their hesitation.

Executives today want more clarity on issues such as tax reform and trade policy, said Robert Profusek, global head of mergers and acquisitions at law firm Jones Day.

"We are taking the attitude



IGOR ZEMLJIC/ZUMA PRESS

Honeywell CEO Darius Adamczyk says 'things are a bit expensive out there' on company valuations.

of "don't shoot until you have to," he said. Ongoing debates about tax reform, trade policy and corporate regulation have left companies unsure about business prospects, either their own or that of potential targets.

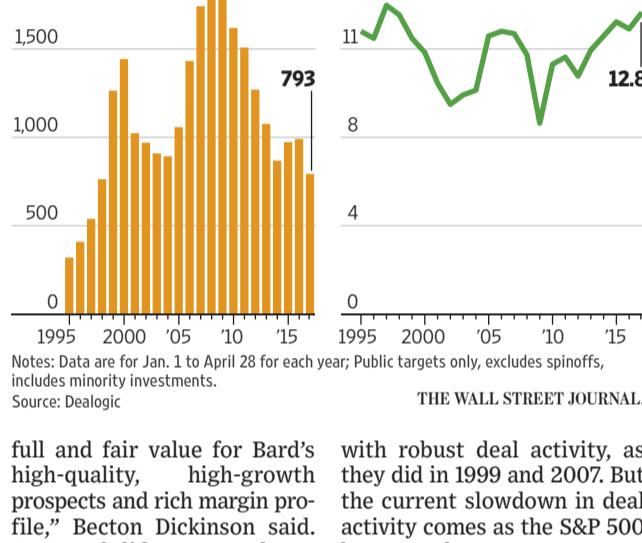
The uncertainty encourages companies to focus only on high-priority deals, for which they are willing to pay top dollar. "This could kill or delay the marginal deals," said Brian Langenberg, principal at research firm Langenberg & Co.

Last month, medical-supplies maker **Becton, Dickinson & Co.** said it would buy **C.R. Bard** Inc. for \$24 billion, or more than 20 times the 2016 Ebitda and 6.4 times sales, according to Dealogic. Research firm **Morningstar Inc.**, in an analyst note, said the price represented a 60% premium to its stand-alone valuation of C.R. Bard. Acquirers typically have paid between 4 and 4.5 times sales for medical-products companies, according to Morningstar.

"We are confident that the Bard acquisition represents

Grinding to a Halt

The number of M&A transactions is off this year globally even as deal valuations have risen.



full and fair value for Bard's high-quality, high-growth prospects and rich margin profile," Becton Dickinson said. C.R. Bard didn't respond to a request for comment.

In the past, high stock-market levels often have coincided

with robust deal activity, as they did in 1999 and 2007. But the current slowdown in deal activity comes as the S&P 500 has surged.

The index is up 6.7% this year. Pricey markets can also make it difficult for executives

to persuade their boards to approve an acquisition.

The rising deal prices make executives gun-shy, too.

"Things are a little bit expensive out there, so we're being cautious," said **Honeywell International Inc.** Chief Executive Darius Adamczyk on the company's first-quarter earnings call on April 21.

"That's frankly why maybe we haven't announced...any deals this year," Mr. Adamczyk made the comments before it was reported that Third Point LLC held a stake in Honeywell and called for the conglomerate to spin off its aerospace business.

Industrial gas maker Praxair Inc. has also pulled back.

"You saw this quarter we really didn't do any acquisitions," said finance chief Matthew White on the company's first quarter earnings call last week. "Things are getting expensive."

Last year Praxair spent \$363 million on acquisitions, including five industrial gas businesses with combined 2015 sales of more than \$40 million. In December, the company and rival Linde AG announced a merger of equals with a combined market value of \$66.6 billion at the time.

In April, **Verizon Communications Inc.** topped **AT&T Inc.**'s \$1.6 billion bid for Straight Path Communications Inc. with a \$1.8 billion offer.

Straight Path owns a swath of wireless spectrum thought to be at the forefront of next generation networks. The company lost money in its fiscal second quarter when it had revenue of \$200,000. Straight Path didn't return a phone call seeking comment. Verizon and AT&T declined to comment.

Some big serial acquirers may feel less pressure to buy because they have been doing well even without acquisitions. "Organic growth is coming in stronger than expected," said Morningstar equity analyst Barbara Noverini, citing the examples of Honeywell, **General Electric Co.** and 3M Co.

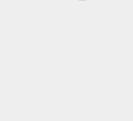
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BUSINESS & FINANCE

India's Cash Crunch Lifts Payment Apps

By CORINNE ABRAMS
AND DEBIPRASAD NAYAK

MUMBAI—After India's crackdown on cash, millions of residents who have never even used a credit card are leapfrogging into mobile payments, finding phone apps more accessible than plastic.

The value of mobile money transactions has more than doubled since the nullification of 86% of India's cash in circulation in November, while those made with credit and debit cards have fallen, and check purchases have barely budged. Mobile payments still make up only a small percentage of overall transactions, but their surging popularity is being noticed.

At this rate, cards and automated teller machines could be redundant in India by 2020, predicted Amitabh Kant, head of NITI Aayog, the government's economic policy-making body. India's government, along with removing paper money, has encouraged electronic payments by loosening regulations and adding infrastructure.

Mobile wallets could be the next example of countries jumping to the latest technology in the same way that some emerging markets went directly to using cellphones, bypassing a landline network. More merchants already accept payments from Paytm, India's largest mobile-payment company, than accept credit or debit cards in India. There are only 2.5 million card-scanning



Advertising signage for mobile-payment firm Paytm adorns a food stall in Bengaluru, India.

machines in the country, while five million merchants accept Paytm through their smartphones.

Paytm aims to more than double that number this year. "In the future, everything will be mobile," said Vijay Shekhar Sharma, chief executive of Paytm parent company One97 Communications Ltd. Mobile payments will become "bigger than plastic," he said.

The company counts China's online retail behemoth **Alibaba Group Holding** Ltd. among its backers and is set to receive a new investment of over \$1.5 billion from SoftBank Group

Corp., a person familiar with the matter said, in a deal that could be announced as early as this week.

The main thing that has kept cards from taking off in India is the expense. India's economy is dominated by millions of tiny mom-and-pop shops that don't want to spend money on the swiping machines and phone lines needed for cards. It isn't worth the expense considering how few customers outside India's toniest markets use cards.

While many Indian families have access to a bank debit card, a vast majority only use

it to get cash out of ATMs, if ever. Credit cards have been in India for decades, but there are still only 30 million in the country. In 2014, fewer than 5% of Indians over the age of 15 had credit cards, while 60% of Americans did.

"Cards have had their time," but they never took off in India, said Vivek Belgavi, partner and financial tech specialist at the Indian arm of PricewaterhouseCoopers.

Indian shop owners and consumers can download any one of more than 10 competing apps, of which Paytm is the market leader, with 218 million

Mobile Money

The value of mobile money transactions in India has outpaced other payments since the country's cash crackdown.

Percentage growth from October 2016 to February 2017



Source: Reserve Bank of India
THE WALL STREET JOURNAL.

mobile wallets. Paytm says it doesn't charge mom-and-pop shops anything for transactions, while card companies can charge 2% on every transaction.

Abdul Aziz Ansari had never accepted anything but rupees at his fish stand in a Mumbai suburb. When notes dried up during the cash crunch last year, his sales plummeted. His business looked set to fail until he signed up for Paytm.

"It wasn't hard to use," he said as he waved flies off the pomfret and shrimp on display. "It saved me."

The value of mobile-wallet payments remains lower than checks and cards, but is catching up to credit cards. In February, mobile payments totaled 69.11 billion rupees (\$1.08 billion), significantly behind checks at 6.4 trillion rupees

and debit cards at 2.3 trillion rupees but approaching credit cards at 286 billion rupees.

The growth of wallet payments far outstrips that of others. From October to February, the value of wallet payments increased 104%, while checks were down 1%, debit cards fell 17% and credit cards slipped 5%.

The Reserve Bank of India has been easing rules and building the infrastructure needed to simplify payments. Last year, it started allowing more types of companies to offer digital wallets and has created a new payment system that allows people to connect their identification numbers, phones and bank accounts, providing them with one number for transfers to merchants or other people.

"Your mobile is not just going to be your wallet, it will be transformed into a bank," Prime Minister Narendra Modi said at an April event promoting mobile money. "This can be the base of financial revolution for the world."

India's mobile-wallet leaders said they are adding millions of new users every month. Paytm said last week that the number of mobile wallets on its platform increased 45% after the government's move to replace high-denomination bills. The company said about 1.5 billion transactions took place through Paytm in the financial year ended March 31, triple the number a year earlier.

—Newley Purnell contributed to this article.

Mutual Funds | WSJ.com/fundresearch

Explanatory Notes

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes with net assets of at least \$500 million each. NAV is net asset value. Percentage performance figures are total returns, assuming reinvestment of all distributions and after subtracting annual expenses. Figures don't reflect sales charges ("loads") or redemption fees. NET CHG is change in NAV from previous trading day. YTD%RET is year-to-date return. 3-YR%RET is trailing three-year return annualized.

e-Ex-distribution. f-Previous day's quotation. g-Footnotes x and s apply. i-Footnotes e and s apply. k-Recalculated by Lipper, using updated data. p-Distribution costs apply. 12b-1. r-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and r apply. v-Footnotes x and e apply. x-Ex-dividend. z-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper; data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Monday, May 1, 2017

Net YTD % Ret

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:

- I-New 52-week high.
- I-New 52-week low.
- dd-Indicates loss in the most recent four quarters.
- FD-First day of trading.
- H-Does not meet continued listing standards.
- If-Late filing
- g-Temporary exemption from Nasdaq requirements.
- t-NYSE bankruptcy
- v-Trading halted on primary market.
- w-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Monday, May 1, 2017

		Stock	Sym	Close	Net Chg	Stock	Stock	Sym	Close	Net Chg	Stock	Stock	Sym	Close	Net Chg	Stock	Stock	Sym	Close	Net Chg	Stock	Stock	Sym	Close	Net Chg				
		BB&T	BBT	43.58	0.40	CenterPointEner	CNP	28.31	-0.22	MotorSolutions	MSI	86.16	0.19	RoperTech	ROP	216.78	-1.92	UGI	UGI	49.94	-0.22	Biovatric	BIVV	59.04	0.24	MaximProducts	NXIM	44.71	0.56
BCE	BCE	44.90	-0.67	CentralesElBras	EBB	5.55	0.02	IllinoistoolWks	ITW	137.65	-0.44	US Foods	USFD	28.34	0.14	Broadcom	AVGO	221.32	0.51	MelcoResorts	MCLC	22.45	0.50						
BHPBilliton	BHP	35.84	0.24	Chemours	CC	40.72	0.43	InfoSoft	INFY	14.54	-0.02	RoyalBScotland	RBS	6.90	0.06	CA	CA	32.80	-0.73	MercadoLibre	MELC	235.09	6.18						
BP	BP	34.32	-0.04	Chevron	CVX	105.92	-0.78	IngersollRand	IR	88.78	0.03	NationalGrid	NGG	64.66	-0.21	MicrochipTech	MCHP	76.16	0.58										
BRF	BRF	12.50	0.06	ChinaAstroMedia	CEA	26.51	0.36	Ingredion	INGR	123.06	-0.74	RoyalCaribbean	RCL	108.41	1.81	MicroTech	MICR	28.29	0.62										
BT Group	BT	19.84	-0.53	ChinalifeLincs	LFC	15.26	0.05	ICE	ICE	60.44	0.20	RoyalDutch	RDS/A	52.00	-0.19	NicronTech	MCHP	76.16	0.58										
BakerHuges	BHI	59.71	0.34	ChinaMobile	CHL	53.38	0.06	InterContinent	IHC	52.85	0.06	UnderArmour	UA	19.92	-0.39	Microsemi	MSSC	48.71	1.77										
Ball	BL	76.92	0.03	ChinaPetrol	CNL	81.88	0.21	IBM	IBM	158.84	-1.45	Unilever	UN	52.21	-0.03	MarvellTech	MRF	69.41	0.95										
BankNY Mellon	BK	47.18	-0.12	ChinaPetrol	CNL	81.88	0.21	Int'lFlavors	IP	138.89	0.39	SAP	SAP	100.49	0.76	Middleby	MIDD	138.27	2.14										
BaptCo	BAPT	46.26	0.25	EnergyFlu	ETE	18.70	0.04	NewfieldExpln	NFX	46.00	-1.74	S&P Global	SPGI	135.02	0.83	Momo	MOMO	43.93	1.45										
BaptCo	BAPT	66.48	0.54	EnLinkMidPtrs	ENLK	17.78	0.04	NetwldExpn	NFX	34.61	-0.01	UnitedContinental	UAL	70.27	0.06	Mondelez	MNZL	44.06	-0.97										
Accenture	ACN	121.25	-0.05	Entergy	ETR	75.50	-0.46	NOK	NOK	56.40	0.42	CSX	CSX	51.52	0.68	MonsterBeverage	MNST	44.56	-0.82										
AcuityBrands	AVI	176.08	-0.02	EnterpriseProd	EPR	27.45	-0.04	NTTDoCoMo	DCM	24.03	-0.19	CadenceDesign	CNS	32.71	0.14	NXP Semiconductors	NXPI	37.40	0.05										
Adient	ADNT	74.49	0.93	EnvisionItlctr	EVHC	56.18	-0.15	NationalGrid	NGG	64.66	-0.21	CBOT Holdings	CBOT	62.66	0.25	NorthCom	NTCM	105.96	0.21										
AdvanceAuto	AAP	140.53	-1.61	Equifax	EFX	135.00	-0.31	IronMountain	IRM	35.19	0.43	CDK Global	CDK	64.89	-0.12	NorthenTrust	NTX	90.13	0.13										
AdvSemiEngg	ASX	6.15	-0.11	EquityFlt	EQR	81.29	0.38	IsraelChemicals	ICL	4.29	-0.03	Cognizant	CTSH	344.14	-1.02	NorwegianCruise	NCLH	50.94	0.97										
Aegon	AEG	5.24	-0.01	EquityReslft	EGR	64.83	-0.24	Nike	NKE	24.99	-0.42	Comcast	CMA	116.64	0.45	Orbitz	ORBI	40.16	0.31										
Alcatel	ALC	48.24	-0.26	ExxonMobil	XOM	81.06	0.41	NiSource	NI	24.09	-0.16	CinncinnatiFin	CINF	72.12	-0.97	NetEase	NTES	269.81	4.42										
Albemarle	ALB	136.78	1.71	FederalRealty	FRT	133.16	-0.27	Novalis	NVS	77.00	-0.03	Cintas	CTAS	121.58	0.29	Netflix	NFLX	155.35	3.15										
AffiliatedMtrs	AMG	155.84	-0.45	FedEx	FDX	188.23	-1.47	Nordstrom	JWN	47.35	-0.92	CoStarGroup	CSPG	242.54	1.65	NewsCorp A	NWSA	12.74	0.02										
AigentTechs	AGT	55.80	0.75	FiatChrysler	FCA	11.41	0.04	NorthropGrumman	NOC	244.34	-1.62	VeevaSystems	VEEV	54.24	0.66	NewsCorp B	NWSB	13.00	...										
Aigentech	AGT	13.28	-0.45	FleetCorTech	FLT	148.18	-7.04	Oncor	OUC	12.41	-0.11	Verizon	VZ	45.88	0.29	Nordson	NDSN	125.81	0.61										
Ailment	AI	12.87	-0.02	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	NorthenTrust	NTX	90.13	0.13										
Ailmarle	ALB	109.39	0.48	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	PaclWebBancorp	PACW	50.05	0.66										
Alcoa	AA	33.28	-0.45	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	PaneraBread	PNR	213.07	0.39										
Alibaba	ABA	116.68	1.16	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	Paychex	PATX	59.16	-0.12										
Albermarle	ALB	109.39	0.48	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	PayPal	PYPL	47.54	-0.18										
Albermarle	ALB	109.39	0.48	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	PeopleSoftIn	PBC	17.58	0.11										
Alcoa	AA	122.82	0.31	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	PilgrimPride	PPC	25.52	-0.44										
Allegiance	ALY	7.12	1.72	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	Priceline	PCLN	189.92	23.10										
Allegiance	ALY	7.12	1.72	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	PTC	PTC	54.82	0.77										
Allegiance	ALY	7.12	1.72	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	Paccar	PCAR	66.18	-0.55										
Allegiance	ALY	7.12	1.72	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	PanWestBancorp	PACW	50.05	0.66										
Allegiance	ALY	7.12	1.72	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	PaneraBread	PNR	213.07	0.39										
Allegiance	ALY	7.12	1.72	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	Paychex	PATX	59.16	-0.12										
Allegiance	ALY	7.12	1.72	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	PayPal	PYPL	47.54	-0.18										
Allegiance	ALY	7.12	1.72	FidelityAttn	FNF	40.69	-0.26	OccidentalPetrol	OPX	54.03	-0.07	Verizon	VZ	45.88	0.29	PeopleSoftIn	PBC	17.58	0.11										

MARKETS

Dividend Changes

Dividend announcements from May 1.

Company	Symbol	Yld %	Amount New/Old	Payable / Record
Apollo Global Mgmt A	APO	7.3	.49/.45	Q May31/May19
Cognex	CGNX	0.4	.085/.075	Q Jun16/Jun02
Community West Bancshares	CWBC	1.6	.04/.035	Q May31/May12
CrossAmerica Partners	CAPL	9.5	.6175/.6125	Q May15/May08
Eaton Vance Global Income	EVGBC	1.2	.10/.05	M May05/May03
Energy Transfer Partners	ETP	9.1	.535/.52	Q May15/May10
Inserity	NSP	1.4	.30/.25	Q May30/May15
North Eur Oil Royalty Tr	NRT	10.4	.19/.15	Q May31/May19
Regal Beloit	RBC	13	.26/.24	Q Jul14/Jun30
SB Financial Group	SBFG	2.2	.07/.065	M May26/May12
Summit Hotel Properties	INN	4.0	.17/.1625	Q May31/May16
TransAct Technologies	TACT	3.9	.09/.08	Q Jun15/May19
Unity Bancorp	UNTY	1.5	.06/.05	Q Jun29/Jun15

Increased

Company	Symbol	Yld %	Amount New/Old	Payable / Record
Apollo Global Mgmt A	APO	7.3	.49/.45	Q May31/May19
Cognex	CGNX	0.4	.085/.075	Q Jun16/Jun02
Community West Bancshares	CWBC	1.6	.04/.035	Q May31/May12
CrossAmerica Partners	CAPL	9.5	.6175/.6125	Q May15/May08
Eaton Vance Global Income	EVGBC	1.2	.10/.05	M May05/May03
Energy Transfer Partners	ETP	9.1	.535/.52	Q May15/May10
Inserity	NSP	1.4	.30/.25	Q May30/May15
North Eur Oil Royalty Tr	NRT	10.4	.19/.15	Q May31/May19
Regal Beloit	RBC	13	.26/.24	Q Jul14/Jun30
SB Financial Group	SBFG	2.2	.07/.065	M May26/May12
Summit Hotel Properties	INN	4.0	.17/.1625	Q May31/May16
TransAct Technologies	TACT	3.9	.09/.08	Q Jun15/May19
Unity Bancorp	UNTY	1.5	.06/.05	Q Jun29/Jun15

Reduced

Company	Symbol	Yld %	Amount New/Old	Payable / Record
Cypress Energy Partners	CELP	9.9	.21/.040641	Q May15/May08
Eaton Vance TABS 5-to-15Y	EVLMC	0.4	.0345/.036	M May05/May03
Enbridge Energy Ptrs CIA	EEP	7.2	.35/.583	Q May15/May08

Initial

Company	Symbol	Yld %	Amount New/Old	Payable / Record
Apollo GI Mgmt Pfds A	APoPA	4.3385		Jun15/Jun01
NuShares Enh Yd 1-Y	NUSA	.0449		May05/May03
Nuveen Credit Opps 2022	JCO	.047		Jun01/May15

Funds and investment companies

Barings Part Investors	MPV	7.4	.27	Q May12/May04
BulletShares 2017 CB	BSCH	11	.0205	M May05/May03
Calamos	CHI	10.0	.095	M May15/May10
Calamos Conv Hl Incf Fd	CHY	10.2	.10	M May15/May10
Calamos Dyn Conv & Incm	CCD	10.2	.167	M May15/May10
Calamos Gibl Dyn Inc	CHW	10.2	.07	M May15/May10
Calamos Global Tot Ret Fd	CGO	9.7	.10	M May15/May10
Calamos Strat Fd	CSD	8.6	.0825	M May15/May10
Columbia Core Bond ETF	GMTB	2.0	.0878	M May05/May03
Columbia Inter Mun Bd	GMMB	3.0	.1317	M May05/May03
CurrencyShares AUD Tr	FXA	0.9	.05418	M May08/May03
DBX Emerging Markets Bd	EMIH	5.3	.1103	M May05/May03
DBX High Yield Corp Bd	HYH	5.7	.1198	M May05/May03
DBX Investment Grade Bd	IGIH	3.5	.07086	M May05/May03
Deutsche X Bar Int'l Cpt Bd	IFIX	2.5	.10248	M May05/May03
Deutsche X Int'l Treas Bd	IVGT	2.6	.10512	M May05/May03
Deutsche X Muny Rev Bd	RVNU	2.6	.05552	M May05/May03
Deutsche X USD Hi Yld	HYLB	6.2	.26384	M May05/May03
Flex Credit-Scored US Lg	LKOR	4.2	.17751	M May05/May03
Flex IBX 3Y Dur TIPS	TDTT	3.2	.06678	M May05/May03
FlexShares Discip Dur MBS	MBSD	3.3	.06585	M May05/May03
FlexShares iBoxx 5Y TIPS	TDTF	3.6	.07596	M May05/May03
FlexShares Ready Access	RAVI	10	.06463	M May05/May03
FlexShs Credit-Scored US	SKOR <td>2.5</td> <td>.10479</td> <td>M May05/May03</td>	2.5	.10479	M May05/May03
GI X MSCI SuperDiv	EFAS	4.0	.0565	M May10/May03
GI X SuperDiv IEM	SDEM	4.3	.0575	M May10/May03
GI X SuperDiv Alt	ALTY	7.1	.0925	M May10/May03
GI X SuperDividend REIT	SRET	7.2	.0915	M May10/May03
GI X SuperDividend US	DIV	6.0	.1265	M May10/May03
GI X SuperIncome Pfds	SPFF	6.8	.0735	M May10/May03
Global X SuperDividend	SDIV	6.7	.1205	M May10/May03
Goldman Sachs Treas 0-1Y	GBIL	6.0	.05039	M May05/May03
Guggenheim BS 2017 HY	BSJH	2.4	.0508	M May05/May03
Guggenheim BS 2018 HY	BSJI	3.4	.0707	M May05/May03
Guggenheim BS 2019 HY	BSJJ	4.1	.0843	M May05/May03
Guggenheim BS 2020 HY	BSJK	4.1	.0847	M May05/May03
Guggenheim BS 2021 HY	BSJL	4.4	.0908	M May05/May03
Guggenheim BS 2022 HY	BSJM	4.5	.0949	M May05/May03
Guggenheim BS 2023 HY	BSJN	5.0	.1117	M May05/May03
Guggenheim BS 2024 HY	BSJO	4.7	.0997	M May05/May03
Guggenheim Bullet Tr 2018	BSCI	1.4	.024	M May05/May03
Guggenheim Bullet Shs 2019	BSJC	1.6	.0282	M May05/May03
Guggenheim Bullet Shs 2020	BSCK	18	.0329	M May05/May03
Guggenheim Bullet Shs 2021	BSCL	2.1	.0375	M May05/May03
Guggenheim Bullet Shs 2022	BSCM	2.3	.0402	M May05/May03
Guggenheim Bullet Shs 2023	BSCN	2.5	.0428	M May05/May03
Guggenheim Bullet Shs 2024	BSCO	2.9	.0491	M May05/May03
Guggenheim Bullet Shs 2025	BSCP	2.6	.0441	M May05/May03
Guggenheim Bullet Shs 2026	BSQC	2.6	.0414	M May05/May03
Guggenheim Enh Short	GSY	14	.0567	M May05/May03
Guggenheim Tr Bd	GTO	2.5	.1087	M May05/May03
IQ S&P Hi Yd Low Vol Bd	HYLV	3.4	.07248	M May05/May03
IQ S&P Hi Yd Corp Bd	SHYG	5.6	.22422	M May05/May03
iSh 10-20Y Treasury Bond	TLH	18	.2061	M May05/May03
iSh 10-20Y Treasury Bond	IEF	18	.16029	M May05/May03
iSh AAA-Rated Corp Bd	QLTA	2.7	.11695	M May05/May03

Company	Symbol	Yld %	Amount New/Old	Payable / Record	Company	Symbol	Yld %	Amount New/Old	Payable / Record	Company	Symbol	Yld %	Amount New/Old	Payable / Record	Company	Symbol	Yld %	Amount New/Old	Payable / Record
iSh California Muni Bd	CMF	2.2	.21069	M May05/May03	ProShares Inv Grade Int	IGHG	3.3	.20811	M May09/May03	VanEck Vectors China Bond	CBON	3.2	.0573	M May05/May03	VanEck Vectors EM Agg Bd	EMAG	4.2	.0759	M May05/May03
iSh Convertible Bd	ICVT	1.9	.08193	M May05/May03	ProShares USD Covered Bd	COBO	1.6	.13241	M May09/May03	VanEck Vectors EM HY Bond	HYEM	5.7	.118	M May05/May03	VanEck Vectors Sh HY Muni	SHYD	3.1	.0622	M May05/May03
iSh Core 5-10 Year USD Bd	IMTB	3.1	.1294	M May05/May03	Schwab Intm US Trsr	SCHR	1.5	.067	M May05/May03	VanEck Vectors Green Bd	GRNB	1.1	.0237	M May05/May03					



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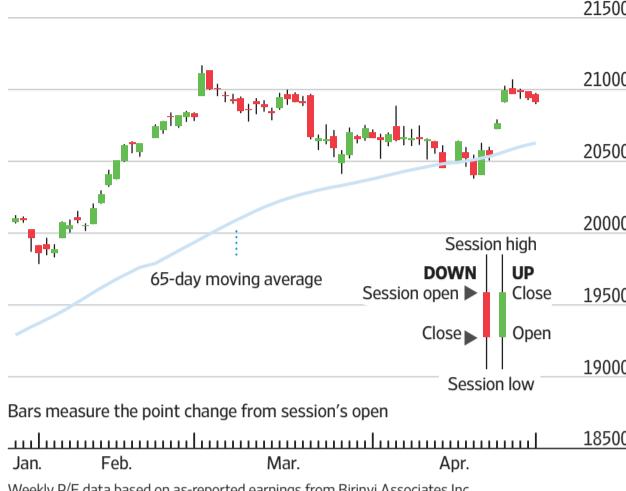
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

20913.46 ▼27.05, or 0.13%
High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Jan. Feb. Mar. Apr. 18500

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2388.33 ▲4.13, or 0.17%
High, low, open and close for each trading day of the past three months.



Jan. Feb. Mar. Apr. 21500

Nasdaq Composite Index

6091.60 ▲44.00, or 0.73%
High, low, open and close for each trading day of the past three months.



Jan. Feb. Mar. Apr. 6070

Major U.S. Stock-Market Indexes

	Dow Jones		Latest		52-Week		YTD		% chg	
	High	Low	Close	Net chg	% chg	High	Low	% chg	3-yr. ann.	
Industrial Average	20976.62	20898.38	20913.46	-27.05	-0.13	21115.55	17140.24	16.9	5.8	8.1
Transportation Avg	9131.43	9062.27	9070.15	-27.48	-0.30	9593.95	7093.40	14.5	0.3	5.5
Utility Average	705.54	698.74	699.58	-4.77	-0.68	720.45	625.44	6.0	6.1	8.0
Total Stock Market	24858.42	24737.86	24791.34	54.06	0.22	24868.78	20583.16	15.6	6.5	7.9
Barron's 400	643.62	637.46	641.55	2.79	0.44	643.82	491.89	22.4	6.6	7.9

Nasdaq Stock Market

Nasdaq Composite	6100.73	6061.35	6091.60	44.00	0.73	6091.60	4594.44	26.4	13.2	13.9
Nasdaq 100	5640.48	5600.31	5629.63	46.10	0.83	5629.63	4201.05	28.5	15.7	16.1

Standard & Poor's

500 Index	2394.49	2384.83	2388.33	4.13	0.17	2395.96	2000.54	14.7	6.7	8.2
MidCap 400	1743.93	1727.23	1737.37	4.61	0.27	1758.27	1416.66	17.9	4.6	8.5
SmallCap 600	857.71	848.32	855.02	3.66	0.43	863.08	670.90	22.1	2.0	9.5

Other Indexes

Russell 2000	1411.04	1397.08	1407.36	6.93	0.50	1419.43	1089.65	23.4	3.7	7.7
NYSE Composite	11569.45	11525.16	11536.49	0.41	0.004	11661.22	9973.54	9.9	4.3	2.8
Value Line	526.03	522.52	524.34	0.29	0.06	529.13	435.06	13.2	3.6	2.6
NYSE Arca Biotech	3670.93	3634.98	3667.35	31.07	0.85	3667.35	2818.70	17.6	19.3	13.1
NYSE Arca Pharma	513.25	511.20	511.84	-0.14	-0.03	554.66	463.78	-0.1	6.3	-0.3
KBW Bank	92.66	91.35	92.08	0.85	0.93	99.33	60.27	32.1	0.3	10.5
PHLX® Gold/Silver	82.96	80.33	80.77	-2.33	-2.80	112.86	73.03	-11.0	2.4	-3.9
PHLX® Oil Service	153.52	150.67	150.78	-2.64	-1.72	192.66	148.37	-15.2	-18.0	-19.8
PHLX® Semiconductor	1015.80	1003.08	1015.43	9.90	0.98	1023.29	630.77	56.2	12.0	21.0
CBOE Volatility	11.04	9.90	10.11	-0.71	-6.56	25.76	10.11	-31.1	-28.0	-8.6

§Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Mkt 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 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	21,256.7	238.64	-0.04	-0.02	238.87	238.13
Van Eck Vectors Jr Gold	GDXJ	7,667.9	31.29	-0.04	-0.13	31.33	31.25
iShares Core S&P 500 ETF	IVV	4,803.9	240.15	-0.07	-0.03	240.53	240.15
First Select Sector SPDR	XLF	3,348.9	23.65	-0.03	-0.13	23.69	23.55
Bank of America	BAC	2,607.1	23.60	-0.01	-0.04	23.64	23.56
Van Eck Vectors Gold Miner	GDX	2,385.5	21.64	-0.05	-0.23	21.69	21.62
iShares MSCI EAFE ETF	EFA	1,844.6	64.06	...	unch.	64.07	63.74
PwrShrs QQQ Tr Series 1	QQQ	1,826.5	137.18	-0.02	-0.01	137.35	135.98

Percentage gainers...

NantHealth	NH	12.0	7.90	4.92	165.10	7.90	2.98
Angie's List	ANGI	108.3	8.41	2.52	42.78	8.50	5.89
YRC Worldwide	YRCW	7.6	13.06	2.13	19.49	13.06	10.88
Luminex	LMNX	21.0	21.51	2.58	13.63	24.67	18.93
Tenet Healthcare	THC	659.4	17.33	1.98	12.90	17.75	15.30

...And losers

TimkenSteel	TMST	5.7	10.79	-3.87	-26.40	14.66	10.79
Harmonic	HLIT	50.7	4.70	-1.10	-18.97	5.80	4.70
Medpace Holdings	MEDP	18.5	30.00	-2.39	-7.38	32.60	30.00
Immunomedics	IMMU	31.1	5.3				

PAID ADVERTISEMENT

Imagining new alignments.

When stockbrokers earn commissions based on sales, not portfolio performance, or when drug companies pay doctors to prescribe certain medicines, clients and patients may wonder: "Will the recommended stock or medicine do me any good? Or is this really about benefiting the service provider?"

Misaligned interests are common – and often costly. Take healthcare. Suppose an insured patient's co-pay is \$40 whether they get a \$500 x-ray at Clinic A or an identical \$300 x-ray at Clinic B. With a fixed \$40 out-of-pocket cost, the patient has no incentive to devote time and effort to finding, evaluating or choosing lower-priced alternatives. The result: without even realizing it, many patients default to higher-priced providers with no added benefit.

Multiply this (and similar examples) by 200 million buyers across numerous industries, and you have a longstanding, multi-trillion dollar problem. Are misaligned interests as inevitable as death and taxes? Or, can misalignment finally be addressed in a new and effective way?

• • •

Digital tools enable new approaches.

As an inventor who specializes in business system innovations, I find digital technologies such as Big Data, the Cloud, mobile networks and others can be combined in unexpected ways to transform stubbornly persistent problems. This insight enabled me to start three companies, including Priceline, which now serve more than 50 million customers each.

Today, I'm focused on misalignment, especially in complex markets where the most cost-effective, high-quality options are obscured within a vast sea of substitutional choices.

• • •

Here's how to align interests: "Discover It; Present It; Incent It."

Step 1: Use Big Data software to find appropriate, money-saving choices that serve both payers and buyers. Well-designed software can locate and score millions of potential options in seconds – including needles in a proverbial "haystack" of choices that buyers could never find themselves.

Step 2: Present customers with high-scoring options using simple, engaging graphics. Streamlined mobile and desktop layouts make it easy for buyers to quickly decide which choices they like – critical for rushed, mobile-based buyers.

Step 3: Use meaningful incentives to nudge behavior. Software can assign money-saving values to each purchase option. When a lower-priced option is chosen, the payer gets some of that value (in reduced costs), and the buyer gets some (in personal rewards).

• • •

What makes "Discover, Present, Incent" a powerful approach? Look at the \$165 billion spent on business travel at smaller companies.

Small to medium-sized U.S. companies currently pay an annual "misalignment travel tax" of tens of billions of dollars, perhaps more. Why? These smaller companies have no travel departments, no specialized

agents to help them shop smarter and they get no volume discounts. Employees must select their own flights and hotels and then get reimbursed. All charges get reviewed, yet travelers naturally seek as much comfort and convenience as they're "allowed." That costs more.

Misaligned spending is just the start. Companies and travelers also pay far too much in terms of time and effort. When employees want to save time, they may buy their trip directly from their favorite airline or hotel website. That takes just five minutes.

But when employees want to save money, they must comparison-shop across brands, using either an Online Travel Agent or metasearch site. They might find lower prices, but they'll pay a high "frustration price" for their 30-60 minutes of shopping time. Many travelers would rather visit the dentist. Not surprisingly, most business travelers avoid comparison-shopping, if possible.

• • •

My new company, Upside, reduces costly misalignments in business travel while saving time and effort, and providing 24/7 service.

By using the "Discover, Present and Incent" approach for small to medium-sized businesses, Upside excites employees to spend less on their business travel and rewards them when they do so.

Discover: Every night we ingest and pre-process three terabytes of travel data. Thus, in just a few seconds, we show travelers a handful of high-scoring purchase options that meet their trip needs and save money. We find and score every appropriate business travel option for the top 10,000 city pairs.

Present: Upside only sells flights and hotels bundled together in a one-price package. Since we never break out component prices, airlines and hotels are willing to provide us with deep discounts that do not undermine their "retail" prices shown elsewhere.

Incent: With Upside, travelers still get all of their miles and credit card points. But we add an extra incentive: free shopping at the traveler's choice of 50+ favorite stores, simply for buying flights and room together – and more rewards if they choose additional options we show them. Their reward can easily reach \$100 to \$500 on a free gift card to Amazon, Target, iTunes, Home Depot, etc. The less travelers spend, the more rewards they get.

• • •

Aligning interests will transform trillion-dollar U.S. markets.

Misalignment may have finally met its match in the digital age. Business travel, healthcare and insurance, among others, are ripe for revolutions.

And, as Artificial Intelligence and Machine Learning spread, we'll see more sophisticated solutions: payers will spend less; buyers will enjoy new rewards; and suppliers will improve targeting and sales. With that kind of alignment, everyone wins.

— Jay Walker
Chairman and CEO
Upside.com



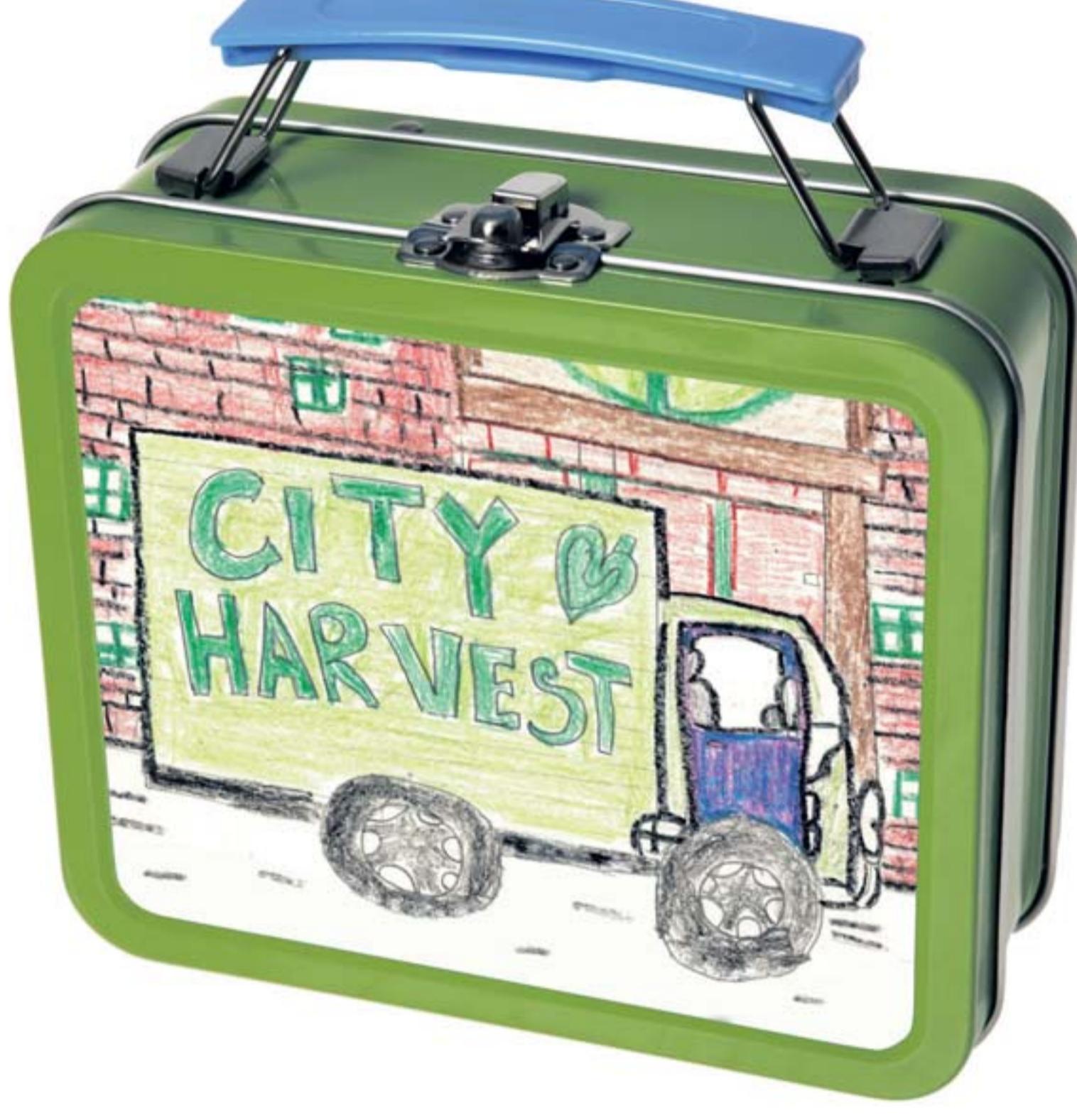
15
YEARS

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FIGHT
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**MAY 15-19,
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You spend \$15 on lunch because you live in New York City. You feed 60 kids with \$15 because you're a New Yorker. And with 420,000 children in our city facing hunger, you know you're going to do something about it. Fight child hunger by donating the cost of your midday meal to City Harvest. We promise, it'll be the best lunch this side of the Hudson.

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COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract						Open	High	hi	Low	Settle	Chg	Open interest
	Open	High	hi	lo	Low	Settle	Chg	Open					
Copper-High (CMX) -25,000 lbs.; \$ per lb.													
May	2.5875	2.6800		2.5855	2.6500	0.0535	5,824						
July	2.5990	2.6945		2.5940	2.6605	0.0530	129,175						
Gold (CMX) -100 troy oz.; \$ per troy oz.													
May	1268.70	1269.30		1254.00	1253.30	-12.80	435						
June	1269.60	1272.40		1254.90	1255.50	-12.80	330,094						
Aug	1273.10	1275.70		1258.60	1258.90	-12.80	54,655						
Oct	1276.40	1278.80		1262.60	1262.20	-12.80	7,541						
Dec	1281.60	1282.50		1265.50	1265.60	-12.70	52,921						
Feb'18 1277.10 1281.80 1269.00 -12.70 7,867													
Palladium (NYM) -50 troy oz.; \$ per troy oz.													
May	812.80	812.80	▲	812.80	814.30	-12.25	1						
June	826.90	828.60		813.60	814.45	-12.25	32,612						
Sept	826.45	827.00		813.50	814.35	-12.10	3,832						
Platinum (NYM) -50 troy oz.; \$ per troy oz.													
May	949.80	949.80		947.50	929.80	-16.50	46						
July	948.80	952.20	▼	930.20	932.20	-16.50	60,849						
Silver (CMX) -5,000 troy oz.; \$ per troy oz.													
May	17.185	17.215		16.760	16.780	-0.41	2,038						
July	17.240	17.290		16.810	16.842	-0.420	153,120						
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.													
June	49.17	49.32		48.59	48.84	-0.49	572,455						
July	49.47	49.61		48.89	49.16	-0.46	268,595						
Aug	49.69	49.83		49.14	49.40	-0.45	115,749						
Sept	49.99	50.07		49.37	49.63	-0.45	191,312						
Dec	50.43	50.58		49.91	50.18	-0.41	279,526						
Dec'18 50.20 50.36 49.77 50.05 -0.31 134,481													
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.													
June	1.5062	1.5109	▼	1.4766	1.4878	-0.194	129,175						
July	1.5134	1.5179	▼	1.4851	1.4954	-0.199	76,435						
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.													
June	1.5481	1.5547	▼	1.5142	1.5272	-0.029	137,871						
July	1.5525	1.5577	▼	1.5203	1.5252	-0.022	72,974						
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.													
June	3.249	3.313		3.198	3.215	-0.061	272,355						
July	3.326	3.384		3.277	3.293	-0.060	214,843						
Sept	3.355	3.389		3.285	3.299	-0.065	126,215						
Oct	3.358	3.400		3.300	3.313	-0.066	162,965						
Jan'18	3.616	3.643		3.555	3.565	-0.065	101,715						
April	2.977	2.977		2.925	2.933	-0.038	92,687						

Agriculture Futures

	Open	High	hi	lo	Low	Settle	Chg	Open interest
Corn (CBT) -5,000 bu.; cents per bu.								
May	363.00	370.50		361.75	369.25	11.25	9,959	
July	371.50	379.00		369.50	377.50	11.00	746,911	
Oats (CBT) -5,000 bu.; cents per bu.								
May	238.75	238.75		238.75	243.25	5.75	20	
July	228.50	239.75		228.25	239.10	11.50	4,846	
Soybeans (CBT) -5,000 bu.; cents per bu.								
May	950.00	963.00		950.00	959.00	13.75	6,823	
July	959.75	974.75		958.50	970.25	14.00	368,726	
Soybean Meal (CBT) -100 tons; \$ per ton.								
May	314.20	317.10		314.00	314.30	2.60	4,138	
July	315.80	321.30		315.60	318.60	2.80	207,280	
Soybean Oil (CBT) -60,000 lbs.; cents per lb.								
May	31.80	31.96		31.60	31.89	.44	2,467	
July	31.88	32.21		31.75	32.16	.45	228,587	
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.								
May	925.00	925.00		925.00	935.50	22.50	245	
July	948.50	965.00		948.00	963.50	21.50	10,051	
Wheat (CBT) -5,000 bu.; cents per bu.								
May	423.75	442.25		423.75	442.75	24.25	1,985	
July	438.25	457.00		438.25	456.00	23.75	305,803	
Wheat (KCO) -5,000 bu.; cents per bu.								
May	430.00	453.25		430.00	452.75	28.00	892	
July	443.50	467.00		443.50	465.75	28.50	170,836	
Wheat (MPLS) -5,000 bu.; cents per bu.								
May	547.00	554.50		547.00	549.75	9.00	564	
July	557.00	571.00		557.00	562.75	8.00	31,246	
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.								
May	149.750	150.950	▲	147.525	148.600	-9.50	10,015	
Aug	154.725	156.500	▲	152.675	153.750	-9.50	31,976	
Cattle-Live (CME) -40,000 lbs.; cents per lb.								
June	124.625	125.325	▲	123.650	124.125	.100	179,345	
Hogs-Lean (CME) -40,000 lbs.; cents per lb.								
May	67.000	67.375		66.025	66.125	-.850	2,069	
June	74.000	74.300		73.025	73.275	-.725	78,774	
Lumber (CME) -110,000 bd ft.; \$ per 1,000 bd ft.	</							

EQUITIES

AHEAD OF THE TAPE | By Steven Russolillo

Luxury Retailer Coach Looks at Sale Rack

 Coach Inc. might be poised for a shopping spree.

The luxury handbag retailer's turnaround is taking shape as its rivals are flailing. **Kate Spade & Co.** is exploring strategic alternatives and **Jimmy Choo PLC** is up for sale. Either would be a good fit for Coach in its quest to bolster its portfolio of premium-priced products and reclaim its luxury-brand status.

As rumors swirl, Tuesday's earnings report should confirm that Coach's recovery is on track.

Analysts polled by FactSet estimate fiscal third-quarter earnings of 44 cents a share, matching the year-earlier period. Revenue for the period ended in March is expected to have slipped slightly from a year ago to \$1.02 billion. But same-store sales are expected to have risen 1.6% year over year. That would be the fourth consecutive quarter of growth after several years of slippage.

The overall goal is to get customers to buy more merchandise at full price and elevate the brand to where it was before it became too dependent on outlet sales and rampant discounting. Coach



A Coach store in Pennsylvania. The luxury-handbag retailer is reported to be considering a possible acquisition of Jimmy Choo.

has cut back on how much it sells to department stores, closed underperforming stores, spruced up current locations and bolstered its e-commerce.

Handbags priced above \$400 accounted for half of Coach's sales in its fiscal

second quarter, up from 30% a year ago. Analysts at Wolfe Research predict this figure will be closer to 60% in Tuesday's results. The average price of goods sold by Coach rose in March, a positive sign for margins, while average prices fell at Kate

Spade, Michael Kors Holding Ltd. and Tory Burch, according to Wolfe.

Acquisitions also could help position Coach as a more upscale fashion house. Its \$574 million acquisition two years ago of shoe brand Stuart Weitzman has proven

successful, and the company has said it is now open to doing even more deals.

A recent key hire is Coach brand president Joshua Schulman, the former CEO of luxury-footwear company Jimmy Choo. Jimmy Choo, which was put up for sale by

Fuller Price

Coach handbags priced above \$400 as a percentage of total



*Fiscal year ends June. Source: Wolfe Research

European investment firm **JAB Holdings** Co. last week, could fit in nicely with Coach's collection. Coach also has been trying on the idea of buying Kate Spade, according to The Wall Street Journal.

Coach's stock has risen 10% over the past six months, slightly underperforming the S&P 500. Still, that is much better than Kate Spade, Michael Kors and **Ralph Lauren** Corp.

Coach's market value is roughly half of what it was five years ago and its forward multiple of 17 times forward earnings is in line with its three-year average, leaving room for more gains.

Coach is getting aggressive. Its investors should be, too.

S&P 500 Gets a Lift From Tech Sector

BY GUNJAN BANERJI

A climb in technology shares buoyed U.S. stocks, boosting the Nasdaq Composite to a fresh record.

The gains lifted **Apple**, Google-parent **Alphabet**, **Microsoft**, **Amazon.com** and **Facebook** to records, the first time those companies—the five largest by market capitalization—all reached highs on the same day, according to WSJ Market Data Group.

Technology stocks have led gains over the past four months as investors moderated bets on companies expected to benefit from policy shifts such as tax cuts and pivoted to those that have provided reliable returns during the eight-year bull market.

"Investors are looking for growth anywhere they can find it. Technology is certainly one place," said Bruce Bittles, chief investment strategist for Baird.

The Nasdaq Composite rose 44 points, or 0.7%, to 6091.60. The S&P 500 climbed 4.13 points, or 0.2%, to 2388.33. The Dow Jones Industrial Average slipped 27.05 points, or 0.1%, to 20913.46.

Technology stocks in the S&P 500 rose 0.8%, increasing the sector's gain for the year to 16%.

Apple added \$2.93, or 2%, to \$146.58, while Alphabet Class A shares rose 8.30, or 0.9%, to 932.82. Facebook climbed 2.21, or 1.5%, to 152.46. Microsoft rose 95 cents, or 1.4%, to 69.41. Amazon gained 23.24, or 2.5%, to 948.23.

Apple is scheduled to report earnings late Tuesday, while Facebook's results are expected late Wednesday.

The gains in the tech heavyweights came as investors are analyzing signs of lethargic domestic growth. U.S. factory activity expanded at a slower pace in April, the Institute for Supply Management said Monday, while Americans' spending was flat in March for the second consecutive month, according to the Commerce Department.

While U.S. earnings have pleased investors, there have been "pockets of weakness" in some hard data, said Terry Sandven, chief equity strategist at U.S. Bank Wealth Management.

U.S. crude oil lost 1% to \$48.84 a barrel.

Early Tuesday, the Nikkei Stock Average was up 0.7%, while Hong Kong's Hang Seng Index was up 0.4%, but Australia's S&P/ASX 200 was down 0.6%.

STREET

Continued from page B1
hurts growth and could spread to the rest of the world, piling pressure on commodity producers.

"Chinese reflation lifted global trade" in 2016, said Gene Frieda, global strategist at Pimco. "Now the credit impulse from China is tightening the most since 2010, and the pressure on shadow banking only adds to that."

The China panics of August 2015 and January 2016 came when international investors feared that the country would export deflation to the rest of the world, devaluing its currency to avoid a domestic slowdown.

Such an outcome seems less likely this time. Politically, a devaluation is harder when President Donald Trump has only just backed away from his accusation that China is manipulating its currency. Stricter capital controls introduced in the past year make it easier for Beijing to prop up the yuan.

Instead of a global catastrophe, a well-handled reduction in credit growth implies only slower domestic growth, and so less demand for raw materials—particularly iron ore and copper.

The prices of both have dropped back from their highs earlier this year, with iron ore down more than

20% in six weeks, but this likely has more to do with the need to cut back overcapacity in steel production than a slowdown in demand.

It is the pace of change of credit growth that matters, with a deceleration tending to hit the economy as much as a year later. With the deceleration only recently visible in the credit numbers, it may be some time before it becomes clear whether China will be held back. But if it is real, and assuming China avoids devaluating, the first impact should be on China's main suppliers of raw materials, notably Brazil and Australia.

The broader impact will hit emerging markets in general, which are more dependent on commodity production than the developed world and are bigger suppliers to China.

The reaction has been bigger inside China. Stocks in Shanghai and Shenzhen both fell last month as the regulatory crackdown on shadow banking intensified, and 10-year bond yields rose above 3.5% for the first time since the 2015 devaluation.

China might again remove the pressure on shadow banking once it begins to affect growth. Equally, growth might this time be less susceptible to the credit deceleration than in the past. But the likelihood is that China's credit-fueled economy will slow, and that isn't good news for its suppliers.

Warning Signs

China's latest clampdown on credit is hurting local stock markets, but investors elsewhere have so far been unruffled. The deceleration in credit already visible suggests weakness ahead, however.

Change this year



China credit impulse*



*Change in the growth rate of aggregate credit to GDP.

Sources: FactSet (indexes); Pimco (credit impulse)

THE WALL STREET JOURNAL

VIX Sinks to Decade Low

BY GUNJAN BANERJI

A measure of expected stock volatility, known as Wall Street's fear gauge, slid to its lowest level in more than a decade.

The CBOE Volatility Index on Monday slumped 6.6% to 10.11, its lowest level since February 2007.

In a rare occurrence, the gauge, called the VIX, briefly fell as low as 9.9 for the second time in 2017, after more than eight years without dipping below 10, said Russell Rhoads, director of education at the Chicago Board Options Exchange.

Low VIX levels could "indicate a level of complacency," said Nicholas Colas, chief market strategist at New York-based brokerage Convergex.

"You can get really sticky, low volatility for quite some time. All you know is that it doesn't rebound for the reasons you think it should."

The measure has fallen about 30% after the outcome in the French presidential election's first round last month mitigated concerns about the eurozone.

The VIX is based on options prices on the S&P 500 index

and tends to move in the opposite direction of stocks.

Monday's close of 10.11 was below the low in July 2014, right before a stretch of calm in U.S. stock markets was hit by a surge of volatility. Following the July 2014 bottom, the

VIX went on to surge about 150% through Oct. 15 that year.

Despite the VIX's low reading, some investors remain wary after a number of economic indicators signaled growth would be slower than expected.

Apollo Global Management's Joshua Harris said Monday at the Milken Institute Global Conference in California that public markets are overvalued because of global central-bank intervention, calling it a "very treacherous environment."

The VIX's drop on Monday was large, given the S&P 500's relatively small increase of 0.2%. Prices of monthly VIX futures contracts through November 2017 all declined on Monday, FactSet data show.

CREDIT MARKETS

Ultralong-Treasury Talk Is Back

BY MIN ZENG

U.S. government bonds fell broadly on the first day of May after logging the biggest monthly price rally since last June.

Selling pressure hit the bond market after Treasury Secretary Steven Mnuchin on Monday said ultralong bonds "could absolutely make sense." It is the latest sign investors are concerned about the potential issuance of debt that matures in more than three decades.

The remark came ahead of the Treasury's release of its quarterly refunding announcement Wednesday, a major platform for officials to make big changes regarding Treasury auctions.

Mr. Mnuchin in February said the Treasury should study the viability of issuing longer-dated bonds with 50-year and 100-year maturities. Debate has been growing lately on whether the Treasury may consider selling ultralong bonds to fund its large fiscal stimulus down the road. The longest maturity the Treasury sells to investors now is 30 years.

"With [the] refunding announcement later this week, it seems markets are on edge to any sort of new supply or new forms of supply," said George Goncalves, head of fixed-income strategy in the Americas for Nomura Securities International.

The yield on the benchmark 10-year Treasury note settled at 2.327%, compared with 2.282% Friday. Yields rise as bond prices fall.

The 30-year bond was the biggest loser Monday, with its yield rising to 3.012% from 2.952% Friday. The yield premium investors demanded to own the 30-year bond relative to the benchmark 10-year note

was 0.685 percentage point, the highest since December.

Some analysts say it is premature for the Treasury to hash out a game plan so soon. In recent years, the Treasury had raised the question of issuing ultralong bonds but had refrained from issuing them.

While comments from Mr. Mnuchin over the past few months suggest the Trump administration is more serious in considering the issuance of ultralong bonds, analysts say the Treasury is likely to spend more time studying the issue.

One problem, say analysts, is that demand for ultralong bonds could be fickle. Another risk is a shift in the Federal Reserve's monetary stimulus.

Large bond purchases by the Fed in recent years have helped keep long-term government bond yields at historically low levels. Now the Fed is on the cusp of unwinding its balance sheet, which could put upward pressure on long-term bond yields and raise the fed-

eral government's funding costs, say analysts.

"The biggest stumbling block is what is the best way to introduce ultralong bonds," said Lou Crandall, chief economist at Wrightson ICAP, a widely followed specialist on Treasury finance. "It is too early for the Treasury to make a commitment."

Demand for haven bonds also retreated Monday after congressional leaders reached an agreement to fund the government through Sept. 30.

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	\$118,163,974,900	\$107,411,106,500
Accepted bids	\$39,000,134,900	\$33,000,081,500
"noncomp"	\$464,074,900	\$436,355,500
"foreign noncomp"	\$100,000,000	\$500,000,000
Auction price (rate)	99.78403	99.507083
(0.845%)	(0.975%)	
Coupon equivalent	0.85%	0.93%
Bids at clearing yield accepted	24.96%	47.30%
Cusip number	912796LM9	912796MA4

Both issues are dated May 4, 2017. The 13-week bills mature on Nov. 2, 2017.



Treasury's Steven Mnuchin says ultralong bonds could make sense.

MARKETS

Oil Shares Are Running Low on Energy

Slumping crude prices sink valuations even as many producers are posting profits again

By AKANE OTANI

Energy shares have been the stock market's worst-performing sector this year, weighed down by slumping crude prices even as many oil-and-gas companies return to profitability.

Shares of energy companies are down 10% in 2017, making the sector one of only two S&P 500 groups posting losses this year, along with the telecommunications sector. The broader index has risen 6.7%.

Oil-and-gas companies' lagged performance marks a reversal from last year, when these companies gained more than any group in the S&P index. A doubling in oil prices from their February lows helped propel the sector 24% higher in 2016, while supply cuts from OPEC members and other major oil-producing nations set a bullish tone going into 2017.

But oil prices have slipped 9.1% this year as shale producers have ramped up production, raising angst again about an oversupplied market. Investor concerns that energy stocks look overvalued after last year's big run is also hurting shares, analysts said.

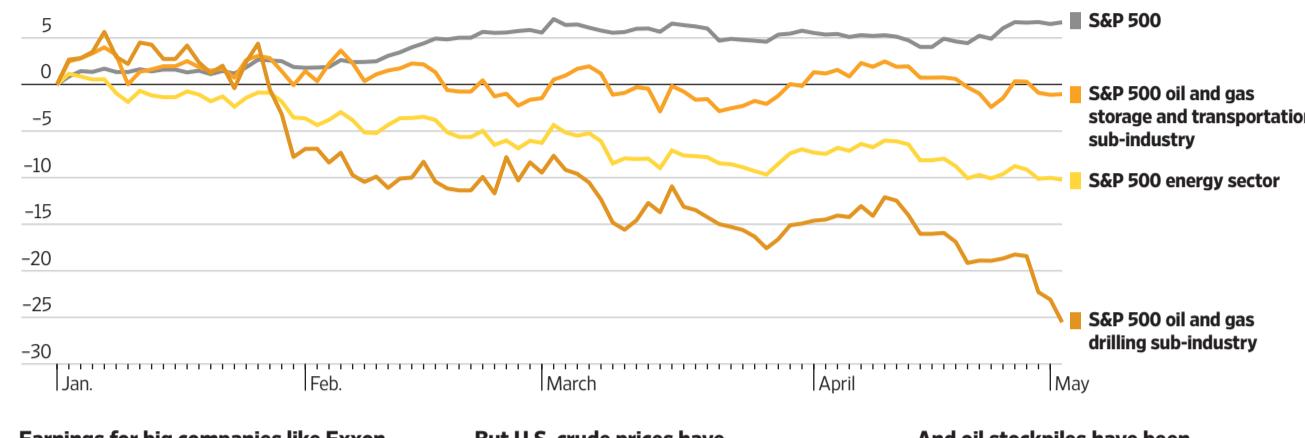
Sluggish oil prices can affect a broad range of companies beyond the major oil producers. Long slumps can hurt profits for those dependent on spending by the oil industry, such as steel, equipment and machinery companies, said Mike Wilson, chief U.S. equity strategist at Morgan Stanley.

Many investors have been counting on strong corporate earnings for the first quarter to reverse the recent share price skid. Exxon Mobil Corp. and Chevron Corp., the U.S.'s

Underperformers

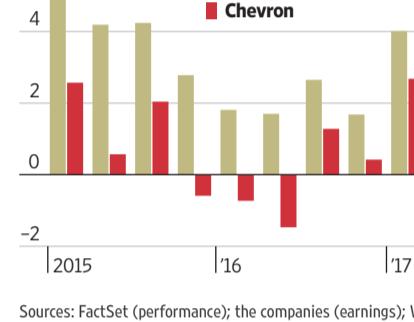
The performance of oil and gas stocks trails all other S&P sectors this year. Despite a recent turnaround in profits from major oil producers, volatile crude prices and fears of too much supply have punished energy shares.

Year-to-date performance



Earnings for big companies like Exxon Mobil and Chevron are improving...

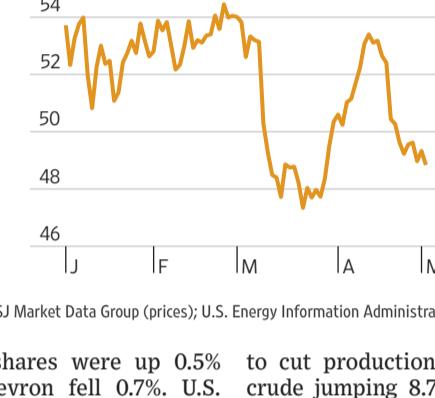
Profit/loss, quarterly



Sources: FactSet (performance); the companies (earnings); WSJ Market Data Group (prices); U.S. Energy Information Administration (stockpiles)

...But U.S. crude prices have been falling much of this year...

Nymex crude-oil prices



...And oil stockpiles have been rising as producers ramp up.

U.S. crude-oil stocks, weekly



THE WALL STREET JOURNAL.

bigest oil companies, reported their highest quarterly profits in more than a year last week, driven by the recovery in oil prices from their 2016 lows, revenue from new projects, and cost-cutting measures.

But strong initial results that have mostly beaten analyst expectations have done little to lift energy stocks, and the group's shares were mostly flat on Monday. The S&P energy sector slid 0.2%, while

Exxon shares were up 0.5% and Chevron fell 0.7%. U.S. crude prices lost 1% to \$48.84 a barrel and are now down 3.6% over the past 30 days.

"The uncertainty of the outlook for oil has really put pressure on energy stocks," said Karyn Cavanaugh, senior market strategist at Voya Investment Management.

Oil prices rallied late last year after the Organization of the Petroleum Exporting Countries reached a November deal

to cut production, with U.S. crude jumping 8.7% between the agreement and year-end.

But this year U.S. refiners have ramped up output and are processing more crude oil than ever before. That has led to big increases in gasoline stockpiles, which could become a drag on crude and could undermine OPEC's attempts to combat a global supply glut.

The number of rigs drilling for oil in the U.S. remains dou-

ble the low it fell to less than a year ago, according to data from industry group Baker Hughes.

High valuations for oil-and-gas companies also have weighed on sentiment. Energy stocks in the S&P 500 trade at 28 times the profits analysts expect companies to earn over the next 12 months, according to FactSet. The broader S&P 500 trades at 18 times earnings estimates, according to FactSet.

U.S. Producers Keep Pumping

Crude prices fell Monday, weighed down by falling gasoline prices and by concerns about increasing U.S. oil being pumped into the still-oversupplied market.

U.S. crude prices fell to a one-month low, dropping 49 cents, or 1%, to \$48.84 a barrel on the New York Mercantile Exchange. Brent, the global benchmark, fell 53 cents, or 1%, to \$51.52 a barrel on London's ICE Futures Europe.

U.S. refiners have ramped up output and have been processing more crude than ever. But the result has been big increases in gasoline stockpiles, which could become a drag on crude.

Gasoline futures fell to their lowest level since Feb. 28, dropping 2.09 cents, or 1.4%, to \$1.5272 a gallon.

"The gasoline situation is very negative here, and getting worse by the minute," said Bob Yawger, director of the futures division of Mizuho Securities USA. "There are big amounts of gasoline, and not necessarily a big demand number on the other side of the equation to wipe it out."

Production cuts by the Organization of the Petroleum Exporting Countries haven't cleared a glut of crude as quickly as many expected, and analysts said the market is caught between OPEC's curtailed production and rising U.S. output.

The OPEC-led effort to tighten the oil market has slowed the growth of global inventories but stocks are still nowhere near five-year averages, a level for which OPEC is striving.

—Alison Sider

HEARD ON THE STREET

Email: heard@wsj.com

FINANCIAL ANALYSIS & COMMENTARY

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AMD's Sales Chip Away At the Hype

Advanced Micro Devices probably will be fine. Its stock may not be for a while.

The chip maker managed to boost revenue by 18% year over year in the seasonally weak first quarter. That was helped by a new chip called Ryzen designed for high-performance personal computers. Ryzen sales began late in the quarter, yet the chip still managed to help boost sales in AMD's computing and graphics division to \$593 million—up 29% year over year and the best performance on record for the division.

That is a good start. The problem is that AMD's stock was priced for well beyond good, having gone from a little over \$3 a year ago to Monday's closing price of \$13.62. With the shares near a 10-year high and short interest having shot up from 9% to 13% since the first of the year, the chip maker faces the problem of failing to clear a high bar. Shares fell sharply after hours.

It is too early to judge the company's recovery. Ryzen doesn't have a full quarter of sales under its belt. And new AMD chips for the graphics processing and server markets have yet to launch. The latter, a server chip code-named Naples, will be challenging Intel in its key market, so it certainly won't go unnoticed.

AMD projected a 12% year-over-year revenue gain for the second quarter, slightly better than the 9% gain analysts expect. But AMD also said full-year revenue will likely grow in the low double-digit-percentage range, in line with Wall Street's targets. That is a sign AMD is being cautious. Investors should be, too.

—Dan Gallagher

An Awkward Embrace for AXA

AllianceBernstein Holdings may benefit from a tighter embrace by majority shareholder AXA, but the two companies need to do a better job explaining how.

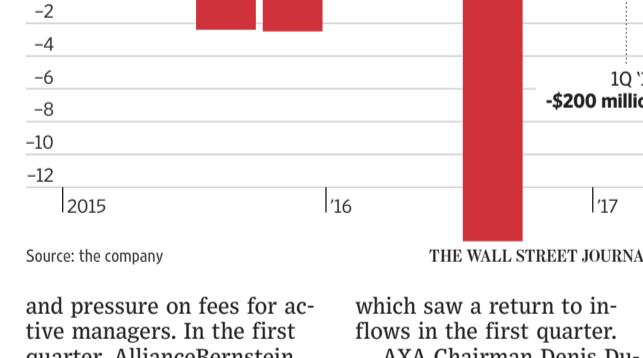
Investors in the U.S. asset manager woke up on Monday to a sudden shake-up of its management. Chairman and Chief Executive Peter Kraus is out, along with eight other board members. Former World Bank President Robert Zoellick will succeed Mr. Kraus as chairman, and Seth Bernstein, previously at J.P. Morgan Asset Management, will become chief executive.

Four new board members were appointed who, as Keeffe, Bruyette & Woods analyst Robert Lee pointed out, all have strong ties with AXA, suggesting that the French insurer and asset manager is exerting more control over its U.S. unit.

It isn't news that the trend toward passive investing is generating outflows

Slow Leak

AllianceBernstein quarterly net inflow or outflow



which saw a return to inflows in the first quarter.

AXA Chairman Denis Duverne hinted at an elegant solution: AXA could give AllianceBernstein more money to manage. At a time when many asset managers are looking at mergers to boost assets and achieve better economies of scale, it makes simple sense for Alliance-

Bernstein to tap its controlling shareholder in this way. Mr. Zoellick noted that AllianceBernstein already manages around \$70 billion for AXA's U.S. insurance unit. But it remains unclear how much more AXA could allocate to AllianceBernstein, and under what terms.

AXA has its own investment-management arm with around \$780 billion under management, compared with \$498 billion at AllianceBernstein.

AllianceBernstein loyalists, who prize its research-intensive approach, also need to be reassured that it can retain its distinct culture even as it is driven further into the arms of AXA.

With AllianceBernstein's shares down 3.3% Monday, investors seem underwhelmed. The two companies need to better explain how a tighter relationship will benefit AllianceBernstein's clients and investors.

—Aaron Back

OVERHEARD

Good news for those who enjoy, or had been waiting to enjoy, a pint of Guinness.

The Irish brewer, owned by Diageo, says its draft beer is finally suitable for vegans.

While the beefy brew had no actual meat in it before this, the filtration process used isinglass made with fish guts.

That put it off limits for strict vegans.

Now, the famous brewer says drafts from kegs brewed at its historic St. James's Gate brewery in Dublin are fish-guts free.

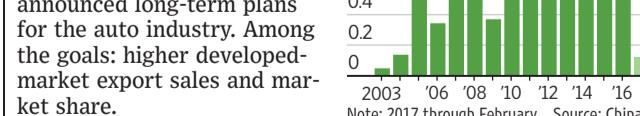
Bottles and cans—if that is how you must consume Guinness—will be safe at the end of this year.

Vegans concerned about animal products in their favorite plonk need not fret. Vegan beer and liquor guide Barnivore says it has checked 31,667 brands of alcohol, and all top U.S. beer brands are fish-gut free.

China's Auto Makers Look to Export Their Overcapacity

Tough Sell

China's annual exports of motor vehicles and chassis



Last week, a number of Chinese ministries and the National Development and Reform Commission jointly announced long-term plans for the auto industry. Among the goals: higher developed-market export sales and market share.

Lofty goals for China's car makers are understandable.

The report said autos and related industries bring 10% of the nation's tax revenue and account for 10% of all jobs.

And the industry has capacity to spare.

Utilization rates vary

widely but range from 60%

to 80%. Meanwhile, production continues to rise.

trimmed incentives last year, causing sales growth to fall by two-thirds through April.

Overcapacity is reflected further by the dozens of car makers in existence, many of which are propped up by local governments that are loath to part with these job generators.

Consolidation, a more obvious way to improve the industry, doesn't seem to be a priority.

If there is one thing China knows how to do well, it is export. So why not export its auto overcapacity, as it does with solar panels, steel and glass? China has made inroads in exporting to other emerging markets, where it isn't dinged for its lower-quality vehicles. China exports 2% to 3% of all automo-

bile production on a monthly basis to places like Iran, which accounts for about half a million vehicles a year, though growth in this area has stalled in recent years.

Getting into developed markets like Japan, the U.S. and Europe will prove more challenging, given quality constraints.

The antiglobalist tone taken by President Donald Trump and others would also seem to be an obstacle, unless China maneuvers its cars in through trade pacts.

Yet that doesn't mean global car makers shouldn't view China as a threat. Global auto demand in terms of sales outside China is set to grow just 0.6% this year, according to Nomura estimates.

Any attempt by Chinese

producers to focus on the highly commoditized industry could put pressure on prices, even if they don't succeed at becoming major players in developed markets.

The more likely outcome is that China continues to push into emerging markets. This would be troubling for emerging-market experts such as Renault and Hyundai and local brands like India's Tata or Maruti.

Global car makers will have to contend with the sheer force of Chinese production volumes. Beijing is targeting 30 million cars a year over the next three years and 35 million by 2025, according to the government's plan. That is a lot for the world to absorb.

—Anjani Trivedi