

THE WALL STREET JOURNAL.

DOW JONES | News Corp

FRIDAY - SUNDAY, MAY 19 - 21, 2017 ~ VOL. XLI NO. 182

WSJ.com

ASIA EDITION

As of 12 p.m. ET DJIA 20615.17 ▲ 0.04% NIKKEI 19553.86 ▼ 1.32% STOXX 600 389.19 ▼ 0.50% BRENT 52.55 ▲ 0.65% GOLD 1252.50 ▼ 0.40% EURO 1.1131 ▼ 0.25% DLR \$110.91 ▲ 0.08%

What's News

Business & Finance

GM said it would stop selling vehicles in India, the latest retrenching by the U.S. auto maker as it redirects investment into future technology and bolsters its presence in more lucrative markets. **B1**

◆ France is shooting down the possibility of relocating Europe's top financial regulator to Frankfurt from London after Brexit. **B5**

◆ Alibaba said fiscal fourth-quarter revenue jumped 60%, and revenue from its core commerce unit rose 47%. **B1, B8**

◆ India's Paytm raised \$1.4 billion from SoftBank, giving it added firepower to expand its services in the South Asian market. **B5**

◆ Wal-Mart reported its 11th consecutive quarterly increase in sales, as the retailer benefited from a rise in store foot traffic. **B3**

◆ The bidding war for Fairfax Media is really over its online real-estate-classifieds business, not its newspapers, investors say. **B2**

◆ The EU's antitrust regulator fined Facebook for providing incorrect information over the acquisition of WhatsApp. **B4**

◆ The state-owned Bank Islam Brunei Darussalam is tapping banks for a potential initial public offering in Malaysia. **B5**

◆ Rising petroleum output from Canada and Brazil represents an under-the-radar concern for oil traders. **B8**

World-Wide

◆ Trump said he was the target of "the single greatest witch hunt" of a politician in U.S. history, the morning after the Justice Department appointed a special counsel for the Russia investigation. **A1**

◆ The Brazilian real and stocks plummeted after a newspaper reported that Temer encouraged bribes against a jailed former congressman. **A1**

◆ NATO is considering reviving a Cold War naval command to counter Moscow's increased submarine activity in the Arctic. **A3**

◆ Saudi Arabia's sovereign-wealth fund announced the establishment of a state-owned arms manufacturing company. **A2**

◆ The U.K.'s governing Conservative Party opened the way to some financial settlement with the EU after Brexit. **A3**

◆ A top Australian tax official's adult children were arrested in an alleged \$123 million scheme to defraud the government. **A4**

◆ Immigration arrests rose sharply in the first 100 days of the Trump administration, including those of people without criminal records. **A5**

◆ Japan said an 8.9% rise in exports helped the economy grow at an annualized 2.2% in the first quarter. **A4**

◆ Died: Roger Ailes, 77, former Fox News CEO. **B3**

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

KDN PP 9315/10/2012 (032725); MCI (P)
NO. 066/01/2017; SK MENPEN RI NO. 01/
SK/MENPEN/SCJ/1998 TGL 4 SEPT 1998

ISSN 03779920 4 1182
9 770377992000

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EX-FOX NEWS CHIEF AILES DIES AT 77

BUSINESS NEWS, B3

Trump Rails Against 'Witch Hunt'

President describes himself as a victim after special counsel tapped to probe Russia

By DANIEL NASAW AND LOUISE RADOFNSKY

President Donald Trump said Thursday he was the target of "the single greatest witch hunt of a politician in American history," the morn-

ing after the U.S. Justice Department appointed a special counsel to investigate Russia's alleged interference in the 2016 presidential election.

"With all of the illegal acts that took place in the Clinton campaign & Obama Administration, there was never a special counsel [sic] appointed!" Mr. Trump wrote on Twitter.

A few hours later, Mr. Trump deleted the original tweet and sent a new one

correcting the spelling of "counsel." The president didn't identify the alleged illegal acts.

On Wednesday, Robert Mueller III, former director of the Federal Bureau of Investigation, was appointed as special counsel to oversee the federal probe into Russia's alleged electoral meddling, giving him wide latitude to explore potential collusion between the Trump campaign and Moscow.

Mr. Trump, a Republican, has denied any collusion between his campaign and a foreign entity. Russian officials have denied interfering in the election.

Deputy Attorney General Rod Rosenstein said in a statement that he was naming a special counsel due to the inquiry's "unique circumstances." The public interest, he said, "requires me to place this investigation under the authority of a person who ex-

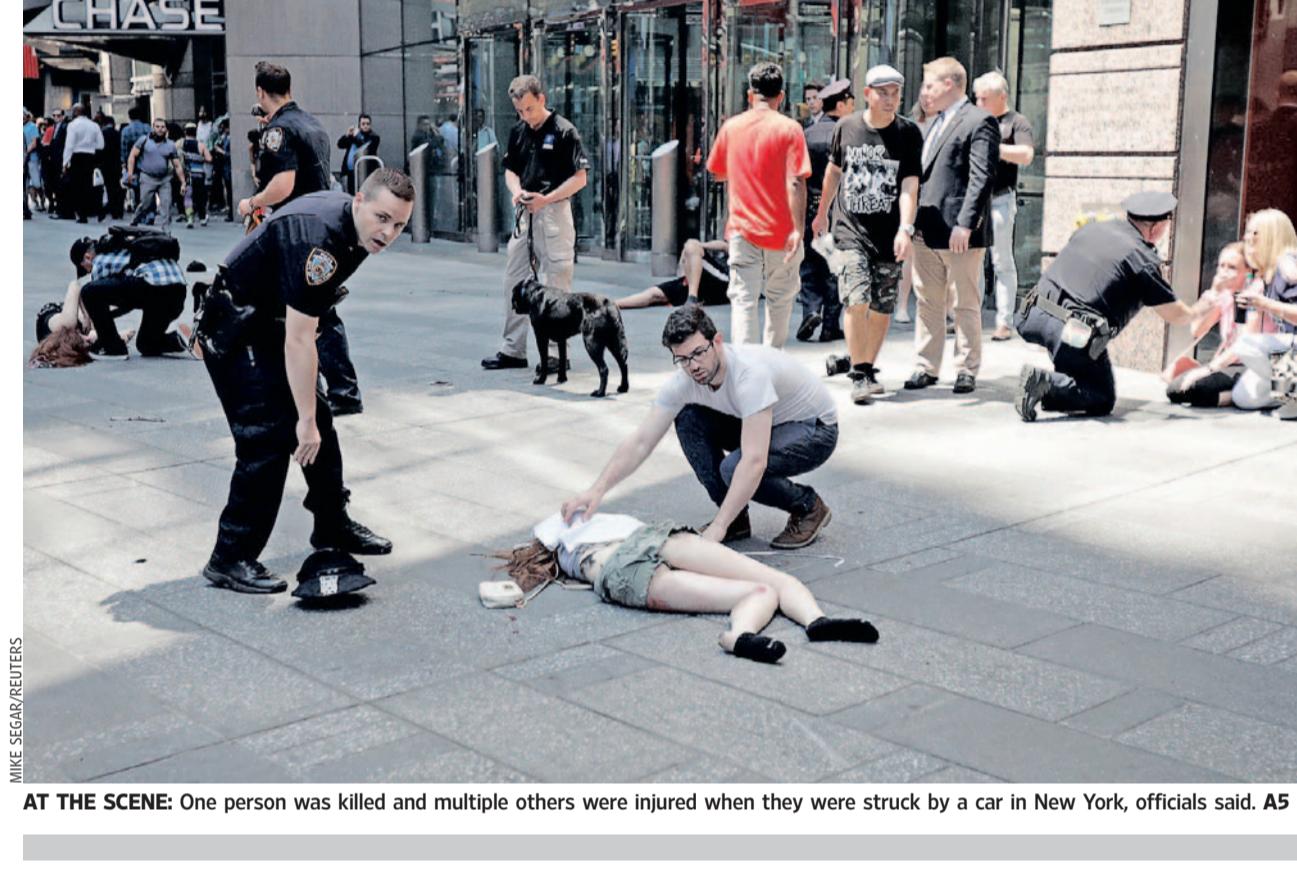
ercises a degree of independence from the normal chain of command."

Mr. Rosenstein was scheduled to appear before the entire Senate in a closed-door session Thursday afternoon to address the status of the Russia inquiry and the circum-

Please see TRUMP page A5

- ◆ President's business contacts requested..... A5
- ◆ Turmoil muted in world markets..... B7

Car Strikes Pedestrians in Deadly Times Square Crash



AT THE SCENE: One person was killed and multiple others were injured when they were struck by a car in New York, officials said. **A5**

HOW A COSTLY DRUG THAT MAY NOT WORK GOT APPROVED

After a firm's drug trial proved inconclusive, parents persuaded the FDA it helped

By SUSAN PULLIAM AND BRODY MULLINS

Jennifer McNary, a stay-at-home mother, was desperate to find a medicine that might spare her two sons an early death from a rare form of muscular dystrophy.

Chris Garabedian, the chief executive of a pharmaceutical firm, was desperate to find a profitable drug that

would reverse his company's slow fall.

They met in June 2012 at a conference on Duchenne muscular dystrophy and joined forces, often behind the scenes and with little public disclosure, in a yearslong mission to push the government to approve a drug to treat DMD, as it is known.

At the time, it wasn't at all clear the firm's drug worked. Faced with govern-

ment skepticism, a consultant to Mr. Garabedian's company helped Ms. McNary and other parents prepare slickly packaged testimony to convince the Food and Drug Administration that the drug was helping their sick children, according to parents, company managers and the consultant.

The company, Sarepta Therapeutics

Please see DRUG page A6

Quirk Helps Banks Meet Income Test

By RACHEL LOUISE ENSIGN AND ANNAMARIA ANDRIOTIS

To any casual observer, the area just south of Trump Tower in Midtown Manhattan is obviously wealthy: The blocks are crowded with skyscrapers, and stores include Versace and Ferrari. Diners can pick at the foie gras and caviar on La Grenouille's \$172 prix-fixe dinner menu.

In the eyes of federal-bank regulators, though, that sliver of New York City is a poor neighborhood where median incomes are relatively low.

The anomaly has yielded a

hidden benefit for banks such as J.P. Morgan Chase & Co. and Wells Fargo & Co. that have crowded branches into the area. Having robust branch representation in supposedly low-income areas gives them a better score on a key regulatory test that can help determine how fast they expand.

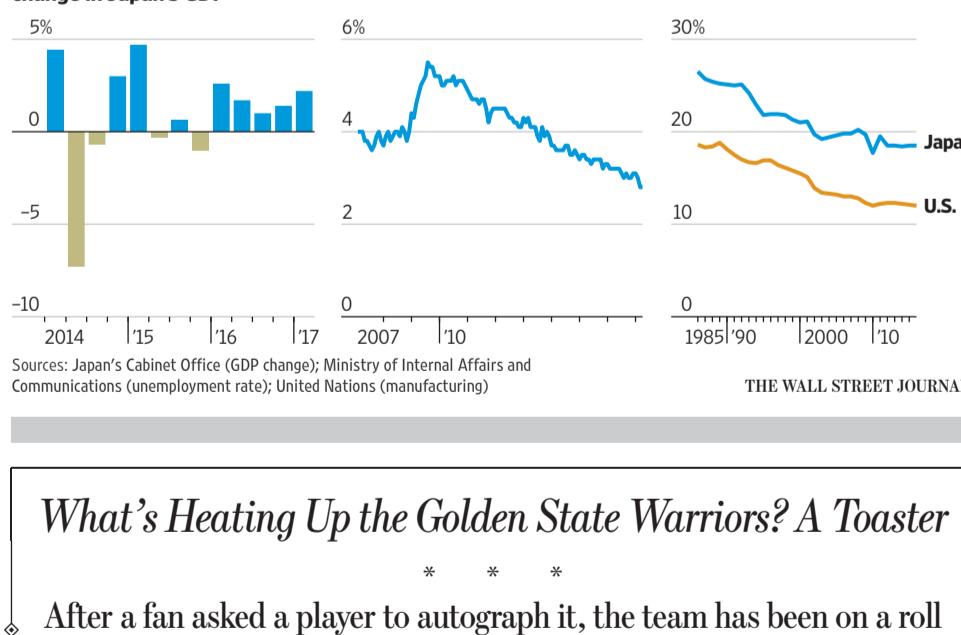
It is all part of the Community Reinvestment Act, a roughly four-decade-old federal law designed to stop lending discrimination in low-income neighborhoods. In recent years, lawmakers and regulators have clashed over the leg-

Please see BRANCH page A2

Sources: Japan's Cabinet Office (GDP change); Ministry of Internal Affairs and Communications (unemployment rate); United Nations (manufacturing)

Japan's Slow Economic Rise

The Japanese economy has grown for five straight quarters and unemployment has been falling for years. One reason is manufacturing, which plays a bigger role than in the U.S. **A4**



THE WALL STREET JOURNAL.

What's Heating Up the Golden State Warriors? A Toaster

* * *

After a fan asked a player to autograph it, the team has been on a roll

By BEN COHEN

OAKLAND, Calif.—Ronnie Reyes unwrapped a Christmas gift from his cousin a few years ago and found something unusual inside: an official Golden State Warriors toaster.

The only problem was that Mr. Reyes didn't need a Warriors toaster. He already had one. A toaster with the NBA team's logo was sitting in the kitchen of his family's home because, as it turned out, Mr. Reyes had bought the same present for his sister the year before.

"What am I going to do with two toasters?" he thought.

It took him several months to come up with a plan, but eventually Mr. Reyes thought of a way to put this second toaster to good use: He started asking the Warriors to autograph it.

He had been collecting signatures for years when he went to a meet-and-greet event in March with Golden State guard Klay Thompson. Mr. Reyes presented him with the toaster. Mr. Thompson stared at the kitchen appliance as if it were an undiscovered species. Mr. Reyes posted a photo of his reaction online that caught fire

and has been seen by millions of people.

But then something else happened: The Warriors started winning and haven't stopped. Their record in their past 26 games is 25-1—

and Mr. Thompson didn't play in the game they lost. They're undefeated with Mr. Thompson in the lineup ever since he signed a toaster.

"That might be the magic toaster," Mr. Thompson said. "You never know."

Mr. Reyes's spare toaster has somehow become a talisman for the team with the best

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INSIDE



EX-FOX NEWS CHIEF AILES DIES AT 77

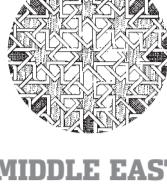
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HOMES ON THE WATER
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WORLD NEWS

Egypt, Saudis Draw Closer Ahead of Trump Trip



MIDDLE EAST CROSSROADS

By Yaroslav Trofimov

CAIRO—In private, Egyptian officials like to complain about arrogant and uncouth Saudis. In Riyadh, there is just as much eye-rolling about the supposedly unreliable and incompetent Egyptians.

Periodically, this tension erupts into open spats. Yet these quarrels only go so far:

no matter the mutual frustration, the Arab world's most populous country and its economic powerhouse simply can't afford not to get along with each other.

The latest such cycle of squabbles followed by reconciliation began in October, when Egypt—alone among Muslim members of the United Nations Security Council—supported a Russia-sponsored resolution on Syria. That angered Saudi Arabia, which backs Syrian rebels targeted by Russian airstrikes.

Tensions finally subsided in recent weeks, as President Donald Trump courted Cairo and Riyadh. The Trump administration is pushing for a new coalition of moderate Arab states hostile to Iran and open to cooperation with Israel that would be anchored on an alliance between Saudi Arabia and Egypt. Mr. Trump is kicking off his first foreign trip as president with this weekend's summit of Arab and Muslim nations convened by King Salman in Riyadh. Egypt's President Abdel Fattah Al Sisi will also attend.

Just a few months ago, Egypt and Saudi Arabia were barely on speaking terms. Saudi Arabia threw a financial lifeline to Mr. Sisi after he overthrew President Mohammed Morsi of the Muslim Brotherhood in 2013. Egypt, however, didn't share Saudi hostility to the Syrian regime and provided only lukewarm support for Saudi Arabia's war against pro-Iranian militias in Yemen. After the U.N. vote, Riyadh indicated its displeasure by withholding subsidized fuel supplies from Egypt.

Then, in January, an Egyptian court blocked a deal under which Mr. Sisi had agreed to transfer two uninhabited Red Sea islands to Saudi control. Saudi officials doubted that the court would have made such a move without Mr.

Saudi Fund Creates Arms-Making Firm

Monarchy aims to decrease dependence on suppliers in the U.S. and elsewhere in the West

RIYADH—Saudi Arabia's sovereign-wealth fund announced the establishment of a state-owned arms manufacturing company, a step intended to spur the growth of an indigenous military industry.

Riyadh, one of the world's biggest defense buyers, wants half of the money it spends on military equipment to go to local companies by 2030, from around 2% at present. The goal is part of the kingdom's efforts to diversify its economy away from oil revenues by developing a domestic industrial base.

The new company, called Saudi Arabian Military Indus-

tries, will focus on manufacturing and repair in four units: aircraft, ground vehicles, weapons and missiles, and defense electronics, the kingdom's Public Investment Fund said. These capabilities will be developed in part through partnerships with foreign defense companies and local firms, it said.

The sovereign-wealth fund, a key engine of Saudi Arabia's plan to transform the economy, expects the creation of SAMI to lead to 40,000 new jobs—a priority for the Saudi government as it struggles to reduce youth unemployment.

The announcement comes ahead of U.S. President Donald Trump's Saturday arrival in the kingdom. The U.S. and Saudi Arabia are expected to announce a package of arms deals to coincide with the visit, Mr. Trump's first outside the U.S. since taking office.

—Margherita Stancati

Sisi's tacit approval, and relations continued to deteriorate until the Egyptian leader and King Salman finally agreed to disagree at an Arab League summit in Jordan in March. Fuel supplies have been restored and Mr. Sisi was welcomed with honors last month in Riyadh.

At a time when Syria, Libya, Yemen and Iraq are consumed by wars, a feud be-

tween Cairo and Riyadh was a luxury that neither country could permit, said Nabil Fahmy, who served as Mr. Sisi's foreign minister in 2013-14.

"There will be points of agreement and points of disagreement but we need to manage them on both sides," said Mr. Fahmy, currently a professor at the American University in Cairo. "There is a

threat of a breakup of the entire Arab nation-state system and that would have tremendous consequences. That's a much larger threat than a difference of opinion on islands."

Mr. Sisi agreed a year ago that the two islands—Tiran and Sanafir, at the mouth of the Straits of Tiran that guard maritime access to Israel's and Jordan's Red Sea ports—belong to Saudi Arabia. Under a 1950 deal, Saudi Arabia allowed Egypt, then a much mightier power, to take control of the islands as part of the confrontation with Israel.

That fact, however, was little known in Egypt—and the surprise decision to transfer the islands sparked rare street protests against Mr. Sisi.

"I don't care whether the islands belong to Egypt or Saudi Arabia, but the way they presented this is wrong. People were shocked. Historically, Egyptians believed this is our land," said former lawmaker Anwar E. Sadat, a nephew of Egypt's late president and a critic of the government.

These protests were fueled by a sense that Egypt, once the Arab world's undisputed leader, has lost that mantle to Saudi Arabia's benefit. While the islands deal is still making its way through the courts and Egypt's Parliament, officials in Cairo suggest the actual handover won't happen soon because Mr. Sisi, amid Egypt's

economic crisis, is loath to spark renewed protests.

In Riyadh, that is a detail that officials prefer not to notice in public. In a rare TV interview this month, the powerful Deputy Crown Prince Mohammed bin Salman said he had no doubt that the island issue will be resolved in time for one of the kingdom's major infrastructure projects—the King Salman Bridge that would link Egypt and Saudi Arabia via the disputed islands—to be started by 2020.

It is only Iran and the Muslim Brotherhood that are trying to provoke a quarrel between Cairo and Riyadh, he added. "Relations with deep roots do not get affected in any way whatsoever," Prince Mohammed said. "In the history between Egypt and Saudi Arabia, the two countries have always stood with each other during all circumstances and during all times and this has not changed."

To what extent that will be the case remains to be seen, as long as the main areas of disagreement remain unresolved, cautioned Abdel Moneim Aboul Fotouh, a moderate Islamist politician who ran for president in Egypt in 2012.

"The reasons behind the dispute still stand," he said, "and so this rapprochement is not built on strong bases."

BRANCH

Continued from Page One
isolation's efficacy.

Proponents of the CRA, many on the left, count it as a bulwark for those struggling to keep up in a financial system that has grown more unequal. Critics, mostly conservative, say the law's implementation encouraged banks to make bad loans that contributed to the financial crisis.

Neighborhoods like the one in Midtown Manhattan could add a new dimension to the debate, even though branch analysis is only one part of regulators' broader CRA evaluations. Its quirky treatment under the CRA is due to the fact that regulators who enforce the act rely on older, sometimes unreliable, Census Bureau data to determine an area's income level.

New York isn't an isolated example. Six of the 10 most popular poor areas for banks to have branches, including the Manhattan tract, are slated to lose that classification when more recent census data go into effect this year, according to regulators and data from ComplianceTech, a fair-lending software company. But bank regulators have been using the older data because they stick to a preset schedule of switching every five years.

In one of these census tracts, a "low income" area in downtown San Francisco, one of the most expensive cities in the country, 53 branches pack into an area that census data indicate has only 1,783 residents. That is 52 more branches than the average poor district in the U.S. has, despite the fact the San Francisco tract has far fewer residents than average.

About 30 miles away in Menlo Park, Calif., a First Republic Bank branch on Facebook Inc.'s corporate campus is classified as lower income because the surrounding areas have lower incomes than the median of the broader area. But the only people with access to the branch are employees and guests of Facebook, which paid an average of \$189,000 in stock-based com-

pensation last year for each employee globally. Facebook and First Republic declined to comment.

In Washington, guests of high-end hotels in the blocks near the White House and elite lobbying firms have 19 branches to choose from, including three Bank of America Corp. locations. All of the branches give the banks credit for serving a lower-income community.

Then there is Manhattan's census tract 102, the bustling Midtown blocks with the most lower-income bank branches per capita in the U.S., according to a Wall Street Journal analysis of data from ComplianceTech's LendingPatterns.com.

Due to a paucity of residential buildings in the area, the district bordered by Park and Fifth avenues, 49th and 56th streets has only 230 residents, or about 10 for each of the 22 bank branches that call the tract home, according to the census data used by banking regulators.

Visitors to the area can stay in the St. Regis Hotel where most rooms cost more than \$1,000 a night or gaze up at the Olympic Tower, a 51-story skyscraper where fashion's Gucci sisters have listed a penthouse for \$35 million. A short walk away: Trump Tower, which is in a higher-income district across 56th Street.

Banks have good reasons besides the CRA to be in such areas. They tend to include commercial districts that are densely populated with office workers who might want to visit a bank on a break. Tract 102 also has many tourists visiting. But the areas often have few residential buildings, one reason that can explain the

For Richer Or Poorer

Banks have built up branches in areas regulators have deemed lower income but that aren't by other measures.

New York

Bank branches per census tract

1 2 3-5 More than 5

No branches



TRACT 102

Income*, regulators' estimate:

\$45,019

Income*, census estimate:

\$111,667

Population: 230

Bank Branches: 22

*Median Family Income

Source: 2016 LendingPatterns.com analysis, WSJ research (maps, branch count)

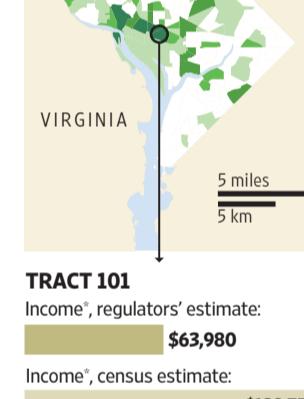
Federal Financial Institutions Examination Council, Census Bureau (Income estimates, population)

Washington

Bank branches per census tract

1 2 3-5 More than 5

No branches



TRACT 101

Income*, regulators' estimate:

\$63,980

Income*, census estimate:

\$138,750

Population: 2,621

Bank Branches: 19

*Median Family Income

Source: 2016 LendingPatterns.com analysis, WSJ research (maps, branch count)

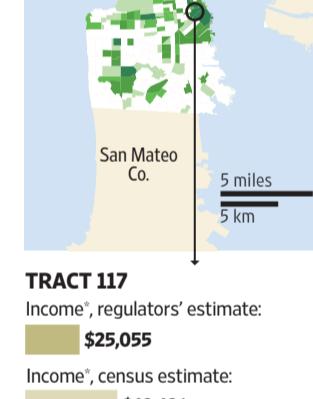
Federal Financial Institutions Examination Council, Census Bureau (Income estimates, population)

San Francisco

Bank branches per census tract

1 2 3-5 More than 5

No branches



TRACT 117

Income*, regulators' estimate:

\$25,055

Income*, census estimate:

\$42,426

Population: 1,783

Bank Branches: 53

*Median Family Income

Source: 2016 LendingPatterns.com analysis, WSJ research (maps, branch count)

Federal Financial Institutions Examination Council, Census Bureau (Income estimates, population)

In New York's tract 102, the bank regulators estimate that median family income is \$45,019, or 62% of the \$72,600 median for the New York City area. That number is pegged to 2010 census data.

But since then, the Census collected new data that boosted the income figure to \$111,667, a bounce that is due in part to the tract's small sample size. In its most recent report, from 2015, the Census bureau couldn't find enough reliable data to give an income estimate.

Bank regulators that oversee CRA, which include the Federal Reserve, the Federal Deposit Insurance Corp. and the Office of the Comptroller of the Currency, have continued to rely on the 2010 data, so the tract remained a lower-income one under the CRA test.

This year, regulators are starting to base their income designations on 2015 census data. The refreshed data, a portion of which was released by regulators earlier this year, will mean six of the 10 lower-income tracts with the most bank branches will no longer merit those designations.

As for Manhattan's tract 102, only about 30 households submitted data for the latest census survey.

It isn't clear if they included the nine priests who live in the district at St. Patrick's Cathedral—with incomes of around \$30,000 apiece—or any residents of Olympic Tower, where a doorman laughed at the question of whether the building had low-income residents.

THE WALL STREET JOURNAL.
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Hong Kong
Tel: 852 2573 7121 Fax 852 2834 5291

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Sales: Hong Kong: 852-2831 2504; Singapore: 65-6415 4300; Tokyo: 81-3 269-2701;
Frankfurt: 49 69 29725390; London: 44 207 842 9600; Paris: 33 1 40 17 17 01; New York:
1-212 659 2176.
Or email: MarkRogers@wsj.com

Printers: Hong Kong: Euro Linited, 2/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, Hong Kong; Indonesia: PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270; Japan: The Mainichi Newspapers Co., Ltd, 1-1 Hitotsubashi, Chiyoda-ku, Tokyo, 100-8051; Korea: JoongAng Ilbo, 100 Seomsom-ro, Jung-gu, Seoul, 100-814; Publisher: Song, Pil-Ho; Malaysia: Basarni Cetak (M) Sdn Bhd, Lot 2, Jalan Sepana 15/3, Off Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor, Malaysia; Singapore: Singapore Press Holdings Limited, 62 Gelingting Lane Media Centre Singapore 34957

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USPS 337-350; ISSN 0377-9920

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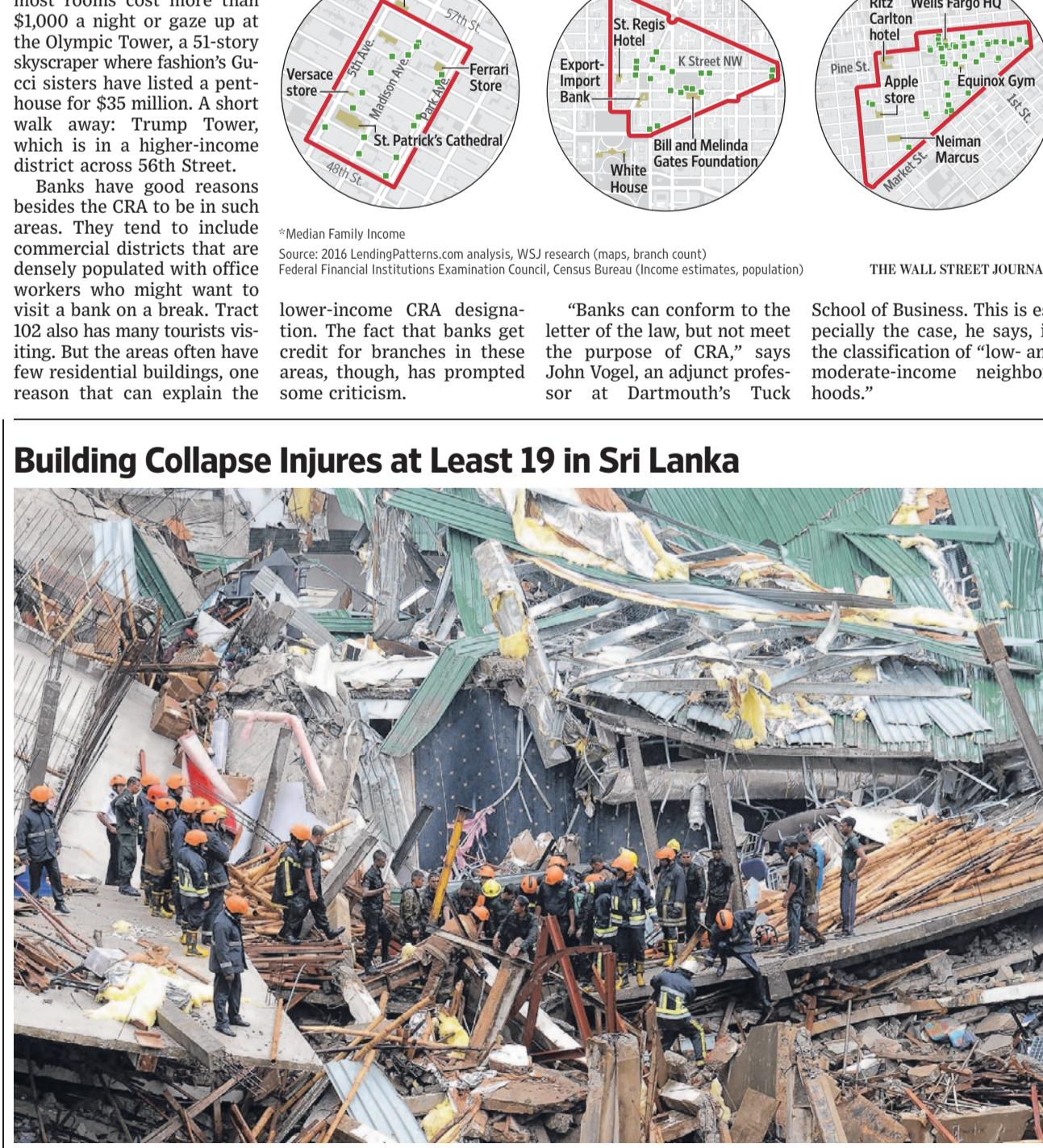
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Building Collapse Injures at Least 19 in Sri Lanka



WORLD NEWS

NATO Weighs Stronger Atlantic Presence

Bloc considers reviving Cold War-era command to counter Russian submarine activity in Arctic seas

BY JULIAN E. BARNES

BRUSSELS—The North Atlantic Treaty Organization is considering reviving a Cold War naval command to counter Moscow's increased submarine activity in the Arctic and protect Atlantic sea lanes in the event of a conflict, allied diplomats and officials briefed on the planning work said.

Discussions about bringing back NATO's old Atlantic Command indicate that the alliance remains focused on improving allied defenses against a resurgent Russia despite the Trump administration's demand for a greater focus on counterterrorism.

Top military officers from NATO nations, including the chairman of the Joint Chiefs, U.S. Marine Gen. Joseph Dunford, gathered in Brussels this week received a briefing on a review of the command structure, including options for the Atlantic post.

Military planners and de-

fense experts warn that Russia's submarine fleet is increasingly able to operate in the Arctic and North Atlantic without detection, as NATO's ability to monitor its activities have declined since the Cold War.

Developing strategies to protect Atlantic sea lanes has risen in importance amid an alliance resurrection of Cold War plans for moving heavy military equipment rapidly from the U.S. to Europe in case of a confrontation with Russia.

If that were to happen, military planners and defense experts believe Russia's submarine fleet could complicate protecting U.S. convoys.

Researchers from the Center for a New American Security, a Washington-based think tank, recently briefed NATO Secretary-General Jens Stoltenberg on military challenges in the Arctic and Atlantic. They laid out results of war-game simulation in which Russian subs interrupt an alliance military exercise, attack a U.S. military transport ship, and cut an undersea cable between Iceland and Canada, interrupting global communications.

An allied command focused on those issues, NATO officials briefed on the review said, could help create war plans to overcome challenges and prod allies to make crucial investments in surveillance planes, ships and other military hardware.

Czech Army Gen. Petr Pavel, the chairman of NATO's military committee who is leading the review, said new challenges, like Russia's use of so-called hybrid or nontradition-



Russia's Yury Dolgoruky nuclear ballistic-missile submarine arrives at the base of its northern fleet.

LEV FEDOSENKO/TASS/ZUMA PRESS

tional military tactics, as well as separate rising terrorism threats, necessitate the review. He declined to discuss details.

"We have to assess potential threats from any direction, including the North Atlantic, including the Arctic," Gen. Pavel said.

From 1952 to 2003, NATO had a Supreme Allied Com-

mander, Atlantic, usually an admiral, with headquarters in Norfolk, Va., who focused on plans to ship war materiel to Europe from the U.S.

NATO aims to complete its command structure review by February. Before then, alliance diplomats must hash out delicate political questions about what NATO member would

lead the command, the precise responsibilities and where it would be located.

The deployment of a new 4,500-strong NATO force to the Baltic Sea region has increased the need to ensure the allies have the freedom to use the Atlantic Ocean to reinforce the forward-positioned troops, an alliance official said.

The U.S. has allocated money to modernize Iceland's Keflavik Air Station. But Jerry Hendrix, a defense fellow at CNAS, said more allied resources including patrol boats, submarines and additional aircraft are needed for the Atlantic and Arctic.

If Russian subs can slip past Iceland undetected, they are able to hide easily and threaten U.S. reinforcements of European allies. Currently, in the event of a conflict with Moscow, allies would likely have to choose between escorting convoys carrying supplies to Europe or hunting Russian subs, said Mr. Hendrix, a retired Naval officer. If the U.S. can't move equipment to Europe, he said, the alliance will be weakened.

"It's important to patrol those waters," Mr. Hendrix said. "Once they get past Iceland it is like finding a needle in a haystack."

Forward Together



Alliance Is Likely To Join ISIS Fight

BY JULIAN E. BARNES

BRUSSELS—The North Atlantic Treaty Organization is likely to formally join the coalition against Islamic State at a meeting of the top alliance leaders next week, officials said.

NATO Secretary-General Jens Stoltenberg on Thursday said the move is under discussion. But he highlighted the advantage of NATO joining the coalition, a shift in tone that officials said was a sign of emerging consensus within the alliance.

"Allies who are arguing in favor are pointing to the fact that by joining the coalition NATO could send a clear message of political support," Mr. Stoltenberg told reporters, ahead of a meeting with European Union defense ministers.

NATO joining the coalition is largely a formality. All NATO countries are also members of the broader U.S.-led coalition against Islamic State. Mr. Stoltenberg said it is difficult to make a distinction between the NATO organization and NATO members.

France, Germany and other allies have voiced skepticism about NATO joining the coalition effort. Some allies fear it could open up NATO to take a combat role or put more of the cost of the coalition effort on the alliance. Others have said it would marginalize Arab nation's contributions to the fight.

NATO diplomats have until Friday to voice objections to the move. Top NATO military officers on Wednesday endorsed the move.

"Having NATO as a member of the defeat-ISIS coalition puts them at the table when we have discussions, and opens up information and intelligence sharing," U.S. Marine Gen. Joe Dunford, the chairman of the Joint Chiefs of Staff, said after attending a NATO meeting in Brussels.

Top NATO leaders, including U.S. President Donald Trump, will gather Thursday in Brussels to discuss the alliance's counterterrorism work and efforts to boost European military spending.

Alliance officials said while it is likely NATO will join the coalition, it isn't clear if leaders will agree on specific steps the alliance could take to expand its support for the fight against Islamic State.

While NATO formally joining the coalition is a simple move, there are various issues that complicate matters.

Mr. Stoltenberg noted that joining the coalition wouldn't involve the alliance directly targeting Islamic State militants.

"The important thing is that NATO is not engaged in combat operations," Mr. Stoltenberg said.

U.K. Prime Minister Theresa May announced her Conservative Party's election manifesto in Halifax, West Yorkshire, on Thursday, ahead of the June 8 vote.

U.K. Conservatives Soften Tone on Brexit

BY JASON DOUGLAS

LONDON—The U.K.'s governing Conservative Party opened the way to some financial settlement with the European Union after Brexit, appearing to soften its stance on a likely early sticking point in coming negotiations, as it published its manifesto for a national election on June 8.

The party, which opinion polls suggest will win the election with an increased majority, confirmed it intended to extract Britain from the bloc's customs union as well as its single market for goods and services.

The manifesto reiterated

Prime Minister Theresa May's hard-line stance that Britain is prepared to walk away from talks if it can't reach a satisfactory deal in the talks. "We continue to believe that no deal is better than a bad deal," it said.

Analysts said including these and other commitments in the election manifesto could help Mrs. May overcome any lingering parliamentary resistance if she wins a comfortable majority. A parliamentary convention means the unelected House of Lords—a majority of whom have strong qualms about exiting the EU—don't normally oppose manifesto pledges.

"This suggests that May has an eye on the parliamentary battles that could lie ahead if the talks collapse," said Mujtaba Rahman, head of Europe at risk consultancy Eurasia Group.

The manifesto said Britain will agree to a "fair settlement" to honor past commitments to the EU budget not yet paid, but stressed "the days of making vast annual contributions to the European Union are over." That paves the way for a deal on money that had threatened to upset the early stage of talks.

Some European officials estimate the bill for Brexit could be as high as €100 billion

(\$112 billion), payable over a number of years, though British ministers say they won't pay anywhere near as much.

Mrs. May had previously signaled her plan to leave the single market—the EU's zone of common regulation of goods and services—but had hinted at a departure from the customs union, which places a common set of tariffs on products coming into the bloc. The U.K. is expected formally to withdraw from the EU in early 2019.

In a speech launching the Conservatives' policy proposals, Mrs. May described Brexit as "a chance to step back and ask ourselves what kind of country

we want to build together."

She also said the U.K. wants negotiations on the terms of withdrawal and a future free-trade accord to happen in parallel during the two-year window for talks—a British demand European leaders have resisted.

Opinion polls show a commanding lead for the Conservatives. A poll of 1,861 adults published Thursday by YouGov PLC put support for the ruling party at 33% and the main opposition Labour Party at 25%. Under Britain's winner-takes-all electoral system, such a win could translate into a large majority of seats in Parliament.

U.S. Moves to Start Talks on Overhauling Nafta

BY WILLIAM MAULDIN AND JACOB M. SCHLESINGER

WASHINGTON—The Trump administration informed U.S. lawmakers that it intends to launch formal negotiations on overhauling the North American Free Trade Agreement, a big bet by President Donald Trump that he can win concessions from Canada and Mexico, and push a deal through Congress.

Mr. Trump, who called the trade deal a "disaster" on the campaign trail, threatened to pull the U.S. out of Nafta as recently as April and is seeking to bring maximum negotiating leverage to the talks.

"Today, President Trump is fulfilling one of his key promises to the American people," U.S. Trade Representative Robert Lighthizer told reporters on Thursday.

In a letter to congressional leaders, Mr. Lighthizer said the administration will start talks with Canada and Mexico as soon as 90 days from Thursday, in line with congressional rules on negotiating trade deals subject to expedited consideration by lawmakers.

Still, Canada and Mexico have only limited room to make deep concessions to

Washington, given their own domestic political situations. Mr. Lighthizer said he hopes to wrap up negotiations by the end of the year, a key goal for officials worried Mexico's presidential election next year could weigh on the talks.

Mr. Trump was elected in part with a message of regaining American manufacturing jobs, and Mr. Lighthizer said manufacturing will be a key focus of the talks.

"Sectors such as manufacturing, particularly with re-

gard to Mexico, have fallen behind him," he said.

"Nafta was negotiated 25 years ago, and while our economy and businesses have changed considerably over that period, Nafta has not," Mr. Lighthizer wrote in the letter.

Many economists and trade experts say it will be hard to structure a trade deal that brings back labor-intensive manufacturing jobs, especially when wages are so much lower south of the border. Labor

standards, included as an annex to the original Nafta deal as implemented in 1994, will be front and center in this year's talks, Mr. Lighthizer said.

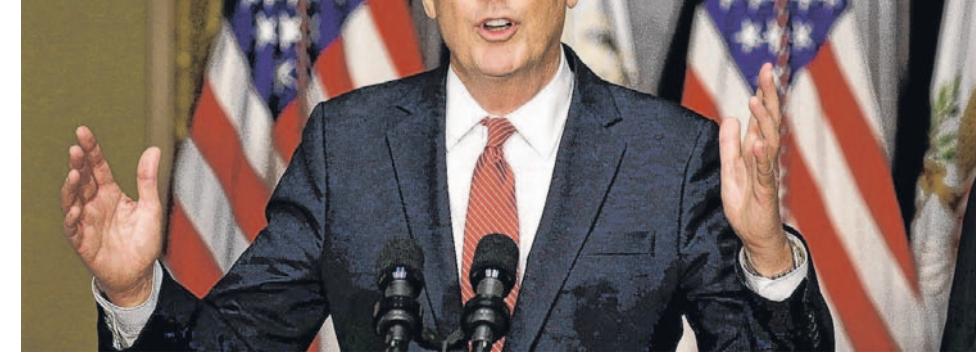
Mr. Lighthizer's assertion that Nafta has been bad for American manufacturers will be hotly contested by the American business community, which has argued that the pact has done a lot to sustain some U.S. factories by creating more efficient continental supply chains that allowed U.S. companies to better compete globally.

Mr. Lighthizer didn't mention the supply chains in his comments on Thursday, but the Business Roundtable, a trade association of large U.S. companies, stressed it in its own letter released Thursday morning outlining its goals for the renegotiation.

"The planned negotiations should not weaken or undermine Nafta given its many benefits for the United States," the letter said. "We think it is very important to...not disrupt supply chains that have been built up and greatly benefit U.S. businesses, workers and consumers over the last two decades."

In Canada, officials have repeatedly said they stand ready to begin formal talks on Nafta, with the aim of making improvements to the pact. Canada has much at stake in renegotiations, as three-quarters of all Canadian exports—or the equivalent of 20% of its total economic output—are U.S. bound.

Mexican officials sent notice to lawmakers months ago that they are ready to begin talks. Mexico has the most at stake in any renegotiation, since exports account for more than a third of its economy, and 90% of its exports are manufactured goods, mostly sent to the U.S.



U.S. Trade Representative Robert Lighthizer said manufacturing will be a key part of discussions.

KEVIN LAMARQUE/REUTERS

WORLD NEWS

Japan Manufacturers Drive Growth Run

Strong exports contribute to rising GDP, setting the U.S. an example to match

By YOKO KUBOTA

TOKYO—Japan's longest growth streak in more than a decade is partly the result of a strength U.S. President Donald Trump would like to emulate: a robust manufacturing base that is shipping to overseas markets such as China.

The government said on Thursday that an 8.9% rise in exports helped the economy grow at an annualized 2.2% in the first quarter, marking the fifth straight quarter of expansion. That run, the longest since 2006, signals that the radical economic-stimulus program introduced by Prime Minister Shinzo Abe more than four years ago—known as Abenomics—may finally be turning a corner.

To be sure, all isn't rosy. Workers have seen little improvement to their paychecks as cautious companies curb raises. And Japan's declining population, inflexible labor laws, strict caps on immigration and an uncertain global outlook also suggest major risks for the economy.

Still, Japan now looks poised for steady, modest growth after a decadeslong period of stagnation. Strong demand for high-tech products like smartphones is buoying Japanese companies that supply the guts of the devices, even if their names no longer grace their packages.

Driving the recovery are companies like Fuji Techno



Workers operate metal-drilling equipment at Fuji Techno Machine, a family-owned parts maker in Tokyo that employs six people.

Machine Co., a maker of metal components used in machines that in part make displays for the next version of Apple Inc.'s iPhone and semiconductors. The family-owned business operates out of a small green hangar in southern Tokyo, its air filled with metal-drilling sounds and lubricant odor.

The chief, Hajime Iimuro, regularly pays overtime to his six workers, unable to find another worker in an environment of 2.8% unemployment.

"It's gradually been getting busier and busier," he said.

Fuji Techno Machine is one of the some 490,000 manufac-

turers in Japan serving as the backbone of the world's third-biggest economy after the U.S. and China. From small suppliers to major companies, many of them are winning in export markets.

One of the fastest-growing is China, where factories assemble the parts crafted by Japanese machines. And a weaker Japanese currency under Mr. Abe is lifting competitiveness.

That playbook may sound familiar to Mr. Trump, who built his "America first" presidential campaign around a promise to bring manufacturing jobs back home. Mr.

Trump has pledged to tax Chinese imports and has suggested the U.S. needs a weaker dollar to compete better in places like China.

The U.S. lost millions of such jobs to lower-wage countries, especially to China after it joined the World Trade Organization in 2001. Manufacturing now accounts for about one-eighth of the U.S. economy, compared with nearly one-fifth in Japan. While the same forces have affected Japan, its manufacturers have done better at securing spots in the supply chain that China can't easily replace, especially

in finely crafted parts such as Mr. Iimuro's that require skilled labor.

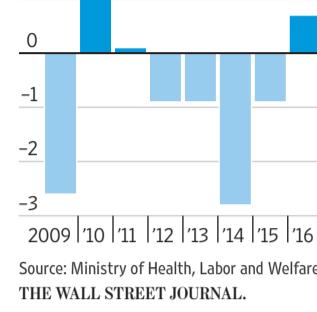
Another example, Tokyo Electron Ltd., which makes equipment used by chip makers, is building a new tower at its plant in northern Japan so it can store more components to speed up production. Murata Manufacturing Co. says its plants are running full tilt to make capacitors used in smartphones and cars.

A survey of 616 manufacturers by SMBC Nikko Securities found their operating profit in the January-March quarter rose nearly 20% com-

Worried Workers

Real wages in Japan—what paychecks are worth after inflation—have risen in only three of the past eight years.

Real wages, change from a year earlier



Source: Ministry of Health, Labor and Welfare THE WALL STREET JOURNAL.

pared with a year earlier, helping drive the Nikkei Stock Average near a 17-month high.

Mr. Abe took office in December 2012 vowing to reverse decades of stagnation with bold monetary easing and fiscal expansion. The effort hit a setback in 2014, when Mr. Abe went through with a tax increase approved under the previous government.

More recently, ultralow interest rates set by the Bank of Japan have finally begun to boost lending at home, while the lower yen has fueled a tourism boom that helps hotels and airlines. Economists say global demand for internet-linked devices and an upswing in China are driving Japanese exports.

Still, as Mr. Abe acknowledged, his revival plan has fallen short in a crucial area: wages. They are barely growing because companies are cautious about handing over their rising profits to workers.

Fraud Inquiry Touches Australian Tax Officer

By ROB TAYLOR

U.S.

Michael Cranston, 58 years old, was issued a court summons after his son and daughter, Adam and Lauren Cranston, and seven other people were arrested and accused of being involved in a syndicate to defraud the government, police said. Police said tax-of-

fice investigators had estimated the amount of tax obligations not paid to be about 165 million Australian dollars (US\$123 million).

Lawyers for Lauren and Adam Cranston couldn't be contacted.

In addition to Michael Cranston, a small number of other tax-office employees have been suspended, said Australia's acting taxation commissioner, Andrew Mills, after computerized tax records related to the alleged fraud were accessed without authorization.

"The investigation has so far not revealed any evidence of actual intervention or influence on audit cases, or of money being refunded, or of tax liability being changed," Mr. Mills said. "The information I have to date shows no compromise of the operations of our administration."

Six people, including Lauren and Adam Cranston, 24 and 30 years old, respectively, were charged with conspiracy to defraud the government. An additional three people were charged with a variety of offenses in connection with money laundering and extortion.

The group led lavish lifestyles, investigators said, buying 18 properties, two aircraft and expensive motor vehicles, as well as accumulating A\$15 million in cash. Police deputy operations commissioner Leanne Close said police and tax agents also seized firearms, jewelry, artwork and vintage wines from syndicate members.



Two of Michael Cranston's adult children are accused of scheme.

FRANCE

Macron Appoints Economy Minister

President Emmanuel Macron named Bruno Le Maire, a moderate from the conservative Les Républicains party, as his economy minister, giving another top post to a right-leaning member of France's political establishment.

The appointment came two days after he named Le Havre Mayor Édouard Philippe, also a member of Les Républicains, as his prime minister.

Mr. Macron appointed Jean-Yves Le Drian, the current French defense minister and a member of the Socialist Party, as his foreign minister, opting for continuity in international affairs at a time when France is involved in conflicts in Syria and Ukraine.

The appointments show Mr. Macron continuing his outreach to

conservatives ahead of next month's legislative elections. Support from members of Les Républicains is likely to be key to allowing Mr. Macron to push his agenda through the National Assembly.

Mr. Macron's new party, La République En Marche, has announced 522 candidates to run for the 577 seats up for grabs in the June 11 legislative elections. While a number of Socialist lawmakers have agreed to join the party, members of Les Républicains have not signed up. If his party doesn't win an absolute majority, Mr. Macron will need backing from socialists and conservatives to control the assembly.

The appointment gives Mr. Le Maire a key role leading Mr. Macron's efforts to shake up the tightly regulated economy. A former agriculture minister, Mr. Le Maire will have a broad role in industry and government' finances.

—Matthew Dalton

SYRIA

Islamic State Attacks Mainly Shiite Towns

Islamic State attacked several government-held villages in central Syria, capturing at least one of them in violence that left 52 people dead, including more than two dozen women and children, some of whom were beheaded, as well as Syrian troops, state media, medical officials and an opposition monitoring group said.

The attack in central Hama province targeted villages where most residents belong to the Ismaili branch of Shiite Islam, raising fears the extremists might massacre them, as they have in other minority communities in Syria and Iraq.

The villages are located near the town of Salamiyah and the highway that links the capital, Damascus, to the northern city

of Aleppo, but state media said traffic wasn't affected.

The attacks come as Syrian government forces are on the offensive against the extremists in other parts of the country, mostly in the northern province of Aleppo and the central Homs region and to the east. U.S.-backed and Kurdish-led forces are meanwhile marching toward the extremists' de facto capital of Raqqqa, in northern Syria.

State news agency SANA said militants were able to storm homes in the southern part of the Aqraeb al-Safi village, adding that government forces repelled them, pushing them back toward the desert.

The head of the National Hospital in Salamiyah, Dr. Noufal Safar, said the hospital received 52 bodies, including 11 women and 17 children. He said some of them were beheaded and others had their limbs amputated.

—Associated Press

TOAST

Continued from Page One record in the NBA.

At the end of March, when the team's winning streak was nine games, Mr. Reyes was invited on 95.7 The Game, a sports-radio station in the Bay Area. He was treated like royalty. "This toaster has become quite important to all Warrior fans," said Joe Fortenbaugh, one of the show's co-hosts.

"Are you protecting this thing? Do you need Secret Service?"

At the end of April, as the winning streak reached 19 games, Mr. Reyes risked a public appearance to attend the opening of a Warriors team store. He wanted Golden State broadcaster Jim Barnett's autograph on the toaster. But first he was approached by his own fans. They wanted selfies with his toaster.

"I've never experienced that before," said Mr. Reyes, a 23-year-old insurance salesman. "I felt like a local celebrity. Which I feel like I am. But only if I have the toaster."

At the beginning of May, when the playoffs had begun and the winning streak hit 23 games, Mr. Reyes walked into a family party and was serenaded by chants of "Toaster! Toaster! Toaster!" His sister, Rhenell Reyes, a ballroom-dancing instructor, said their relatives bombarded Mr. Reyes with questions about the big development in his life.

"The only thing they asked him was: 'How's the toaster?'" she said.

But not everyone has been so reverent. Mr. Reyes says he

called Oracle Arena security and was informed that toasters were banned from the stadium. He tried to explain this wasn't a toaster but the toaster. It still wasn't allowed. "Why not?" he said.

The arena says it prohibits "any item deemed by management to be dangerous, inappropriate or disruptive."

He showed up at a recent game with a sign instead.

"THEY WOULDN'T LET ME BRING THE TOASTER IN!" it said.

Mr. Reyes had owned two

Warriors toasters for years before anyone outside his immediate family was interested. The second one came from his cousin, Jizel Encarnacion, who drew his name in a holiday gift exchange. It was between the toaster and some underwear, she said. She chose the toaster.

The toaster is officially a ProToast elite toaster that retails for \$39.99 in the NBA's online store. This particular model has been discounted to \$19.99—but it is now sold out. A spokeswoman for the league said it was restocking Warriors

toasters this summer with inventory from another brand.

Mr. Reyes says his unsigned Warriors toaster isn't the most practical household item.

"It burns the logo on the bread," he said. "It doesn't really do a good job of toasting in general."

Ms. Reyes rarely uses it even when she makes toast.

"We have a real toaster," she said.

But it was too late to return by the time Mr. Reyes bothered looking at his receipt after the holidays. Not long afterward, he was about to leave for a signing with David Lee, a former Warriors star who now plays for the San Antonio Spurs, when he realized he didn't have any memorabilia to bring. So he brought his Warriors toaster.

Mr. Reyes says Mr. Lee reacted to the unlikely autograph request in a way he still remembers: "Is that a Warriors toaster, bro?"

Mr. Thompson also had no idea Warriors toasters existed—which explains his confusion when he was asked to



Ronnie Reyes asked Warriors guard Klay Thompson to sign a toaster.

sign one. Because of what happened next, though, he believes as much as anyone in the power of the toaster.

"That guy," Mr. Thompson said of Mr. Reyes, "is responsible for 25 out of 26 wins."

Warriors president of basketball operations Bob Myers added: "We support Klay in all his endeavors."

Mr. Reyes's ultimate ambition is a toaster with autographs from every Warriors player. Some of them might find its intended purpose more useful. "I don't have a toaster in my house," said Golden State guard Ian Clark.

The lucky toaster is being kept in Mr. Reyes's bedroom—in its original box—while he looks for a worthy display case. He breaks it out in case of emergencies. He fetched it when the Warriors were down by more than 20 points to the Spurs in March. The Warriors rallied to win. And he rubbed the toaster while watching on TV at home when the Warriors were down by more than 20 points to the Spurs this past Sunday. The Warriors rallied to win again.

"Shoot, let's keep it going, you know?" Mr. Thompson said.

Mr. Reyes has been swept away by the attention as the Warriors have kept it going, while his cousin is content knowing her present was a bigger success than she ever imagined. But she admits she's also slightly jealous.

"I've spent my life trying to go viral," said Ms. Encarnacion, a 21-year-old college student, "and all of a sudden this toaster I got him became famous."

U.S. NEWS

Budget Fight Slows GOP Tax Overhaul

Intraphy party battles over deficits, entitlements and military spending are delaying effort

By RICHARD RUBIN
AND KATE DAVIDSON

WASHINGTON—To advance a tax overhaul this year, congressional Republicans first must clear a tricky hurdle: They need to agree on a budget.

In many years, budget resolutions are superfluous or impossible because the House and Senate are controlled by different parties. In fact, in eight of the past 15 years, Congress didn't even complete one.

This year that isn't an option if Republicans want to advance their ambitious fiscal agenda. Yet even though they control both houses, an array of challenges stand in their way, including intense intraphy party fighting over priorities including deficit reduction, restraining entitlement costs and increasing military spending.

"It's going to be tough," said Mick Mulvaney, the White House budget director and a former House member. "It's tough every single year."

The budget-writing process

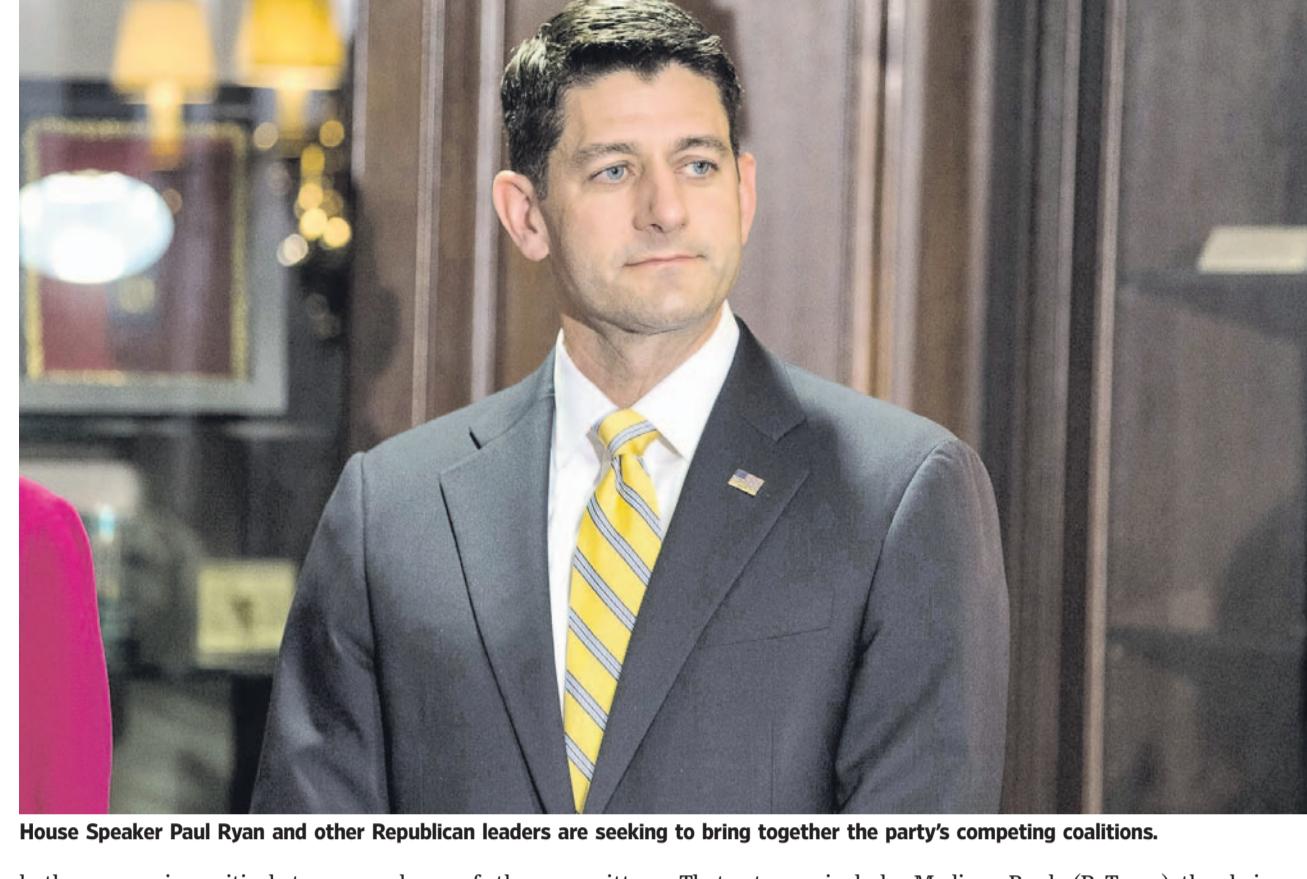
starts in earnest next week when President Donald Trump releases the details of his own budget plans, including economic projections and spending plans for entitlements and federal agencies.

House and Senate budget committees will follow with their own proposals, likely after Congress returns from its Memorial Day recess. Then the full House and Senate will have to vote and resolve any differences. Mr. Trump doesn't need to sign the resolution.

Congressional budget resolutions serve as blueprints that lawmakers use to set spending levels for the coming fiscal year. Congress then uses the blueprint to write specific spending bills for agencies that go to the president for sign-off. In some past years, Congress has passed spending bills without the broader blueprint.

The budget resolution for fiscal 2018 is critically important because, according to the complex rules of federal budget writing, it opens the way for a process, called reconciliation, that allows certain tax and spending laws to pass the Senate on a simple majority vote.

Getting a budget resolution that the House and Senate



House Speaker Paul Ryan and other Republican leaders are seeking to bring together the party's competing coalitions.

both agree on is a critical step because Democrats are unlikely to support a Republican tax overhaul.

The challenge with this resolution: Republican Party fissures and competing coalitions among tax reducers, spending cutters, defense hawks and budget balancers leave GOP leaders with little room for error as they try to forge a budget plan for 2018.

"Am I confident?" said Rep. Mario Diaz-Balart (R., Fla.), a Budget Committee member. "I'm confident that it's a very difficult task. That I do know. And I'm confident that clearly both the chairwoman and the

members of the committee and I think the Republican leadership want to get it done, but I just know that this is going to be a very, very difficult task."

The House plan will balance by the end of the 10-year budget window, a GOP aide said. The House budget is likely to include, as it has before, cost-saving changes to Medicare that would turn it into a program with government subsidies to purchase private, fee-for-service insurance through an insurance exchange.

Republicans may also propose changes to other so-called mandatory programs.

That category includes Medicaid, federal workers' retirement programs, student loans and food stamps.

"Until you can bend that curve on mandatory spending, we'll never be able to pass a budget to do what's necessary for defense and all the rest of it," said Rep. Mac Thornberry (R., Texas), chairman of the House Armed Services Committee.

The budget will also set the parameters of the tax plan, including the yardstick for measuring tax changes and the maximum size of any tax cut.

House Speaker Paul Ryan (R., Wis.) and Rep. Kevin

Brady (R., Texas), the chairman of the House Ways and Means Committee, both want what is known as a revenue-neutral tax bill, after assuming the tax cuts can cause economic growth.

But other Republicans—including, at times, the Trump administration—want a tax cut that reduces revenue on net. That could mean a temporary tax cut so the bill complies with reconciliation rules that forbid such bills from expanding budget deficits in years beyond the period specified in the budget, typically 10 years.

—Nick Timiraos contributed to this article.

President's Business Contacts Requested

By KATE DAVIDSON

WASHINGTON—Treasury Secretary Steven Mnuchin said he would review a request by Senate Democrats to provide a complete list of all business contacts of President Donald Trump at a hearing on Capitol Hill.

Sen. Sherrod Brown (D., Ohio), the top Democrat on the Senate Banking Committee, pressed Mr. Mnuchin on Thursday to commit to turning over details of the president's "financial entanglements," which he requested in a March 2 letter to the secretary, adding that Americans are troubled by those business connections.

"That's not an academic or political science exercise," he said. "It's about the national security of this country."

The hearing was Mr. Mnuchin's first time testifying on Capitol Hill since his confirmation hearing in January. But his appearance was largely overshadowed by growing political scandals at the White House that threaten to derail the GOP's legislative agenda.

Mr. Brown also warned Mr. Mnuchin about the importance of administration officials telling the truth, and said members of the committee felt compelled this week to ask several candidates for high-level Treasury jobs whether they would put the law and Constitution above loyalty to the president.

Mr. Mnuchin also told lawmakers Thursday he could support a continuing role for the federal government back-stopping mortgage-finance giants Fannie Mae and Freddie Mac, as long as any explicit guarantee of the companies is "paid for" with fees and "would hopefully never be hit."

Mr. Mnuchin also defended the administration's goal of achieving sustainable economic growth of 3% or higher as reachable "if we make historic reforms to both taxes and regulation."

He reiterated the Trump administration's goal to provide "meaningful relief" for middle-class Americans through an overhaul of the U.S. tax code, and said any plan "should be paid for" by economic growth.

—Andrew Ackerman and Ryan Tracy contributed to this article.



Ex-FBI Director Robert Mueller, pictured in 2013, was appointed special counsel to lead the Russia probe.

TRUMP

Continued from Page One

stances surrounding Mr. Trump's decision to fire James Comey as FBI director last week. Mr. Comey had been spearheading the Russia investigation.

Mr. Rosenstein was scheduled to brief the House of Representatives, also behind closed doors, on Friday morning.

When Mr. Rosenstein named Mr. Mueller late Wednesday as special counsel to oversee the inquiry, he was met largely with praise from lawmakers on both sides of the aisle.

Still, Mr. Rosenstein is ex-

pected to face hard-hitting queries about Mr. Comey's firing. He is expected to be asked about memos Mr. Comey wrote accusing Mr. Trump of asking him to back off an investigation into former national security adviser Michael Flynn.

Mr. Flynn resigned under pressure in February after giving conflicting statements about his communications with the Russian ambassador. Mr. Trump has denied asking Mr. Comey to back off the probe into Mr. Flynn.

The Justice Department has declined to comment on whether Mr. Rosenstein knew about the memos that Mr. Comey purportedly wrote before Mr. Rosenstein wrote a memo to the president criti-

cizing Mr. Comey's leadership at the FBI. Mr. Rosenstein's memo about Mr. Comey was initially cited by the White House as the basis for Mr. Comey's dismissal; the president later said he had already decided to fire Mr. Comey.

Mr. Rosenstein's appointment of a special counsel, an unusual step, marks a significant new phase in the high-stakes investigation into Russia's role in last year's election, which has swept up the Trump administration and distracted lawmakers from their policy agenda.

During former President Bill Clinton's time in office, Independent Counsel Kenneth Starr led a broad inquiry into alleged misconduct by the Democratic president, begin-

ning with a probe into allegations of wrongdoing in the Whitewater real-estate deal and culminating in Mr. Clinton's impeachment in connection with his affair with White House intern Monica Lewinsky.

During the tenure of former President Barack Obama, also a Democrat, neither a special prosecutor nor an independent counsel was appointed to investigate the White House.

Mr. Trump's tweet Thursday morning echoed a statement he made the day before, suggesting he is in the crosshairs of an unprecedented witch hunt.

At a graduation ceremony at the U.S. Coast Guard Academy Wednesday, the president said he believed he was being treated poorly over the questions surrounding his conversations with Mr. Comey.

"Look at the way I've been treated lately, especially by the media," Mr. Trump said Wednesday. "No politician in history has been treated more unfairly."

As Mr. Trump prepared to depart for the first foreign trip of his presidency, he has been dogged by one controversy after another.

News reports earlier this week suggested Mr. Trump shared sensitive counterterrorism intelligence material in an Oval Office meeting with Russian officials last week.

Mr. Trump and his aides defended his decision to share the intelligence with the Russians, calling it wholly appropriate.

—Aruna Viswanatha contributed to this article.

U.S. WATCH

NEW YORK CITY

Pedestrian Killed in Times Square Crash

One pedestrian was killed and multiple others were injured when they were struck by a car in Times Square in New York City on Thursday around noon, according to a law-enforcement official.

Thirteen people were injured and a person was in custody, according to law enforcement. The driver was identified as a 26-year-old male from the Bronx with two previous DWI arrests, according to a law-enforcement official.

J. Peter Donald, assistant commissioner for communication and public information, said "a vehicle went over a number of people" and the New York Police Department was at the scene.

Two street vendors on 45th Street and Broadway said the car was rushing uptown on Broadway in the wrong direction. They said it hit a pole on the Northwest corner in addition to the pedestrians.

Mayor Bill de Blasio and New York Gov. Andrew Cuomo were heading toward Times Square.

Sandra Verbrugge, 40, a tourist from Antwerp, Belgium, was sitting in the plaza in Times Square when she and her friend heard a bang and saw smoke. She thought the noise was coming from the subway, but then she saw the car on fire. "The officers started running to us and told everyone to get away," she said. "I'm still shaking."

—Zolan Kanno-Youngs, Melanie Grayce West and Leslie Brody

OKLAHOMA

Officer's Acquittal in Shooting Protested

Protesters briefly blocked a street in Tulsa, Okla., after a jury late Wednesday acquitted a white female police officer in the videotaped shooting death last year of an unarmed black motorist.

Officer Betty Jo Shelby was found not guilty of first-degree manslaughter after arguing that she feared for her life when she fatally shot Terrence Crutcher.

A group of protesters marched through the city Wednesday evening chanting "Hands up, don't shoot." They briefly blocked a street before dispersing, according to television coverage. A spokesman for the Tulsa Police Department said that the protests, which involved about 100 people, were largely peaceful, adding that he wasn't aware of any arrests made.

—Joe Barrett and Shibani Mahtani

Immigration Arrests Rise Under Trump

By LAURA MECKLER

WASHINGTON—During the opening months of the Trump administration, immigration agents significantly increased the pace of arrests of people suspected of being in the U.S. illegally, while the share of those arrested who had no criminal record rose markedly, immigration officials said.

Overall, the number of arrests jumped by more than a third and the portion involving people without criminal records increased to 26% during the first 100 days of the administration, compared with 14% in the year-earlier period, according to Immigration and Customs Enforcement. The figures quantify the stepped-up enforcement promised by President Donald Trump and his aides, who say they are enforcing the law as Congress intended.

To immigration advocates, the

new data confirm accounts they have publicized about otherwise law-abiding undocumented immigrants being arrested and processed for deportation.

The statistics represent a marked change from the final two years of the Obama administration. But the number of arrests remains well below figures from earlier in that administration, before a 2014 presidential directive instructed immigration agents to focus on recent border-crossers and people with serious criminal records.

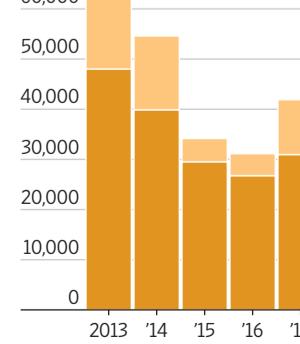
During the last two years of the Obama administration, most people in the U.S. illegally but without criminal records were all-but-safe from removal. Before that, deportations had increased so significantly that immigration activists dubbed President Barack Obama the "deporter-in-chief."

The Trump administration

was eager to advertise the increase in deportations since Inauguration Day. ICE created a website to announce the new data with a large headline touting the increase in arrests

Enforcement Shift

Jan. 20-April 29 of each year



Source: Immigration and Customs Enforcement

THE WALL STREET JOURNAL.

IN DEPTH

DRUG

Continued from Page One
Inc., leveraged the emotional appeal of the parents' stories. Without that, the drug—eteplirsen—likely wouldn't have been approved, said stock analysts, investors and people close to the matter.

An FDA advisory committee voted 7-6 last year to oppose the drug's approval, a position later overruled. The Wall Street Journal found that a majority didn't know how Sarepta's consultant had guided the patients' families.

"More might have voted no if they were aware," said Dr. Bruce Ovbiagele, a committee member, when he learned the role the company consultant played in helping parents prepare for FDA hearings.

Relationships between companies and advocacy groups are important to know about, said Dr. G. Caleb Alexander, co-director of the Johns Hopkins Center for Drug Safety and Effectiveness, who served as chairman of the FDA's advisory committee. "The advisory committee received little information about how that played out in the development of eteplirsen."

Companies that need Washington have turned to new, often untraceable tools—including hidden involvement with grass-roots organizations—to lobby decision makers and help sway public opinion. Many of these emerging tactics fall outside the government's longstanding definition of lobbying and remain masked to both officials and the public, making it hard to know how companies are interacting with the people charged with running the country.

Eteplirsen's drug application coincided with a shift at the FDA to give a larger role to patient families and advocacy groups. The change helped propel the drug-campaign effort by Sarepta and parents.

"The FDA's regulatory decision-making on medical products is science-based and involves the careful evaluation of risks and benefits for the drug at issue and is informed by science, medicine, policy and judgment," an agency spokeswoman said.

This account of the drug's FDA application is based on interviews with parents, company officials, investors and current and former FDA officials.

When Ms. McNary first talked with Mr. Garabedian in 2012, his company was approaching the one-year mark in a clinical trial of eteplirsen.

DMD, a genetic disorder that targets boys, is usually diagnosed around kindergarten. It saps muscle strength and by adolescence leaves many of its victims in wheelchairs. Boys with DMD lack the protein dystrophin, which is critical to muscle function. In time, their hearts and respiratory systems stop working. Few survive past their 20s.

Researchers believed eteplirsen could help patients produce enough of the missing protein to slow DMD's progression.

"This drug works," Ms. McNary said, introducing herself to Mr. Garabedian at the DMD conference. Her youngest son, Max, 10 years old at the time, was one of a dozen boys enrolled in the eteplirsen drug trial at the Nationwide Children's Hospital in Columbus, Ohio. After four months on the drug, she said, Max could open a milk carton and needed a wheelchair less often.

Ms. McNary turned out to be the cheerleader Mr. Garabedian needed. His company had just been warned by the Nasdaq Stock Market that its share listing might be dropped from the exchange for trading below \$1.

Mr. Garabedian told the Journal his company was having trouble raising money after it had spent \$30 million on eteplirsen in the 18 months since he had joined as CEO.

Before eteplirsen would be available to the 1,000 or more sick boys who might benefit in the U.S.—and before the company could charge patients more than \$300,000 a year for the treatment—the drug needed FDA approval.

Looking back, Catherine Collins, whose son has DMD, said, "Sarepta used the parents to push their regulatory agenda," she said. "We were willing participants, but they were trading on our desperation."



Above, Jennifer McNary and her sons Max, left, and Austin in 2015 in Pembroke, Mass. Below, Doses of the drug eteplirsen to treat Duchenne muscular dystrophy.

Edward Kaye, Sarepta's chief executive since 2015, said the company was "able to make a true partnership" with DMD patient groups, helping parents give the FDA firsthand observations of how the drug had worked for their sons.

Former FDA Commissioner Robert Califf, who stepped down in January, said the Sarepta case was "an example where things should have been done better...There should be disclosure of the source of documents and presentations, and who was involved."

Hopeful shortcut

Mr. Garabedian and Dr. Kaye, the company's chief medical officer at the time, revealed at the 2012 conference early data from the drug trial that suggested eteplirsen was working.

With the stock trading below \$1, Mr. Garabedian didn't have the luxury of waiting to spread encouraging news. Trial researchers were measuring levels of the protein dystrophin in the patients, all boys, and how far they could walk in six minutes.

Dr. Kaye said it appeared the drug helped lift dystrophin levels. Even better, 10 of the 12 boys in the trial walked, on average, more than 50 feet farther during the timed walk, he said; two boys became unable to walk.

Two weeks after the conference, the company made a 1-for-6 stock split, which raised its share price and allowed it to keep its Nasdaq listing. It also changed its name to Sarepta from AVI BioPharma Inc.

The company in a July 24 news release said the boys showed "significant clinical benefit" after 36 weeks of treatment. Shares jumped past \$8. Another positive news release at the 48-week mark pushed the stock close to \$45.

Even with the promising news, Mr. Garabedian's company had concerns about whether it could raise enough money to support third- and fourth-phase drug trials, which must show drugs work effectively and safely. Parents, meanwhile, were clamoring for a treatment.

One shortcut was accelerated approval—that's when the FDA gives permission to dispense a drug before proving a clinical benefit. It allows patients a quicker chance at treatment for maladies that have none, such as DMD. Sarepta's application would rely on trial data showing that eteplirsen would be "reasonably likely" to produce a clinical benefit, rather than proving it was effective.

That fall, Mr. Garabedian met Janet Woodcock, the FDA's director of the Center for Drug Evaluation and Research. Dr. Woodcock told them to call her office anytime.

Janet had the attitude that if the public called on her, she would take a meeting if she could," Ms. McSherry said. She and Ms. McNary met with Dr. Woodcock and two other top FDA officials in April 2013. Ms. McNary talked about how the drug was helping Max and



ADAM GLANZMAN FOR THE WALL STREET JOURNAL

machinery.

Ms. McSherry and Ms. McNary, who was living in Vermont, had met at a camp for boys with DMD in 2011. Ms. McSherry's son didn't qualify for the eteplirsen trial because he could no longer walk. Ms. McSherry's oldest son, Austin, couldn't participate for the same reason. Her son Max joined the drug trial and seemed to improve.

On Sept. 12, Ms. McNary's husband at the time tweeted, "Dropped max at school this morning just max no wheelchair." Volume in Sarepta stock soared as investors took note of social-media posts by parents. On Oct. 31, Ms. McNary's husband posted a video of Max walking in a Halloween parade. Shares jumped 10% the next day.

Companies have turned to new, often untraceable tools to lobby decision makers.

"A big reason investors got more interested in this than they would have in other situations was you had these mothers saying the drug was helping their son," said investment manager Brad Loncar, who bought company shares.

In February 2013, Ms. McSherry and Ms. McNary met with FDA officials and other patient advocates. A 2012 law encouraged the FDA to be flexible when considering applications for therapies to treat such life-threatening diseases as DMD. Ms. McNary brought a petition with more than 170,000 signatures asking the FDA to expedite approval.

That day, the two mothers met Janet Woodcock, the FDA's director of the Center for Drug Evaluation and Research. Dr. Woodcock told them to call her office anytime.

Janet had the attitude that if the public called on her, she would take a meeting if she could," Ms. McSherry said. She and Ms. McNary met with Dr. Woodcock and two other top FDA officials in April 2013. Ms. McNary talked about how the drug was helping Max and

showed a video of him walking. Ms. McSherry said the FDA told the women to collect more videos, and that even showing how a child could better comb his hair was important.

By fall 2013, the Sarepta campaign suffered a setback. A competitor, GlaxoSmithKline PLC, had completed three trials of a DMD drug that, similarly to eteplirsen, also sought to raise levels of the protein dystrophin. Results of the trials, involving 290 patients, weren't persuasive.

"Any effect on dystrophin appears to be small as to be unlikely to have resulted in clinical benefit," the FDA said later in agency documents.

The FDA met with Sarepta to tell the company that GlaxoSmithKline's study raised

27, 2014, news release the FDA had found "marked disparities" in the data. The stock price fell more than 30% from the previous day's closing.

Three more researchers who re-examined the trial data found that eteplirsen produced only a nominal increase in dystrophin in some patients, the FDA said, not the "significant" increase Sarepta had earlier indicated.

Mr. Sasinowski, Ms. McNary and Ms. McSherry were working on a new plan, to show how the boys were improving from the point of view of families and caregivers.

Mr. Sasinowski said he told Sarepta officials, "You are going to have to trust me," and they did."

Ms. McNary and Ms. McSherry told Mr. Sasinowski about their talks with Dr. Woodcock, that the FDA was interested in videos showing how the boys were doing, as well as any quantifiable information on the drug's effect. Dr. Woodcock had given Mr. Sasinowski a similar message in an earlier conversation, he said.

"You could sense the movement of the waters," said Mr.

Sasinowski, a consultant, who helps clients navigate the FDA to get drugs approved.

The agency, he said, was open to hearing the "patient experience." Videos and stories, he said, would be woven into "something that looked akin to a study report."

The company began three new trials involving 110 new patients. In June 2015, Sarepta filed its formal drug application, using data from its trials.

Mr. Sasinowski, meanwhile, had been working with the two mothers for months on a parallel set of measurements that the women had gathered. He and an assistant helped them draft a 50-page FDA-friendly document, with bar charts, graphs and tables to show how the boys on eteplirsen fell less and spent less time in wheelchairs.

Mr. Sasinowski said he helped the parents make their report "as close to being acceptable by rigorous reviewers as possible."

In July 2015, Ms. McSherry and Ms. McNary made a two-

hour closed-door presentation to FDA officials, including a video of boys who described how eteplirsen had increased their strength. They passed out copies of their report.

Mr. Sasinowski said in an interview he recalled telling FDA officials at the meeting he was working with both parents and the company.

Parents asked the FDA and the company if they could present their findings to the agency's advisory committee, which comprises outside experts. The FDA agreed, and the company gave them a portion of its allocated time at the April 25, 2016 committee hearing.

There was a conflict between the parents' stories of improvement and the FDA's interpretation of the trial. Trial data showed the performance of boys taking the drug had declined in the walk test, the FDA said.

The advisory committee voted 7-to-6 against accelerated approval, concluding the trial results didn't provide substantial evidence the drug was effective.

Dr. Ellis Unger, director of the Office of Drug Evaluation, said in a July 15, 2016, memo that the FDA review team had unanimously rejected approval of eteplirsen, agency records show.

On July 14, 2016, Dr. Woodcock, who seldom interceded in drug-approval decisions, overruled both the advisory committee and the FDA review team.

In a memo, she said she believed eteplirsen was "reasonably likely to predict clinical benefit." She declined through a spokeswoman to comment further on her decision.

Dr. Unger appealed to an FDA committee that reviews such disputes. He wrote in his appeal that eteplirsen was a "scientifically elegant placebo," giving "false hope in exchange for hardship and risk."

He said it would appear to the public that "unprecedented lobbying efforts" had earned eteplirsen its accelerated approval.

The head of the FDA committee said she agreed with Dr. Unger's conclusion that the data didn't show the drug was "reasonably likely" to provide a clinical benefit, according to agency documents. The dispute was sent to Dr. Califf, the FDA commissioner at the time. He deferred to Dr. Woodcock's "judgment and authority," an agency memo said.

On Sept. 19, Ms. McSherry was helping Jett get ready for school when her cellphone buzzed. Her daughter, who was getting the same text messages, yelled from upstairs: "You did it!"

The FDA had approved eteplirsen. Ms. McSherry drove to Mr. Garabedian's house in Boston. "We had a big hug and tears," she said. Within days, company shares rose more than doubled to \$60.

Sarepta shares have dropped back to \$35. Some insurance companies refuse to cover the drug. A label on the medicine—renamed Exondys 51—says a clinical benefit of the drug "has not been established."

BOOKS

'Show the readers everything, tell them nothing.' —Ernest Hemingway

What Happened to Hemingway

A frank new life explores the flaws without explaining away the genius

Ernest Hemingway

By Mary V. Dearborn

Knopf, 738 pages, \$35

BY BLAKE BAILEY

ABOUT A QUARTER of the way through "Ernest Hemingway: A Biography," the reader encounters this: "At one point en route to Madrid occurred the incident of the dead dog, familiar to all readers of Hemingway biographies." Though I've read three or four of them, and any number of memoirs, I had no recollection of the dead dog in question. The next sentence was like a lifeline hint on "Who Wants to Be a Millionaire?": "[Robert] McAlmon told the story in *Being Geniuses Together*." A little sheepishly I confess to having read that book, too—and not all that long ago—but I was still stumped. Suddenly I felt out of my depth, like the only guy at a Trekkie convention who can't remember the number of Lurry's space station in the "Trouble With Tribbles" episode.

So one interest of yet another Hemingway biography is to serve as a kind of parlor game: How much esoterica can a really hard-core fan remember offhand? Also, arguably, new biographies are needed every few years to keep up with the cottage industry.

Aside from earlier door-stoppers by Carlos Baker, Jeffrey Meyers, Kenneth S. Lynn, James R. Mellow and, of course, the five-volume opus by Michael S. Reynolds—to name a few—there's an ever-proliferating genre of books by or about people in Hemingway's orbit: his siblings, wives, sons, friends, flunkies et al. There's even a book devoted to his cats, and in her notes Mary V. Dearborn gives a shout-out to Carl Eby's "Hemingway's Fetishism": "the definitive account of his hair fetish."

So we have Ms. Dearborn to thank for (among other things) sifting the pith of this vast shelf and bringing us up to date on whatever else is provided by newly discovered KGB and FBI files, medical records and a cache of papers Hemingway left in Cuba when he fled the country in 1960.

His family, we know, was a source of lifelong strife. Between his redoubtable mother, Grace, and her doctor husband, Clarence ("Ed"), it's hard to say who was the bigger prig, at least where their older son's work is concerned. When Ernest

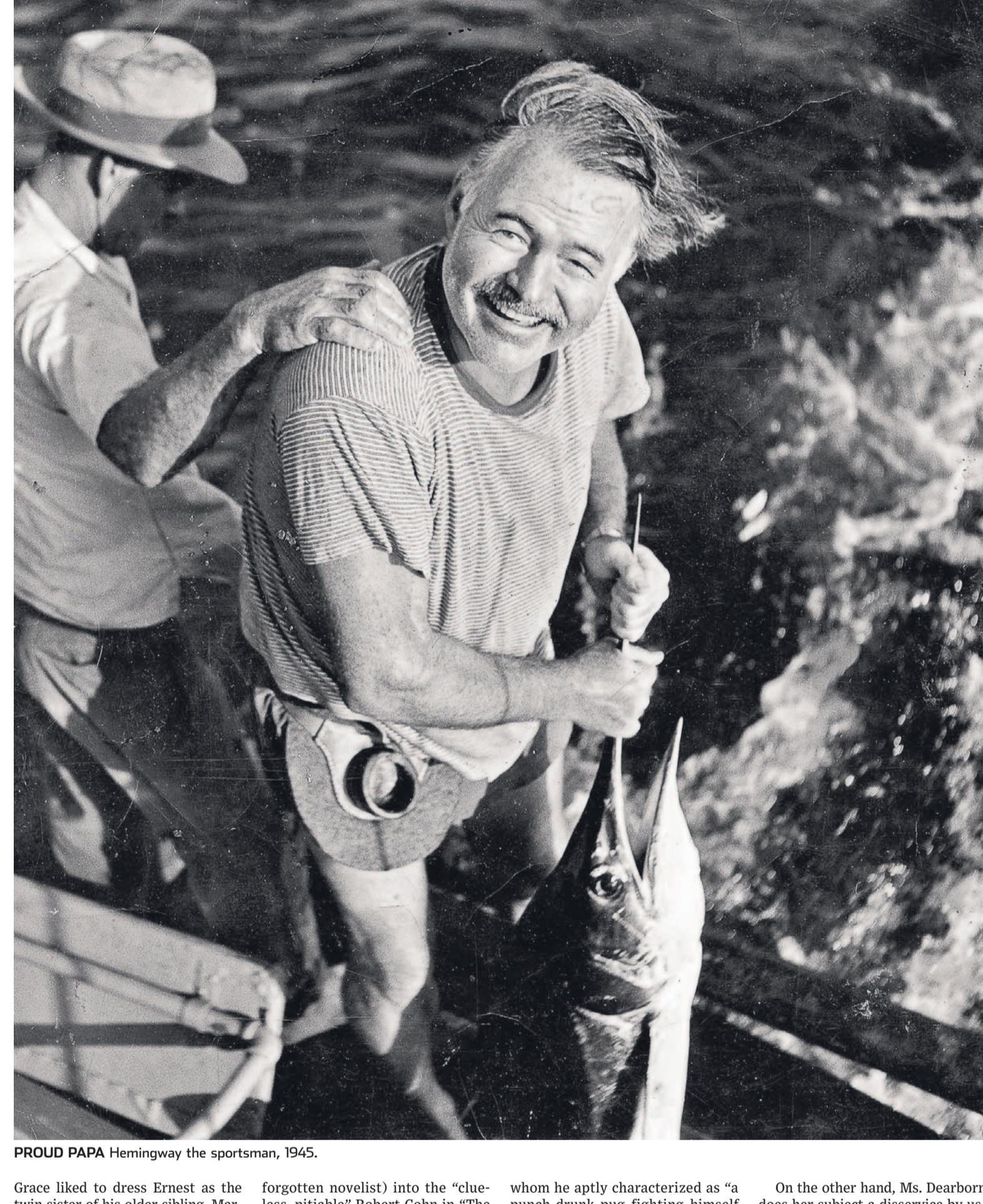
published his first, groundbreaking collection of short stories, "In Our Time" (1925), Ed bleakly advised him to abjure the "brutal" and work a more "joyous, uplifting, and optimistic and spiritual" vein: "Remember God holds us each responsible to do our best." This to a man who was already well on his way to becoming the most influential prose stylist in American literature, whose subsequent novel, "The Sun Also Rises" (1926), dazzled readers on both sides of the Atlantic and filled his mother, as she put it, "with a sick loathing."

His parents seemed to like him even less as a human being. "Put on the armor of God and shun Evil companions," Ed admonished him when he divorced his first wife, Hadley, whereas Grace threw a curious curvilinear: "Most marriages ought to [end]," she wrote, confessing to "very modern and heretical views" on the subject.

As it happened, her views had evolved more as a matter of self-interest than solidarity with the wayward Ernest, whose college money (he bitterly averred) had been blown on a cottage for Grace and the family au pair, Ruth Arnold, 19 years her junior; when her husband balked, Grace accused him of "petty jealousy with his wife's loyal girlfriend."

A few years later, in 1928, the pious, long-suffering doctor shot himself, whereupon his widow sent Ernest the suicide weapon as a keepsake and, perhaps, a subtle warning.

"Gigi, we come from a strange tribe, you and I," said Hemingway when he caught his 12-year-old son trying on a pair of his mother's nylons. Gigi—the nickname for Gregory (later Gloria)—came by his gender dysphoria honestly, a theme that's been given more and more emphasis in the later biographies. Both Kenneth Lynn and Ms. Dearborn make much of the fact that



Proud Papa Hemingway the sportsman, 1945.

Grace liked to dress Ernest as the twin sister of his older sibling, Marcelline: "He was quite fearful before Christmas that Santa Claus would know he was a boy," Grace noted in her son's baby book.

Some might say that this was the least of Ernest's worries, given his mother's other vagaries, and hardly unconventional for the times, but it's still fun to consider in light of his über-macho image.

As far back as 1933, Max Eastman famously accused Hemingway of "wearing false hair on the chest,"

53 years before the posthumous publication of "The Garden of Eden," Hemingway's novel about a writer named David who takes his wife's name, Catherine, in bed, while she becomes Peter—the same nom d'amour, as it happened, that Hemingway's fourth wife, Mary, used.

"She loves me to be her girls," Ernest scribbled in his wife's diary, "which I love to be." At one point she had to dissuade her husband, tactfully as ever, from wearing earrings.

Readers of Hemingway biographies may not remember that dead dog en route to Madrid, but it's hard to forget the misery that Hemingway inflicted on Mary/Pete, who held on for dear life and later got her own back by publishing, against her late husband's wishes, unfinished (and mortifying) work such as "The Garden of Eden." As Hemingway's previous wife, Martha Gellhorn, pointed out: "A man must be a very great genius to make up for being such a loathsome human being." This is true, and it's always worthwhile to explore (on ever accumulating evidence) what makes a genius tick, even if tabulating his flaws can get to be a slog in Hemingway's case.

Ms. Dearborn doesn't shrink from the task. Once again we see how Hemingway built his career on the bodies of betrayed friends: He turned Harold Loeb (an otherwise

forgotten novelist) into the "clueless, pitiable" Robert Cohn in "The Sun Also Rises," an anti-Semitic portrait ranking with Sammy Glick and Shylock; he repaid Sherwood Anderson's generosity by writing a mean-spirited parody of the man's novel "Dark Laughter," then submitting it to Anderson's own publisher. Ms. Dearborn rightly observes that Hemingway's posthumous memoir, "A Moveable Feast" (1964), was conceived with "a very complicated agenda and numerous scores to settle."

It's hard to say, when reading the book, which bothered Hemingway more, cruelty or kindness: Wyndham Lewis once wrote a vicious review of his work and hence is likened to "toe-jam"; Ford Madox Ford sang his praises again and again and hence is depicted as a lumbering, self-important bore whose mouth-breathing fouls the air. And so on.

The greatest kindness earned the most ingenious revenge: Among other good turns, F. Scott Fitzgerald improved—"salvaged" is not too strong a word—"The Sun Also Rises" by persuading its author to cut the first 16 pages, marred by "elephantine facetiousness" and general amateurishness. Hemingway, in turn, rarely missed a chance to malign his old friend, culminating in the demolition of "A Moveable Feast." As Ms. Dearborn begins one chapter: "It was probably inevitable that Hemingway would talk one day about the size of Scott Fitzgerald's penis."

Ms. Dearborn's book isn't especially disparaging relative to other biographies—to her credit, she seems content to marshal the evidence pro and con, and there is a superabundance of both: If you stuck around him long enough, Hemingway would all but surely louse you up, but in the meantime he was often the best company in the world.

By 1936, Fitzgerald had few illusions about his fellow novelist—

whom he aptly characterized as "a punch-drunk pug fighting himself in the movies"—but remained so devoted withal that he could hardly bear to see the man hurt in any way. Indeed, almost anyone who'd known the younger Hemingway ("strong, full of laughter," observed the hapless Sherwood Anderson) was likely in later years to give him the benefit of the doubt, even or especially his first wife, Hadley, who had more reason than most to feel bitter.

In his memoirs, Hemingway returned critical kindness with ingenious cruelty.

The later wives were less charitable. Martha Gellhorn remained a tireless detractor throughout her long life, and she serves Ms. Dearborn well when a withering *aperçu* is due: "He has the excessive need to be loved by everyone," Gellhorn noted in one instance, "though in fact he didn't give a fart for them."

What makes this book seem a little relentless, at times, is its insistent focus on the flawed human being rather than his achievement. Sometimes, to be sure, it's enough to let simple plot summary serve as critique.

Take Hemingway's worst novel, "Across the River and Into the Trees" (1950), in which the hero, Cantwell, and his much-younger lover, Renata, "talk through several meals at the Gritti," as Ms. Dearborn summarizes, "Hemingway describing in great detail Cantwell's friendship with the headwaiter. Cantwell talks at length to Renata (who periodically reassures him that yes, she is still listening) about his war experiences"—etc. That's pretty much how I remember it, too.

On the other hand, Ms. Dearborn does her subject a disservice by using blurb-words and little else to convey the excellence of his best work, as in "lean, evocative, vivid," which might as well describe a moldy piece of Canadian bacon.

As for her use of cliché—well, she's not as bad as some, but it's all the more jarring given her lucidity elsewhere. I flinched when I read that certain of Hemingway's stories "give the impression of having been phoned in, as it were," and wondered whether the author was pulling my leg when she went beyond "as it were" to mitigate or explain some hackneyed phrase: "He seemed to need to bite the hand that fed him—or, more precisely, to hurt anyone who had helped him in any way."

But, I repeat, Ms. Dearborn does a good job of synthesizing an enormous amount of material, old and new, and I feel more or less caught up with the state of Hemingway studies circa 2017. That said, I'm bound to admit that I don't see what all the new medical records and Cuban papers add, essentially, to a sad and often-told tale. As a factor in Hemingway's decline, the manifold effects of the hypertension drug reserpine, say, seem a little irrelevant next to a lifetime of alcoholism and head injuries and bipolar illness and hard work and bad behavior.

What remains is the mystery of his genius—and, yes, a sweetness that Hemingway never quite lost amid all his noisy fame. Visiting the great man very near the end, the critic Leslie Fiedler found a hollow wreck who could hardly string two sentences together; yet Fiedler was most arrested by the man's parting smile, "bared in all the ceremonious innocence of a boy's grin. He was suddenly, beautifully, twelve years old."

Mr. Bailey, the author of "Cheever: A Life" and "A Tragic Honesty: The Life and Work of Richard Yates," is writing a biography of Philip Roth.

BOOKS

'How did it get so late so soon?' —Dr. Seuss

The Clock Between Our Ears

Your Brain Is A Time Machine

By Dean Buonomano

Norton, 293 pages, \$26.95

BY CAROL TAVRIS

ARE YOU WASTING time right now, or enjoying free time? Having a good time today or, as usual, feeling you don't have enough time? Time—the concept, the word, the worry—is woven through our lives. Dean Buonomano, a professor of neurobiology and psychology at UCLA, starts his beautifully written, eloquently reasoned book "Your Brain Is a Time Machine: The Neuroscience and Physics of Time" by asking the reader what the five words on this list have in common: time, person, year, way and day.

Mr. Buonomano observes that most of us will strike out on two counts. First, by not knowing that these are the five most commonly used nouns in English, surpassing love, sex and dinner. Second, by not knowing that time is at the very top of the list.

"Few questions are as perplexing and profound as those that relate to time," he says, and their answers have been sought by philosophers, physicists, neuroscientists, psychologists and, of course, science fiction writers. He quotes Saint Augustine's perfect summary of the problem: "What then is time? If no one asks me, I know what it is. If I wish to explain it to him who asks, I do not know." Mr. Buonomano sets out boldly to accomplish what Saint Augustine did not dare—to explain time in its infinite varieties.

We humans are surrounded by ever-fancier clocks, but the clocks inside our brains are far more intricate and dazzling. In the first half of the book, "Brain Time," readers will learn about the internal clocks that regulate our circadian rhythms—sleep-wake cycles, hunger, body temperature, alertness—even in the absence of external cues. One chapter, on "The Sixth Sense," examines the mysteries of time compression and expansion (and how drugs, legal and otherwise, affect them) and even veers briefly into why timing is so crucial to telling a good joke. (The



GETTY IMAGES

brain likes surprises. Sometimes.) The second part of the book, "The Physical and Mental Nature of Time," takes us into the nitty-gritty mysteries, including consciousness, our astonishing capacity to link our pasts to our futures.

Time is a concept, he argues, that is even more complicated than space. Space may come in three measurable dimensions and time in only one (that is, the moment we are in right now), but it is harder for the human brain to understand time than space, and he shows the reader why.

"Time is a road without any bifurcations, intersections, exits, or turnarounds," he says, which may be why "there was relatively little evolutionary pressure for animals to map, represent, and understand time with the same fluency as space." Animals can remember past experiences in a basic way (don't go back to that dangerous place) and anticipate the fu-

ture (lunch!), but they cannot comprehend past, present and future in the ways that humans can.

As all scientific fields have matured, Mr. Buonomano explains, they reveal a "progressive embrace of time" at their core—and now the newest sciences, neuroscience and psychology, are doing the same. The study of time isn't a single problem but a "set of interconnected problems relating to how the brain tells time, generates complex temporal patterns, consciously perceives the passage of time, recollects the past, and thinks about the future."

Of all the times (ahem) that I have looked at phrenology charts, I never noticed, as Mr. Buonomano did, that "time" is one of the areas that phrenologists considered important; it's right above the eyes, between "tune" and "locality" and, charmingly, right below "mirthfulness." (Clearly the early phrenolo-

gists realized what later psychologists ignored: that time has a sense of humor.) This brain section was thought, among other functions, to remember dates, keep time in dancing and induce punctuality. I can just hear the reaction of couples who quarrel over such matters: "If only it did."

Although Mr. Buonomano, being a neuroscientist, emphasizes his own field's contributions, his curiosity and knowledge range far afield. For example, he introduces two philosophic theories of time. One is presentism, which holds that only the present is real—we can no more travel back in time than we could travel to a place that doesn't exist.

The second is eternalism, which holds that past and future are equally real, making time a dimension that is similar to space. In practice, he says, "neuroscientists are implicitly presentists. They view the past, present, and

future as fundamentally distinct, as the brain makes decisions in the present, based on memories of the past, to enhance our well-being in the future. But despite its intuitive appeal, presentism is the underdog theory in physics and philosophy."

The underdog! Who knew? With lucidity and flair—not to mention an appealing avoidance of the reductionism and exaggeration to which many pop-neuroscientists are prone—Mr. Buonomano takes us off and running on an edifying scientific journey.

Neuroscientists view past, present and future as fundamentally distinct. Physicists, however, don't.

Answers are only as good as the questions we ask, and Mr. Buonomano's questions are engaging. Why does time appear to slow down when we are in life-threatening situations or boring meetings? Why is objective clock time often so different from our inner, subjective sense of time? Why didn't novelists begin to write about true time travel until the end of the 19th century?

It took Einstein's theory of relativity in 1905 to shatter forever our intuitions about time, he explains, which is why throughout the 20th century physicists could study time travel without being laughed at by their colleagues. Physicists haven't yet shown that it is possible, but they haven't shown that it isn't, either.

For Mr. Buonomano, our brains are the best time machines we will ever own. They can do the most amazing things: remember the past; tell time; allow us to travel back and forth in time. "It will not be possible to understand the human mind," he observes, "without describing how the brain tells, represents, and conceptualizes time."

His book takes us far along the trail of discoveries that are moving us to that ultimate destination. Will we get there? Foreseeing the future, I predict yes. Time will tell.

Ms. Tavris is co-author, with Elliot Aronson, of "Mistakes Were Made (But Not by ME.)"

A Billion People in a Hurry

Superfast Primetime Ultimate Nation

By Adam Roberts

PublicAffairs, 312 pages, \$28

BY MAXWELL CARTER

THE BEST FOREIGN correspondents engage their subjects in memorable and unexpected ways. This is particularly the case in Asia, which hasn't lacked for lazy sketched-from-the-armchair caricature. Peter Fleming's "News From Tartary" (1936) remains irresistible, if less than informative, sprinkled with such lines as "to read a propagandist, a man with vested intellectual interests, is as dull as dining with a vegetarian." Graham Greene's stint in Indochina for the Times of London resulted in "The Quiet American" (1955), among the 20th century's keenest and most remarkable novels. More recently, Edward Luce's often surprising, never dull "In Spite of the Gods" (2006) captured India's peculiar modernity. Adam Roberts, the Economist's South Asia bureau chief from 2010 to 2015, is the latest to give his experiences lengthier treatment, with "Superfast Primetime Ultimate Nation: The Relentless Invention of Modern India." Unfortunately, "Superfast" reads less like Fleming, Greene or Luce than an overlong Economist article.

The manic allure of Mr. Roberts's title is diminished, somewhat, by its gimmicky, school-of-Thomas-Friedman rationale: "To flourish in the twenty-first century," Mr. Roberts writes, "India needs its leaders to get four broad things right—the four broad themes and the sections of this book: Superfast, Primetime, Ultimate, and Nation." The preface, too, in which an eccentric Delhi fortuneteller—with help from his partner—predicts that India will become "Number One," feels needlessly contrived: "What is keeping his prophesy from coming true?" Yet Mr. Roberts's question is

an important one. In 2015, India's GDP growth rate overtook China's, and by 2022 its population will be greater. How will India evolve?

Mr. Roberts's opening section ("Superfast") briefly traces Indian economic history. Readers are introduced to the Nehru-Gandhi dynasty's state-led policies; the balance-of-payment crisis that propelled liberalization forward in 1991; and the Gujarat model of development championed by Prime Minister Narendra Modi (to adherents, infrastructure investment and red-tape slashing; to critics, an

In 2015 India's GDP growth overtook China's. By 2022 its population will be greater. But its rise has been much more haphazard.

overrated and unequal system). Mr. Roberts surveys the arguments of the celebrated economists Amartya Sen (who has emphasized the urgency of improving India's human capital) and Jagdish Bhagwati (who holds that growth makes "redistribution feasible, not the other way round"). He also explores the private sector's role and ambitions, especially in tech. His prescriptions are unlikely to offend: "In short, India needs to be more future-oriented. For example, it can do a lot more with new technology."

In "Primetime," Mr. Roberts does the same for politics, examining the Congress Party's receding influence (ascribed to the Gandhi family's insipid fourth-generation scion, Rahul, and its out-of-step liberal, secular platform); the vibrant election process; and, relatedly, India's rampant corruption. (The last affords Mr. Roberts's queerest analogy: "In the last years of Manmohan Singh's government, examples of awful graft in India popped up faster than cham-

pagne corks at a dodgy politician's dinner party.") Though there is nothing new here, Mr. Roberts mines colorful details, not least the symbols used by fringe parties in the 2014 election (toothbrush, nail clipper, cauliflower). The takeaways are similarly unobjectionable: "If politicians (and crony-capitalists) understand

over, Mr. Roberts highlights military tensions—namely, China's "string of pearls" encirclement of India—with little reference to economic conflict. China will challenge India's traditional advantage in global outsourcing just as Mr. Modi's "Make in India" push puts pressure on China's dominant manufacturing sector.

taken by India's relentless course. (At times, Mr. Roberts misjudges even this audience, calling investor pledges of \$450 billion to Gujarat "as likely to come as snowfall in the Rann of Kutch.") Some of his claims are already outdated. Of Mr. Modi he alleges that "no politician, anywhere, has been a more avid user of social



ON THE GO A delivery man for Flipkart Online Services in Bengaluru, India.

that outright corruption will be punished more severely than before, and if voters demand better outcomes for all (not just for favored voter blocks)... perhaps it will make sense to talk of Indian democracy as entering its Primetime."

"Ultimate" considers India's relationships with Pakistan and China. This is Mr. Roberts's weakest segment, filled with throwaway phrases ("Secessions, geopolitical divorces, are never happy events") and stripped of nuance ("The man most responsible for Partition was Pakistan's founding leader, Muhammad Ali Jinnah"). Mr. Roberts makes much of the Pakistani army's authoritarian record but wholly neglects the first-ever peaceful, term-limited handover by one Chief of Army Staff—the most powerful post in the country—to another this past November. More-

Mr. Roberts recovers his footing in "Nation," which reviews the horrors of partition; "Hindutva" (the chauvinist concept of "Hinduness" popularized in the 1920s); and, best of all, Mr. Modi's ascent. Mr. Modi's swagger (he has boasted that replicating his managerial accomplishments "requires a 56-inch chest"), secretiveness (he hid an aborted teenage marriage for much of his career) and cynicism (his handling, as chief minister, of the brutal 2002 riots in Gujarat remains widely condemned) are thoughtfully weighed against his undeniable magnetism, wit and drive.

The period during which Mr. Roberts reported across India was uncommonly eventful. Alas, he might have done more with his material than this hasty download, its usefulness to the layman soon to be over-

media," apparently unaware of Donald Trump. There are inaccuracies—Pune, population 3.1 million, is identified as "a town in Maharashtra"—and consistently banal conclusions: "Only when girls and women were better fed... would fewer underweight babies be born"; "Only if more women are paid for the work they do... will their clout rise."

Mr. Roberts muses, finally, on where India will be on its centenary in 2047. According to his fortune-teller, winning the FIFA World Cup is in the cards. (India has, to date, qualified for the tournament only once—in 1950, when its three group-stage opponents withdrew.) Primetime indeed.

Mr. Carter is the head of the Impressionist and modern art department at Christie's in New York.

BOOKS

'A poet's work . . . to name the unnameable, to point at frauds, to take sides, start arguments, shape the world and stop it from going to sleep.' —Salman Rushdie

A Youth in Revolt

City Gate, Open Up

By Bei Dao

New Directions, 302 pages, \$18.95

BY WENQUANG HUANG

IN THE LATE 1970S, a young Chinese construction worker who often skipped work to write poetry and novels secretly collaborated with a friend on a literary magazine called Today. They wanted to provide a forum for young, self-educated writers breaking away from socialist literary traditions. Even though political censorship was receding after Mao Zedong's death in 1976, underground publishing was still risky. To avoid punishment, the young editor adopted a pen name reflecting his northern upbringing and solitary temperament: Bei Dao, or "Northern Island."

"We bound the issues at my place, piles and piles of mimeographed pages rising from the floor past the bed," Bei Dao writes in "City Gate, Open Up," his lyrical memoir of his youth in Beijing. "Our threshold turned busier than a marketplace. . . . While greeting guests, I imagined that the neighborhood committee and local police must be working overtime, too."

Perhaps out of political consideration or mere modesty, the memoir doesn't mention that the magazine would spawn a literary movement in China—the Menglong ("Misty Poetry"), named for its ambiguous, impressionistic imagery. For Chinese like me who attended college in the 1980s, the author's name instantly evokes freedom of literary self-expression.

In 18 essays, crafted with poetic precision and enriched by Jeffrey Yang's assiduous translation, Bei Dao depicts a cast of memorable characters with humor and insight: a tenacious family nanny always on the lookout for revolutionary opportunities; a talented schoolmate who sneaked across the border to Burma to join guerrilla forces; and the author's father, a former government-propaganda official and a moody authoritarian at home. Bei Dao devotes a long chapter to the universal theme of a troubled father-son relationship.

Bei Dao was born in 1949. "As Chairman Mao declared the birth of the People's Republic of China from the rostrum in Tiananmen Square, I was lying in my cradle no more than a thousand yards away," he once said. "My fate seems to have been intertwined with that of China ever since."

When he was in elementary school, Mao launched the Great Leap



NEW DIRECTIONS

NO MAN IS AN ISLAND Bei Dao gave young writers an outlet to break free of China's socialist literary traditions.

Forward, a crude and irrational industrialization campaign that resulted in a three-year famine that killed some 30 million people.

"Hunger gradually devoured our lives," he recalls. Schools reduced hours and urged students to "move less, recline more, go straight to sleep after dinner." His touching and harrowing account of raising a brood of rabbits, which his father then killed to feed his family, offers a child's view of the famine.

When Mao's Cultural Revolution began in the mid-1960s, Bei Dao was 17. Students at his school beat and paraded teachers, and one of the teachers killed herself by cutting her throat. Bei Dao recounts how he and his friends publicly humiliated a neighbor whom they suspected of being a spy by shaving off some of the old man's hair and imprisoning him in a basement.

In 1969, when he and his classmates were sent to the countryside, Bei Dao worked at a construction site. Losing faith in the Cultural Revolution, he and his friends turned to banned Western philosophy and literature. Once back in Beijing, they would sneak into closed libraries to steal books to read.

Weary of conformity, university students were searching for new

ideas and forms of expression. Travelers to Beijing would smuggle out copies of Today to secretly duplicate and distribute. Within a short time, Today reached almost every province in China, garnering a cult following.

The authorities shut down Today in 1980 after nine issues. The Chinese literary establishment accused

men Square in 1989. Some chanted lines from his famous "The Answer" to demonstrate their defiance: "Debasement is the password of the base / Nobility the epitaph of the noble. . . . Let me tell you, world, / I—do—not—believe! / If a thousand challengers lie beneath your feet / Count me as number one thousand and one."

bemoaning the loss of his Beijing, Bei Dao by no means attempts to romanticize his past. In fact, he emphasizes that the city's destruction began long before.

If the imagery in Bei Dao's poems is misty, his essays are clear and intimate, like the black-and-white snapshots scattered through the text. While the descriptive opulence of his prose evokes Beijing's sights, sounds and smells, it can be overwhelming at times: In a chapter devoted to the city's light, he writes, "The lightbulbs were ordinarily bare, uncovered, a dim, yellow softness; a shade made a mysterious halo, projecting a single spotlight upward, and washed out the numerous subtleties of darkness."

"City Gate, Open Up" made me want to retrieve my old college journal filled with the poet's quotable stanzas. When I called my family back in China, however, I found out that it had been tossed out long ago. "There's no room for old stuff," a family member said indifferently. That now seems to be the national slogan. It only makes Bei Dao's book more poignant.

Mr. Huang, a translator and writer, is the author of "The Little Red Guard: A Family Memoir."

Sent to work on a building site during the Cultural Revolution, the poet found his vocation through reading banned literature.

its contributors of "succumbing to decadent Western ideas" and criticized their writings as obscure and nonsensical. Not surprisingly, the denigration fueled the magazine's popularity.

Having grown up reading adulterous lyrics about Mao and socialism, I found Bei Dao's poems, with their personal subject matter and imagery, refreshing. Bei Dao has always warned against interpreting his works politically, but the unmistakable messages of rebellion in his verses resonated with my college peers when we massed in Tianan-

men Square in 1989. Some chanted lines from his famous "The Answer" to demonstrate their defiance: "Debasement is the password of the base / Nobility the epitaph of the noble. . . . Let me tell you, world, / I—do—not—believe! / If a thousand challengers lie beneath your feet / Count me as number one thousand and one."

Thirteen years later, when his father fell seriously ill, Bei Dao was allowed to visit Beijing. Upon arriving, he found that his city, in its frenzied rush to modernize, had changed beyond recognition. "I was a foreigner in my own hometown," he laments.

The sentiment awakened his memories, compelling him to rebuild in writing the city he knew. While

The World Just off the Kitchen

The Maids

By Junichiro Tanizaki

New Directions, 176 pages, \$22.95

BY CHANDRAHAS CHOUDHURY

NOVELS, LIKE LIFE, tend not to take much notice of maids. In most novels domestics serve only to open and close doors, make meals or assist with the toilette of those who have attained true selfhood. At best, they might pass a message between lovers or stumble upon some conspiracy. They are points in the plot—agents, not actors.

What a pleasure, then, to come across a story in which maids occupy center stage from beginning to end and are as clever and capricious as any bourgeois heroine. To many followers of Japanese fiction, the present writer included, Junichiro Tanizaki (1886-1965) is the greatest Japanese novelist of the 20th century, and "The Makioka Sisters" (1949)—his book about the familial and marital dilemmas of four sisters of an upper-class family, in which maids stand by in the shadows—the greatest Japanese novel.

But while at work on that book, Tanizaki was also engrossed in translating a foundational work of Japanese literature, a book written by a woman on the far side of the millennium, "The Tale of Genji," a richly detailed story about the life of a sybaritic prince and his lovers in the imperial court of the Heian dynasty, was written by a lady-in-waiting, Murasaki Shikibu, at the turn of the 11th century. Some scholars call it the world's first novel.

The book's storyline—Genji's roving eye means he does not limit his attentions to women of blue blood alone—requires many detailed portraits of accomplished women in service, women much like Murasaki. And while it would be a stretch to call them maids, their example seems to have given Tanizaki—the rare male novelist more comfortable writing about women than men—the idea of re-presenting the bourgeois world of "The Makioka Sisters" from the point of view of the kitchen rather than the salon.

A return to the scene of "The Makioka Sisters"—this time viewed through the eyes of the servants.

Published in 1963 and set in what was then the recent past, "The Maids" is Tanizaki's final novel. It is also—as Michael P. Cronin's translation, the first into English, shows—one of his best. Loosely organized but written with Tanizaki's usual narrative brio and sly intimacy, "The Maids" is an homage to the work of the humble in making a house a home.

In this case, the household is that of the elderly novelist Chikura Raikichi and his wife, Sanko. This prosperous couple own and rent a number of homes in the Osaka-Kobe region, and deploy a retinue of maids across them like pawns on a chessboard, judging them by their housekeeping, cooking, account-keeping and general tractability, but also by

their liveliness, conversational skills and aesthetic sensibility.

Without exception, the maids all come from the same region, Kansai, in the west of Japan. They speak a dialect worlds removed from "the

and memory. To understand these women as individuals, the narrator seems to be saying, we need to make the journey—the reverse of the one they themselves have made—to the place where they come from.

"Raikichi," we are told, "liked to have a lot of maids around—he said it made the house bright and lively."

But Tanizaki's life-long focus on feminine allure and male erotic obsession, from early novels such as "Naomi" to the late masterpiece "Diary of a Mad Old Man," is here reprised in a subdued, autumnal key. Raikichi is clearly the aging sensualist, drinking in the freshness and innocence of youth to keep up his interest in the world. But when sexual scandal finally erupts, there is no male hand in

it. Two maids who have left Raikichi's for another household, Sayo and Setsu, are discovered by their new mistress in the throes of passion. It is society that is shocked by this, not the narrator, who in a heartrending detail gives us the two girls in their room, "seated in careful composure" and with their bags packed, waiting to receive notice.

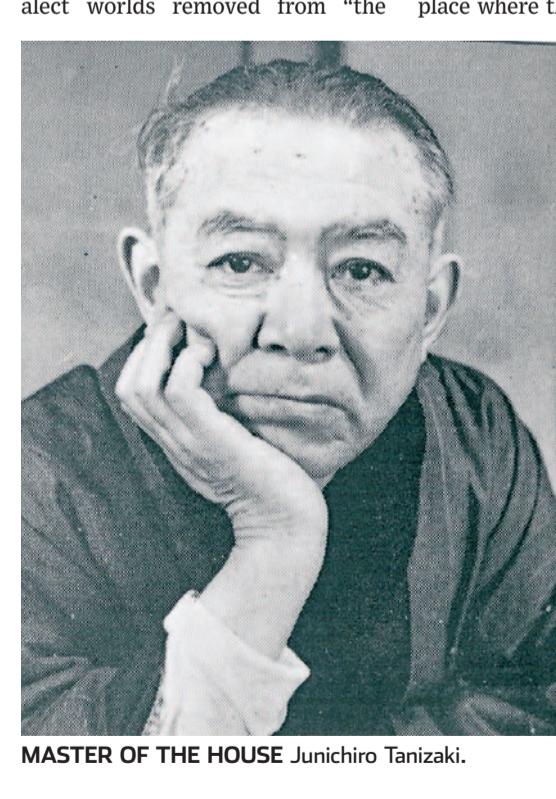
Other maids, such as the beautiful Gin, make eyes at the tradesmen

who visit the house and make use of the family telephone to advance their amours. And some girls just fall in love with themselves. When the maid Koma is taken to a department store with a closed-circuit television setup, she is thrilled to see herself on TV, "and she [rides] the escalator again and again, watching herself." That Koma is not alone in her abundant self-regard becomes apparent when—in an allusion that works on many levels—we meet the maid Yuri, a great reader who owns "a complete set of Tanizaki's adaptation of 'The Tale of Genji.'"

Tanizaki's focus on the pleasure and drama of everyday life is so all-encompassing that when the eruptions of history intrude—in the form of the second Sino-Japanese war and World War II—they ring, as desired, like pistol-shots at a party. As men are drafted into wartime service, many maids are sunned from potential husbands; others rush back home to help their aging parents.

But time has many gears. Even without these cataclysms, we come to see—Tanizaki is an insistently elegiac writer—that the world is always in flux. By the end of the story, we are in the 1960s; domestics now stay in service no longer than a year or two, and the very word "maids" has become archaic, replaced by "helpers." Tanizaki's great success is to make us see how it is not only the masters who mourn the passing of such a world, but also the old maids.

Mr. Choudhury is the author of the novel "Arzee the Dwarf" (2009). His second novel, "Clouds," will be published next year.



ALAMY

MASTER OF THE HOUSE Junichiro Tanizaki.

OPINION

REVIEW & OUTLOOK

Release the Comey Tapes

The leak Tuesday of James Comey's notes of a February conversation with Donald Trump is a classic of the former FBI director's operating method that puts the Trump Presidency in peril and raises serious ethical questions about Mr. Comey's behavior. Let's step back from the immediate furor and examine the legal and political merits.

According to Mr. Comey's memo to himself, Mr. Trump asked Mr. Comey in a one-on-one Oval Office meeting to "let this go," referring to any investigation of former National Security Adviser Michael Flynn. "I hope you can see your way clear to letting this go, to letting Flynn go," says the memo, parts of which were read to the New York Times by a Comey associate. "He is a good guy."

The White House issued a statement denying Mr. Comey's account of the meeting, adding that "the president has never asked Mr. Comey or anyone else to end any investigation, including any investigation involving General Flynn." Mr. Trump's many enemies are nonetheless calling this obstruction of justice, and perhaps grounds for impeachment.

* * *

The first question is how this squares with Acting FBI Director Andrew McCabe's testimony last week that there has been no attempt to interfere with the FBI's Russia probe. The Times reports that Mr. Comey spread word among his colleagues of his Trump conversation, and Mr. McCabe is a Comey loyalist. Perhaps a Flynn criminal probe is separate from the Russia-Trump investigation, but it isn't clear what Mr. Trump knew in February.

The more important issue is why Mr. Comey failed to inform senior Justice officials and resign immediately after the conversation. If he really thought Mr. Trump was attempting to obstruct justice, the director knows he had a legal obligation to report it immediately. He certainly had a moral duty to resign and go public with his reasons.

Yet the Times reports that Mr. Comey merely wrote the notes to himself and informed a few others. One explanation is that perhaps Mr. Comey didn't view Mr. Trump's comments as amounting to obstruction.

Intent is crucial to proving obstruction, and without listening to the conversation it's impossible to know the context and tenor of Mr. Trump's "let it go" comment. Mr. Trump might be guilty of obstruction if he thought Mr. Flynn knew something damaging about Mr. Trump, but not if he was making a general remark to give the guy a break.

Why didn't the former FBI director resign in February?

Another possibility is that Mr. Comey viewed the notes as a form of political insurance that could be useful in a future controversy. By not resigning but quietly spreading word among colleagues, Mr. Comey was laying down evidence that he could use to protect his job or retaliate if Mr. Trump did fire him.

The leak of Mr. Comey's notes suggests that he or his allies are now calling on that insurance. Such behavior fits Mr. Comey's habit over the years of putting his personal political standing above other priorities. And it echoes uncomfortably of the way J. Edgar Hoover used information he collected to protect himself against presidential accountability.

All of this will now be investigated by Congress, and Mr. Comey has been invited to testify. Jason Chaffetz, chairman of the House Oversight Committee, rightly wants to examine all of Mr. Comey's notes about his February conversation, and any subpoena should be comprehensive. Leaks can often be selective but questions that touch on presidential obstruction need the full record.

The White House should also be forthcoming with any records of the meeting, including audio tapes. Mr. Trump hinted that recordings might exist when he tweeted Friday that "James Comey better hope that there are no 'tapes' of our conversations before he starts leaking to the press!"

The White House has since refused to say if Mr. Trump has taped visitors to the Oval Office, but that evasion won't wash. If tapes exist, the White House should release them immediately. The President has nothing to fear if the White House denial is accurate. If the tapes don't exist, Mr. Trump's trolling will look even dumber than usual.

* * *

Mr. Trump was foolish even to discuss the Russia probe with Mr. Comey. Perhaps this was due to Mr. Trump's naïveté rather than an attempt to block an investigation, but even a rookie should know to seek legal guidance before blundering into matters so fraught with political risk. After Mr. Comey's performance in 2016, Mr. Trump should also have known he needed to name a new FBI director in January, as some of us advised. History might have been different.

The tragedy is that all of this has put the larger Trump reform agenda in jeopardy. Stocks took a beating Wednesday as investors assessed the possibility that Mr. Trump has sabotaged his own challenge to the Washington status quo. If Mr. Comey is out for revenge for his belated dismissal, Mr. Trump's best defense is to get the facts out as quickly as possible.

The Special Counsel Mistake

Democrats and their media allies finally got their man. After weeks of political pressure, Deputy Attorney General Rod Rosenstein blinked late Wednesday and announced that he has named a special counsel to investigate Russian attempts to influence the 2016 presidential election. These expeditions rarely end well for anyone, and Democrats are hoping this one will bedevil the Trump Administration for the next four years.

"My decision is not a finding that crimes have been committed or that any prosecution is warranted," said Mr. Rosenstein, which is nice but irrelevant. With Attorney General Jeff Sessions recused from the Russia probe, Mr. Rosenstein appointed former FBI director Robert Mueller III, who will now have unlimited time and resources to investigate more or less anything and anyone he wants.

While the decision will provide some short-term political relief, not least for Mr. Rosenstein, it also opens up years of political risk to the Trump Administration with no guarantee that the public will end up with any better understanding of what really happened.

Rosenstein bends to political pressure, and here we go again.

The problem with special counsels, as we've learned time and again, is that they are by definition all but politically unaccountable. While technically Mr. Rosenstein

could fire Mr. Mueller if he goes too far, the manner of his appointment and the subject he's investigating make him de facto untouchable even if he becomes an abusive Javert like Patrick Fitzgerald during the George W. Bush Administration.

What the country really needs is a full accounting of how the Russians tried to influence the election and whether any Americans assisted them. That is fundamentally a counter-intelligence investigation, but Mr. Mueller will be under pressure to bring criminal indictments of some kind to justify his existence. He'll also no doubt bring on young attorneys who will savor the opportunity to make their reputation on such a high-profile investigation.

Mr. Mueller has experience in counterintelligence and at 72 years old has nothing to prove. But he is also a long-time Washington player close to the FBI whose director was recently fired, and he is highly attuned to the political winds. As they say in Washington, lawyer up.

Britain's Manifesto Destiny

Britain's main political parties released their official platforms this week ahead of the June 8 parliamentary election. Pardon beleaguered voters for wondering why their leaders bothered pulling them out to the polls.

The biggest disappointment comes from the Tories, who have an enormous lead in the polls. In her better moments, Prime Minister Theresa May is tackling some vexing entitlement problems. She pledges to end the "triple lock" on pensions, which guaranteed that state old-age benefits increase each year by the highest of consumer-price inflation, wage inflation or 2.5%. This is a huge drain on the fisc, a political burden that the previous Tory government of David Cameron saddled Mrs. May with undoing.

Mrs. May's plan to means-test government benefits for in-home care for the elderly is another broadly good idea. If the Tories could explain this better, younger voters might notice that their taxes would no longer be diverted to support the aged who can afford their own care. Mrs. May will need youth support for this plan since it will sink like a stone among older voters worried about having to sacrifice home equity to fund their old-age needs.

The problem is everything else. Mrs. May is ditching Mr. Cameron's promise not to increase

personal-income tax rates, national insurance taxes or the consumption tax. She also promises to boost the cost to employers of hiring foreign workers, in another attempt to meet the Tories' dubious pledge to reduce net immigration to less than 100,000 per year.

Missing from anyone contesting this election is the bold thinking Britain needs to thrive after it leaves the European Union. Mrs. May's reforms are important but don't shrink the state or liberalize the economy enough to transform Britain into an Anglo-Saxon tiger.

Labour and the Liberal-Democrats are worse, with various tax-hike pledges, industrial renationalizations and other notions out of the 1930s. At least the Liberal-Democrats are honest enough to admit that it's not worth leaving the EU if this is the best Westminster can do: They promise a second Brexit referendum in the hope that this time voters will choose to Remain.

Policy debates will shift rapidly during Brexit negotiations, so Britain will have more reform openings. But the wasted election opportunity would be to emerge with a huge Tory majority but a mandate for doing little. Our advice to Mrs. May: Spend the coming weeks aggressively persuading voters on her entitlement reforms as a political down payment on bigger ideas to come.

The Tories may win a huge majority with a mandate for little.

Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to wsj.ltrs@wsj.com. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

Let Trump Be Trump



After the past two weeks, one must ask: How many parallel universes can the U.S. political system endure?

Let us enumerate the celestial bodies traveling along independent orbits just now: Donald Trump, Sean Spicer, the Beltway press chorus, the White House's Borgia factions, 2018's at-risk congressional Republicans, the Schumer Democrats, the mosquito clouds of social media, and the various people working in what little exists so far of the Trump government.

One more parallel universe deserves mention: the Trump vote, which decided the 2016 election. Oh, *them*.

The Trump vote sits out in the country watching the Washington spectacle of all things Comey, all things Russian, rumors of White House firings, and the president's tweetstorms.

Polls suggest most Trump voters aren't much moved by these events. After surviving the 2016 election, the Trump voter remains fixed on achieving the Trump agenda—the economy, health care, taxes, education, America's global standing, financial reform, immigration, infrastructure, trade. They are willing to put up with a *lot*, because they know that President Donald J. Trump is the only vessel they've got.

Trump voters, however, should not underestimate the dangers of the current Washington circus. It isn't a sideshow. It could pull down him and them.

If Republicans running in 23 House districts carried by Hillary Clinton, or districts barely carried by Mr. Trump, distance themselves from the White-House mayhem, vote margins for the Trump legislative agenda will be at risk. Wednesday's down stock market was a canary in that mineshaft.

If Democrats win back the House in 2018, they will commence impeachment proceedings against Mr. Trump and his presidency will lose its ability to function for half its term.

Something's gotta give in Washington. It's not going to be Donald Trump.

The rumors of a White House shake-up include the suggestion that Mr. Trump may fire Sean Spicer, Reince Priebus, communications director Mike Dubke, counsel Don McGahn and consigliere Steve Bannon. What difference would that make?

No conceivable chief of staff would sign on now without a commitment from the president of full control over White House operations and messaging. Donald Trump won't cede that. He believes what he is doing is fine, as he's said in multiple interviews. So let's consider something completely different.

There is a reality at the center of this matter that has to be faced: Donald Trump doesn't like intermediaries. He abhors anything that gets between him

and the public. The problem is not Sean Spicer's performance as press secretary. The problem is positioning anything between Donald Trump's mind and the outside world.

When Mr. Trump says he is moving too fast and doing too much for any of his staff to keep up, we should take him at his word. He wants direct access. So, create a system that gives him exactly that.

The answer is to cut out the middlemen. Let Trump be Trump.

Donald Trump should serve as his own press secretary and maybe his own chief of staff. I would even propose that the Trump presidency go live to the world, with a camera crew recording the president and his moment-to-moment thoughts in real time every day. President Trump as messenger in chief.

The president should cut the middlemen and be his own messenger in chief.

A month ago, this proposal would have been read as satire. But it is now close to the manifest reality of the Trump White House.

If Mr. Trump says or tweets something that causes a stir, such as pulling out of Nafta, let him talk to reporters on his terms to explain what he meant. If he changes his mind in minutes, hours or days, he can turn to the real-time camera and do it. But he takes responsibility for the Trump message.

Mr. Trump managing the message flow himself won't eliminate all the static, but it would remove the press spending days pounding intermediaries like Sean Spicer to produce answers the president hasn't shared with his people or isn't ready to share. If the Trump presidency is going to produce static on a scale of 1 to 100, why not live with his 50 rather than the current 90?

Think of the Trump presidency as a Wikipedia entry, a project of constant updating, correction and revision. Once people get used to Donald Trump as a wiki, with him as the main editor, things might calm down. For Congress and the legislative agenda, midcourse corrections would become the daily routine, rather than media melodramas. The goal is *relative* stability.

There are all sorts of objections to a real-time Trump. It won't solve White House disorganization, but nothing is workable in this unique context. The old normal isn't happening and never will.

Discontinuity defines the Trump personality, and this won't change. But if it's all passing through him in real time, then corrections of facts, policy or intent can come earlier and reduce the current period of radioactive fallout.

Let Trump be Trump, for as long as it lasts.

Write henninger@wsj.com.

LETTERS TO THE EDITOR

Is Ryan's Plan BATs and VATs in the Belfry?

In his May 15 op-ed "On Tax Reform, Paul Ryan Knows Better," Lawrence Kotlikoff praises the value-added tax and points out that "every developed country has a VAT," which he sees as a wealth tax and a means of bringing more revenue to the federal government. Why would America want to follow the model of those European "developed countries" with their moribund economies, high levels of debt and with many of them close to fiscal collapse?

While it is true that the VAT raises huge amounts of revenue for the government, America's focus

needs to be on reducing government spending, not finding a new way to extort money from the private sector to send to Washington. The imposition of the VAT has led to vastly increased tax burdens and increased government spending in European countries.

The worst feature of the VAT is why politicians love it. The VAT rate is easy and painless to increase. Because it is a hidden tax buried within the price of goods, consumers don't realize it is the government that is driving up costs as prices increase.

ELLEN SAUERBREY Baldwin, Md.

The ACLU Is Right Where It Has Always Been

Regarding Wendy Kaminer and Alan Dershowitz's "Where's the ACLU When You Need It?" (op-ed, May 12): For 97 years the American Civil Liberties Union has unflaggingly defended the free-speech rights of all Americans. Ms. Kaminer and Mr. Dershowitz's criticism of our recent work as too progressive acknowledges that we have defended Donald Trump's speech rights and condemned those who silenced conservatives Ann Coulter and Milo Yiannopoulos on campus. But the authors fail to mention other speech work that doesn't suit their narrative, like our briefs in support of the Washington Redskins' right to a trademark despite the offensive name, the Westboro Baptist Church's right not to be held liable for homophobic slurs or the Sons of Confederate Veterans' right not to have a specialty license plate rejected because of its racist views.

The ACLU regularly represents Christians, evangelicals and members of other denominations in defense of religious freedom.

The authors fault us for supporting the Affordable Care Act, but we proudly do so because it contains important antidiscrimination provisions that protect women, LGBT individuals and persons with disabilities.

We are equally proud of our work resisting Mr. Trump's assaults on civil liberties, including 15 lawsuits challenging the president's uncon-

titutional Muslim travel ban, and 19 Freedom of Information Act requests related to immigration detention practices and fake claims of voter fraud. We have also filed five lawsuits seeking protection of LGBT rights and six suits to defend a woman's right to reproductive choice—all since the 2016 election.

So to the authors' question, where is the ACLU when you need it, our answer is: right here, where it's always been.

*DAVID COLE
National Legal Director
American Civil Liberties Union
New York*

According to the Declaration of Independence, certain unalienable rights are given to us by our creator and not granted by our governments. No individual may exercise a right unless he or she is first willing to protect and ensure that right to all others. Neither condition seems to be in the ACLU concept of "rights."

JACK HAMILTON Silverdale, Wash.

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OPINION

Donald Trump Goes to Saudi Arabia

By Karen Elliott House

President Trump will receive an effusive welcome here from his royal hosts determined to underscore that once again Saudi Arabia and the U.S. are close allies. Barack Obama favored Iran, but that's over. King Salman, 81, is gathering 50 Islamic leaders to meet Mr. Trump. This unprecedented assembly is intended to show not only that Saudi Arabia is the leader of the Islamic world but that Muslim leaders support the U.S. against Islamic State terrorists.

Given the badly frayed relations between the U.S. and Riyadh, the president is guaranteed a win.

While the elderly monarch is host, the indisputable power behind the throne is his young son, Deputy Crown Prince Mohammad bin Salman, 31. He is orchestrating a two-day summit spectacular that will star Donald Trump and the new face of Saudi Arabia—a country now enjoying once-forbidden entertainment and a much larger role for women, who may be allowed to drive as early as this summer. Conservatives seethe but can't block change.

The young prince and the president have much in common. Both are outsiders, brash, unorthodox and new to politics. Each faces strong opposition at home. Both seek to spur economic growth by reducing the role of government. And each is

fighting orthodoxy: MBS, as the prince is known, wants to curb the role of religion and tradition, which inhibit modernization, while Mr. Trump battles leftist orthodoxy and political correctness. Both are smart marketers.

Mr. Trump's presence is an opportunity for the prince to show off his modernization effort. An extravaganza featuring something for everyone—the Harlem Globetrotters taking on a Saudi basketball team, car races, country singer Toby Keith—is intended to convince Americans there is a new, open Saudi Arabia and Saudis that mixing cultures and sexes isn't evil.

How can the son of a king be an outsider? In a culture that reveres age, especially among the royal family's thousands of princes, the appointment last year of a young man who isn't a senior prince, nor even his father's eldest son, came as a shock. Like Mr. Trump, Mohammed bin Salman faces a "resistance" in the form of determined opponents among his royal relatives. Social media has created a "virtual opposition" by enabling disgruntled citizens to express their views.

So both the prince and the president seek success to bolster their leadership, easier to achieve in diplomacy than domestic affairs. Given the badly frayed state of U.S.-Saudi relations, Mr. Trump is guaranteed a win, at least with Saudis, because he isn't Barack Obama. The president has further pleased Riyadh by making this his first stop on his first foreign trip. No president has ever put Saudi Arabia first so visibly.

But the Saudis want concrete support once Air Force One lifts off for Israel, Rome and then a NATO summit in Brussels. Both countries see



BLOOMBERG NEWS

Prince Mohammad bin Salman visits the White House on March 14.

Iran as a threat, but the U.S. president demands more burden-sharing from allies. So the prince, who also is defense minister, is said to be ready to invite the U.S. military back to Saudi bases vacated in 2003 in the face of opposition to foreign troops in the land of the two holy mosques. Riyadh is fighting a costly war against Iran-backed Houthi rebels in Yemen, and the prince wants more U.S. support.

If the leaders agreed to return the U.S. military here, it would mark a significant new commitment to Saudi Arabia's defense—and surely be seen by Iran as a provocation. It would be a clear triumph for both leaders—and a repudiation of Mr. Obama's exhortation that Saudi Arabia "share the neighborhood" with Iran.

The U.S. wants to curb Iranian expansion but may be cautious about new entanglements as Saudi-Iranian

tensions are rising. Prince Mohammad recently slammed the door on any dialogue with Iran, insisting that Tehran seeks domination of the Muslim world. "We know we are a major target," he said. "We will not wait until the battle is in Saudi Arabia, but we will work so the battle is there." Iran immediately warned that if Riyadh persisted with "such stupidity," nothing will be "left in Saudi Arabia except Mecca and Medina."

Beyond bases and Islamic nation support in the fight against Islamic State terrorists, King Salman seeks to tie the House of Saud to the Trump family. The king has just named another of his sons, Khalid, 29, a former fighter pilot, as ambassador to the U.S. Sending his son to Washington is a very personal gesture to a president with family working in the White House.

Prince Mohammad faces much tougher domestic challenges than

President Trump does. The prince has to transform an economy and society long addicted to oil revenues, which have collapsed, and persuade coddled Saudis they must work. Mr. Trump is trying to raise U.S. GDP growth to 3% from 1%; Saudi Arabia has no growth. Mr. Trump seeks to spur U.S. energy production, while the prince is suppressing Saudi production to stabilize prices, in part weakened by growth in U.S. oil production. The U.S. got good news that unemployment is down to 4.4%. Saudi unemployment officially is 11%, but among the 70% of Saudis under 30 the true figure is triple that.

Mr. Trump, for all the angry opposition at home, is more secure than the deputy crown prince. Should his father die, a new king may remove Mohammad bin Salman. Some Saudis believe King Salman will promote MBS to crown prince and thus next in line to be king—but he hasn't yet done so.

Regardless of these uncertainties, Mohammed bin Salman is confidently pushing ahead with ambitious plans to transform Saudi Arabia. Like Mr. Trump, the prince needs some clear wins over the next several years—an end to the costly Yemen war; successful privatization of Aramco, the national oil company, and other government companies set for public sale. He must persuade skeptical citizens that his plans will in coming years provide Saudis a prosperous life without dependence on oil.

Ms. House, a former publisher of The Wall Street Journal, is the author of "On Saudi Arabia: Its People, Past, Religion, Fault Lines—and Future" (Knopf, 2012).

The Economic Headwinds Obama Set in Motion

By Phil Gramm
And Thomas R. Saving

Behind every significant post-war recovery has been the same driving force: a sustained rise in private investment and new home building, which increased borrowing and drove up interest rates. In most cases the economy had sufficient momentum to overcome those rising interest rates.

But the unparalleled borrowing and monetary stimulus under President Obama may have changed the equation. Now rising interest rates in a full-blown recovery would require the U.S. Treasury Department and the Federal Reserve to compete for available credit with the private sector at unprecedented levels.

The Obama debt surge was largely hidden by ultralow interest rates and the Fed's purchases of government securities. So massive were the Fed purchases of Treasury debt and mortgage-backed securities that the central bank effectively funded 55% of the Treasury debt issued during Mr. Obama's presidency, as compared with less than 10% of the debt issued during World War II. Although the publicly held national debt doubled as a share of gross domestic product, the cost of servicing it dropped to 1.3% of GDP in 2016 from 1.7% in 2008.

During the Obama recovery, private investment averaged only 88% of the postwar norm, and housing

starts remained at recessionary levels. Both would surge if a robust economic recovery were to ignite now, intensifying competition for credit. Real interest rates would begin to rise as they did in other post-war recoveries.

The effect on federal borrowing would be staggering. If interest costs simply returned to their post-war norms, debt-servicing costs would rise by \$4.4 trillion over the next decade. If those costs were simply borrowed, it would increase debt-servicing costs by another \$1.3 trillion. By 2027, federal interest costs as a share of GDP would more than triple to 4.9%, exceeding \$1.4 trillion annually—roughly equal to that year's projected Medicare spending.

During previous postwar recoveries, annual gross private domestic investment averaged 17.5% of GDP, and yearly Treasury borrowing went up on average by only 1.6% of GDP. But now if interest rates returned to their historic norms, debt-servicing costs in the fifth year of a recovery would cause Treasury borrowing to spiral to 6.6% of GDP. In other words, federal borrowing would represent more than four times the competition for available credit than it did in previous postwar recoveries.

In addition to these headwinds, a full-blown recovery and a return of normal interest rates would force the Fed to sell assets, increasing fur-

ther the competition for available credit. Recall that the Fed's bloated balance sheet is the mirror image of bank reserves, which have swollen as a result of the central bank's various monetary easing programs. The Fed's purchases of \$3.4 trillion in Treasury bonds and mortgage-backed securities have pushed up bank reserves to \$13.07 for every dollar they are required to hold.

A booming recovery would force the U.S. Treasury and Fed to compete with the private sector for credit.

These massive excess reserves have not expanded bank lending or the money supply because the Fed now pays interest on them—sterilizing excess reserves by in essence converting them into interest-bearing Fed securities.

Once a powerful recovery is under way, demand for loans will rise, increasing interest rates and giving banks an incentive to expand lending. To stop the money supply from exploding, the Fed will have to reduce its balance sheet to soak up the excess liquidity in the banking system. Whether the Fed sells securities, lets the securities it holds mature, pays higher interest rates on excess reserves to stop banks from

lending, or borrows against the value of its balance sheet, it will end up competing directly with the private sector for credit.

Even if the Fed had five years to unwind excess reserves, it would still have to dump \$590 billion of Treasury bonds and mortgage-backed securities into the markets each year. The combined effect of these asset sales and new Treasury borrowing would generate a massive headwind for the recovery, driving up interest rates faster and higher than has been the postwar norm.

In the six decades before 2007, the Treasury borrowed on average an extra 1.6% of GDP a year. The Fed offset part of that by buying some 0.3% worth of federal debt a year, reducing net new public demand for credit to 1.3% of GDP.

But by the fifth year of a full-blown recovery with normal interest rates, the Treasury would have to borrow some 6.6% of GDP. At the same time the Fed would shift from being a buyer to a seller of financial assets, absorbing another 2.6% of GDP of available credit. That totals 9.2% of GDP in new borrowing, seven times the postwar average. This would crowd out private investment at a level never before remotely approached in a postwar era recovery.

Igniting and sustaining a strong recovery will require not only overcoming the post-Obama stagnation but also overpowering these ex-

traordinary headwinds. As long as the economy has little pulse, the fever of rising interest rates will not be felt. But in a full-blown recovery the extraordinary nature of the challenge will become all too clear.

President Trump's tax-cut proposal is a medicine that should be taken at full strength to trigger strong, sustained private investment. The lifting of regulatory burdens—including the repeal of Dodd-Frank—should be pursued relentlessly through executive action, agency rule-making and legislation. Spending limits and entitlement reforms will be critical to sustaining the recovery once it has begun. With Medicaid metastasizing and Medicare and Social Security veering toward insolvency in the next two decades, comprehensive entitlement reform cannot be delayed.

Failing to ignite a strong recovery in the private sector, or to reduce dramatically the growth of government during the ensuing recovery, will risk making the current Washington-induced stagnation a permanent part of American life.

Mr. Gramm, a former chairman of the Senate Banking Committee, is a visiting scholar at the American Enterprise Institute. Mr. Saving is a professor of economics and the director of the Private Enterprise Research Center at Texas A&M University. Michael Solon contributed to this article.

One Belt, One Road, One Boycott

By Sadanand Dhume

As China's Belt and Road Forum concluded in Beijing this week, it was easy to spot the country least thrilled about it: India. The world's second most populous nation refused even to send a representative. Instead Delhi's Foreign Ministry released a statement pouring scorn on the multi-trillion-dollar Belt and Road Initiative.

China promises to use its deep pockets to build out the infrastructure of trade and unleash a wave of

globalization. The hundreds of projects associated with the initiative include railways in the mountains of Laos, a port in Greece, oil and gas pipelines in Turkmenistan, and power plants in Pakistan.

Meanwhile the Indian government accuses China of flouting international norms, creating dangerous debt traps for unsuspecting nations, potentially harming the environment and disrespecting national sovereignty. In short, India not only refuses to join the 60-odd countries participating in the initia-

tive, but it questions the judgment of those who have signed up.

Some of Delhi's concerns about the Chinese initiative, launched four years ago under the catchy name One Belt, One Road, are understandable. But the vehemence of its criticism suggests deeper motives.

First of all, India is concerned

with territorial sovereignty. Delhi worries that the \$46 billion China-Pakistan Economic Corridor may dilute its claims to territory long controlled by Pakistan.

The corridor links China's Xinjiang region to Pakistan's mountainous Gilgit-Baltistan region. The area has long been held by Pakistan, but India claims it as part of the state of Jammu and Kashmir, the most populous parts of which India controls.

Beyond the emotive question of territory lie broader strategic concerns. Delhi worries that China will use its wealth and vaunted infrastructure-building skills to bigfoot India in its own neighborhood.

Indian analysts have long pointed to the Chinese-built Ham-

bantota port in Sri Lanka and Gwadar in Pakistan's Balochistan province as evidence of Beijing's expanding footprint in the region.

The only South Asian country apart from India to skip the forum in Beijing: the tiny landlocked kingdom of Bhutan, arguably India's most dependable ally.

According to Ashok Malik, an influential Delhi-based commentator,

for India the Belt and Road Initiative is "a road to subjugation." In Delhi's view, "the very foundational principles of [One Belt, One Road] offer a strategic challenge to India," Mr. Malik wrote in the Pioneer newspaper.

India's fear of China's Belt and Road Initiative may be overblown.

India's worries should not be pooh-poohed. As China grows wealthier and militarily stronger it shows few signs of treating India with the respect that Delhi feels it deserves.

Beijing has used its clout at the United Nations to shield the Pakistani-based jihadist Masood Azhar from sanctions, and blocked India from joining the Nuclear Suppliers Group, a club of nations that controls trade in advanced nuclear technologies. This despite India's willingness to boost China's global ambitions as a founding member of the Asian Infrastructure Investment Bank.

Nonetheless, fears that China will use the Belt and Road Initiative to encircle India are overblown. It may well become a giant vanity project for President Xi Jinping that squanders vast amounts of Chinese treasure for little tangible benefit.

The fantastical aspect of China's ambition is clearest in Pakistan. According to a master plan published by the Pakistani newspaper Dawn, Beijing envisions leasing thousands of acres of Pakistani farmland, building a surveillance system to monitor cities such as Karachi and Peshawar, and "disseminate Chinese culture" using specially laid fiber-optic cables. The plan also promises, according to Dawn, "a long belt of coastal enjoyment industry" and seeks to turn Gwadar, in insurgency-racked Balochistan, into a site for "coastal vacation products."

How should the Modi government respond to this? If it can finesse the delicate sovereignty question—hardly insurmountable for skilled diplomats—India ought to welcome China's ambitions.

Good luck to Chinese bureaucrats who want to turn Gwadar into Honolulu, or make Peshawar as safe as Perth. If Beijing wants to throw time and resources into this noble quest, Delhi ought to egg it on instead of complaining.

Delhi has bigger things to worry about—including its own economic modernization—than China pouring vast resources into a rash of projects with uncertain economic potential in some of the world's least stable places.

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

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Executive Chairman, News Corp

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LIFE & ARTS

TELEVISION

The Uphill Battle Facing 'Twin Peaks'

The series influenced decades of television, but as it returns, will a new audience respond with the same passion?

BY JOHN JURGENSEN

ONE OF THE TOUCHSTONES of modern television will be put to the test Sunday with the revival of "Twin Peaks," 26 years after it went off the air. The show, considered a precursor to novelistic television like "The Sopranos" and "Lost," helped embolden a generation of writers, directors and producers to push beyond TV norms.

But the show has less of a grip on younger viewers who didn't experience it in context—as a blast of noir weirdness on broadcast television in 1990.

Ian Karmel made three separate attempts to get into it with three former girlfriends who were devotees of the show. The 32-year-old stand-up comedian and staff writer on "The Late Late Show with James Corden" struggled to grasp what was happening in the plot and got distracted by references he recognized from "The Simpsons." As a native of Portland, Ore., he didn't see the show's Pacific Northwest setting as exotic. "There's nothing particularly supernatural about tall trees and fog to me."

"The whole time I was pretending to understand and enjoy it while thinking, 'When is this going to hook me?' It never did."

The mixed legacy of "Twin Peaks" magnifies the challenge faced by all producers of revivals and sequels: how to serve hardcore fans with a fresh story that can also grab new and less-invested viewers. The prolonged gestation of the "Twin Peaks" project (set to air on Showtime) and the secrecy surrounding it has anticipation running especially high, even as some fans try to temper their expectations.

A murder mystery/soap opera/paranormal horror comedy set in the fictional Washington logging town of Twin Peaks, the series was created by filmmaker David Lynch and writer Mark Frost. Its spooky style and the riddle of who killed



Kyle MacLachlan in an alternate reality in 'Twin Peaks,' above. David Lynch, far right, gives direction to Jake Wardle, left, and James Marshall, center.

Laura Palmer, the teen whose body is discovered in the opening minutes, made the series an instant hit on ABC. It was also a fleeting one. The show's escalating strangeness eventually turned off viewers who had tuned in for a whodunit. Overcrowded with characters and surreal tangents, the show staggered through a second season before the network canceled it.

Still, this show chockablock with symbols—a little man speaking in alien cadence, a lady carrying a log like a pet—went on to become an emblem for the industry.

Showtime has leaned on the original show's legacy to market its return—a third season featuring 18 episodes overseen by Messrs. Frost and Lynch. The net-

work released several videos featuring respected producers, including Damon Lindelof ("Lost," "The Leftovers"), testifying to the influence of the original series.

There are many reasons why TV lovers might cherish the memory of "Twin Peaks" more than they remember it chapter and verse. A big one: The series flared up and flamed out before there was an internet, much less instant recaps and live-tweeting.

In contrast to the comic books and novelizations that now expand other entertainment franchises, there was no official spinoff material in later years (following the feature film "Twin Peaks: Fire Walk With Me," a dark 1992 prequel) to drip-feed the fan base.



One exception, a book published by Mr. Frost in 2016, "The Secret History of Twin Peaks," expanded on characters and connected some plot dots. Even collectibles were scant, owing in part to the original show's brief lifespan. Showtime has filled the void, selling accessories ranging from a "Welcome to Twin Peaks" throw blanket to a viewing-party kit that includes a "selfie prop set."

No doubt there's nostalgia for the original show's moody, creepy coolness—and quirks such as the zealous devotion of FBI agent Dale Cooper (Kyle MacLachlan) to coffee and pie. But "Twin Peaks" anticipation is being fueled more by curiosity about how the unpredictable Mr. Lynch will revisit such formative material.

The buzz saw of hype has been building since the fall of 2014, when Showtime announced the show's return. Halting contract negotiations and a temporary departure from the project by Mr. Lynch gave people plenty of time to revisit the original series.

Pro: There are only two seasons and the feature film to consume to achieve immersion.

Con: That's still a 30-hour commitment to a narrative that is arguably uneven, especially in the second season.

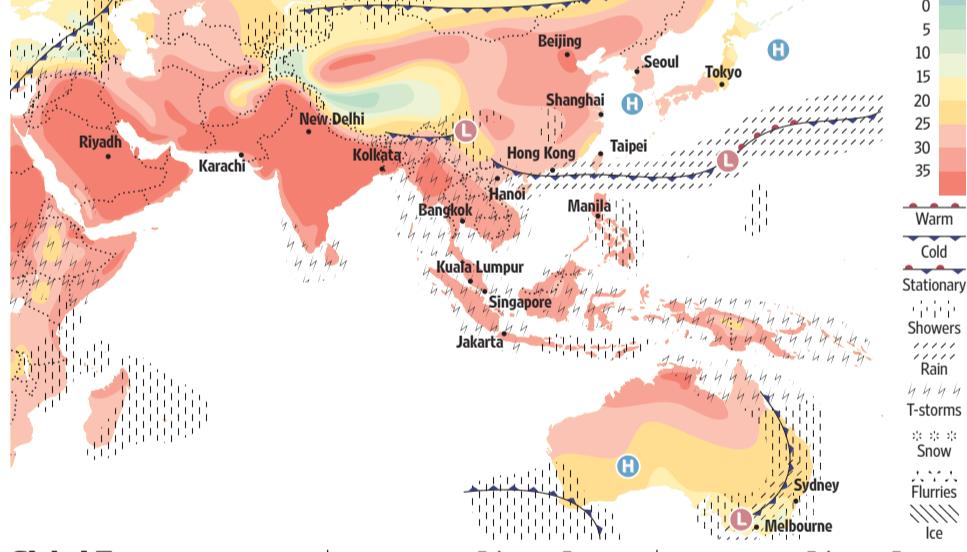
It's a rich but "perplexing" piece of work, says steadfast fan John Thorne, a 53-year-old stay-at-home dad in Dallas.

"There's lots to complain about in its storytelling." And that assessment comes from a loyalist who for 13 years published a magazine covering the "Twin Peaks" world. "Wrapped In Plastic," named for one of the first lines uttered in the show, spanned 75 issues. Mr.

Thorne recently launched a new magazine, "The Blue Rose," to cover the revival.

"A little stressful," is how he describes his hopes and fears about the new "Twin Peaks." He's especially concerned with how rapidly viewers will dissect every episode as it airs. "I don't want to rush through it," he says. "Maybe it will require years of going back and forth and picking through it."

Weather



Global Forecasts

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	16	9	c	18	9	sh
Anchorage	13	7	pc	14	6	pc
Athens	24	14	s	25	16	s
Atlanta	32	20	t	32	21	pc
Bahrain	44	26	s	37	20	s
Baltimore	32	15	t	21	12	pc
Bangkok	33	27	t	33	26	t
Beijing	38	19	pc	35	18	s
Berlin	27	14	t	16	11	c
Bogota	21	11	c	20	11	c
Boise	21	8	s	24	8	s
Boston	27	11	pc	17	9	s
Brussels	16	7	c	18	8	t
Buenos Aires	18	8	r	14	9	r
Cairo	30	19	s	29	18	s
Calgary	18	6	pc	17	6	sh
Caracas	32	27	pc	32	27	pc
Charlotte	32	20	pc	31	20	pc
Chicago	14	10	sh	25	14	t
Dallas	31	20	t	24	17	t
Denver	3	-2	sn	13	1	pc
Detroit	18	9	pc	20	16	pc
Dubai	38	28	s	38	29	s
Dublin	15	7	t	15	7	t
Edinburgh	15	7	c	14	8	sh
Frankfurt	17	8	t	19	8	t

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Geneva	12	6	r	15	7	t
Hanoi	26	23	t	32	25	t
Havana	31	21	sh	31	21	t
Hong Kong	28	23	r	28	26	c
Honolulu	29	23	pc	30	22	sh
Houston	32	24	p	30	22	t
Jakarta	33	26	pc	32	25	pc
Johannesburg	20	4	s	21	5	s
Kansas City	24	12	t	18	8	c
Kuala Lumpur	32	18	s	31	20	s
Kuwait	32	18	s	31	20	s
Lima	23	18	pc	23	19	s
London	16	8	t	17	9	t
Los Angeles	28	16	s	30	17	s
Manila	23	8	s	27	12	s
Melbourne	34	28	sh	34	28	t
Mexico City	30	15	pc	30	14	pc
Miami	32	26	sh	32	27	t
Milan	22	12	t	22	10	pc
Minneapolis	13	7	pc	12	7	r
Monterrey	38	22	pc	36	21	pc
Montreal	18	4	pc	18	7	t
Moscow	20	10	c	23	14	t
Nashville	33	28	p	33	29	pc
New Delhi	42	29	pc	42	28	pc
New Orleans	30	23	t	28	22	t
New York City	31	13	p	21	11	s
Washington, D.C.	33	17	t	23	15	pc
Zurich	16	6	r	15	6	t

The WSJ Daily Crossword | Edited by Mike Shenk



BON VOYAGE! | By Marie Kelly

- The answer to this week's contest crossword is a vacation destination.
- Across**
- 1 Perp pursuer
 - 4 Hoping to avert a strike?
 - 9 Not forbidden
 - 14 Rose in the rock world
 - 15 Donald's second
 - 16 Legend in the auto business
 - 17 *Smart
 - 19 Like some bulls
 - 20 Twelve points
 - 21 Remain unused
 - 22 Single
- Down**
- 1 1970 Masters winner Billy
 - 2 Belt material
 - 3 Even-tempered
 - 4 Fender attachment
 - 5 Song that begins "Day is done"
 - 6 Salon offering
 - 7 O'Connor's successor
 - 8 Salon offering
 - 9 Once around
 - 10 Words a bluffer may dread
 - 11 Personal preference
 - 12 Mashhad masses
 - 13 Gifts
 - 18 Informed
 - 24 Try

► Email your answer—in the subject line—to crossovercontest@wsj.com by 11:59 p.m. Eastern Time Sunday, May 21. A solver selected at random will win a WSJ mug. Last week's winner: Diana Zimmerman, Great Neck, NY. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

Puzzle Contest

- 61 Butch Cassidy, for one
- 62 Cornflower cousin
- 63 Movie title character voiced by Seth MacFarlane
- 64 Country included in Trump's travel ban
- 65 Simple type of question
- 66 Speakers' stumbles
- 67 Is gasping, perhaps
- 68 Desire
- 69 Zap, say
- 70 Sierra (California range)
- 71 Facebook posting
- 72 Hearty laugh
- 73 Like the start of Psalms
- 74 Frank description
- 75 Salsa verde ingredient
- 76 Tailor's concern
- 77 Without thinking things through
- 78 Org. responsible for much checked luggage
- 79 China's Chou
- 80 Blow away
- 81 Shore diver
- 82 Org. responsible for much checked luggage
- 83 Extremely, slangily
- 84 Fly
- 85 More promising
- 86 Market analysts' finds
- 87 Desire
- 88 Zap, say
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- 143 Extremely, slangily
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- 145 More promising
- 146 Market analysts' finds
- 147 Desire
- 148 Zap, say
- 149 Org. responsible for much checked luggage
- <p

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Friday - Sunday, May 19 - 21, 2017 | B1

Yen vs. Dollar 110.9070 ▲ 0.08%

Hang Seng 25136.52 ▼ 0.62%

Gold 1252.50 ▼ 0.40%

WTI crude 49.44 ▲ 0.75%

10-Year JGB yield 0.047%

10-Year Treasury yield 2.209%

Auto maker puts greater focus on China, South America and new technologies

By MIKE COLIAS

General Motors Co. said it would stop selling vehicles in India, the latest retrenching by the U.S. auto maker as it redirects investment into future technology and bolsters its presence in more lucrative markets where it has a leadership position.

Once the world's biggest car company in terms of sales, GM has been retreating from several major and unprofitable markets under Chief Executive Mary Barra. In doing so, it has withdrawn from a race with

GM to End Vehicle Sales in India

Subcontinental Shift

Vehicle sales by major auto manufacturers in India

COMPANY	MARKET SHARE	VEHICLES SOLD (through April)	CHANGE FROM 2016
Toyota	2.7%	33,238	83%
Volkswagen	1.7%	21,982	23.5%
Ford	2.6%	32,651	22.7%
Honda	5.1%	63,271	9%
Nissan-Renault	4.9%	60,401	8.6%
Hyundai	14.5%	173,859	7.1%
GM	0.5%	5,818	-42%

Source: WardsAuto.com

THE WALL STREET JOURNAL.

Toyota Motor Co., Volkswagen AG and the Renault-Nissan alliance for the industry's coveted sales crown.

While GM will continue making products in India to sell

in other countries, its decision to pull out of the market in the world's second-most populous country reflects a wider recalibration of where it should be placing bets. It has centered

most of its emerging-markets investment on China and Brazil.

India's car market is fragmented, and auto makers that succeed there typically offer models with little more than the basics. While selling cars in a market with millions of new buyers annually increases scale, turning a profit is difficult there, and other auto makers have expressed frustration. In March, Ford Motor Co. finance chief Bob Shanks said the crowded market and weak pricing make India "very difficult" and Ford's approach "needs to change."

GM is also pulling out entirely from South Africa, with plans to sell its relatively small manufacturing operation there to Isuzu Motors Ltd. The departures follow GM's decision to pull out of Russia in 2015

and the pending sale of its European division, Opel AG, to Peugeot.

"In the most important markets where we have the strongest franchise, we're in it to win it," GM President Dan Ammann said in an interview. Although GM is notching record profits on strong sales in the U.S. and China, Mr. Ammann said the company still operates "in a world of finite resources."

Toyota, Ford, Honda Motor Co. and the Renault SA-Nissan Motor Co. venture all have sizable sales operations in India, but all trail local companies in the race for volume.

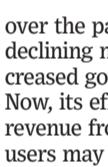
In addition to China and the U.S., the world's two biggest markets, GM is focused on South America, Mr. Ammann said. At the same time, the auto

Please see INDIA page B2

CHINA CIRCUIT

By Li Yuan

Apple's Risky Tactic To Tap 'Tip' Revenue

 Apple Inc. has seen its challenges multiply in the all-important China market over the past year or so, from declining market share to increased government scrutiny. Now, its effort to wring more revenue from Chinese iPhone users may be setting the company up for more trouble.

Apple's latest predicament centers on its App Store. Last month, Apple told several Chinese social-networking apps, including the wildly popular messaging platform WeChat, to disable their "tip" functions to comply with App Store rules, according to executives at WeChat and other companies. That function allows users to send authors and other content creators tips, from a few yuan to hundreds, via transfers from mobile-wallet accounts.

Those transfers are offered by the social-networking apps free of charge, as a way to inspire user engagement. Now, those tips will be considered in-app purchases, just like buying games, music and videos, entitling Apple to a 30% cut.

While the sums are small, the stakes for Apple are big. The company is at a critical juncture in China. Its revenue is sliding. Its market share dropped from 16% in 2015's first quarter to 9% two years later, according to research firm IDC, and the iPhone has fallen to No. 4 in the market behind three homegrown brands.

Meanwhile, China became the biggest market for Apple's App Store, surpassing the U.S. in revenue in 2016. In the fourth quarter of 2016, Chinese paid \$2 billion for in-app purchases—the most money drawn from any country in App Store history, according to mobile analytics company App Annie Ltd.

So, while it is understandable that Apple wants to tap the App Store for more money, its pressure on the app platforms risks alienating powerful Chinese companies, turning off Chinese iPhone users and drawing unnecessary attention from the regulators.

Apple declined to comment.

Some social-networking apps likened Apple's tactics over the tipping function to arm-twisting. Chief executives at two companies say that Apple told them if they refused to make the change, updated versions of their apps wouldn't be made available and they could be kicked out of the App Store.

Please see YUAN page B4



DAVID GOLDMAN/ASSOCIATED PRESS

Many Delta pilots get objective feedback about the level of their flying skills almost immediately after every takeoff and touchdown.

Flight Data Improve Pilots' Skills

By ANDY PASZTOR

U.S. airlines are devising novel ways to squeeze the most benefits out of real-time flight data captured by aircraft, from enhancing landing safety to improving customer relations.

Delta Air Lines Inc. has been using a system to provide many of its pilots objective feedback about the level of their flying skills almost immediately after every takeoff and touchdown. Southwest Airlines Co. and American Airlines Group Inc. plan to start similar programs this summer.

The specific cockpit reminders, which are either automatically printed out on paper or digitally displayed on instrument panels, target crews flying jetliner models

featuring stretched fuselages, including advanced Boeing Co. 737s, 757s and 767s. Handling these extra-long aircraft requires special caution; the undersides of the planes' tails are notoriously prone to striking the ground if the nose is raised too quickly or too high, or if landing speeds are off by even a few knots.

Shortly after each takeoff and landing, the systems send pilots data that allows them to compare their individual commands and proficiency to company and industry performance standards that limit maneuvers close to runways.

"The idea is virtually instant feedback" to help pilots compare their performances, said Rich Kaynor, fleet captain for Delta's 737 and Airbus SE A320 fleets.

Delta declined to indicate whether providing the additional information has affected the rate of tail strikes, though company officials said the issue hasn't posed any recent safety problems.

The initiatives underscore the advantages of quickly tapping in to the trove of valuable data that today's jetliners routinely capture, from engine performance to encounters with turbulence to in-flight entertainment malfunctions.

Since the 1990s, methodical analysis of flight data and incidents spanning months or years has been an industry standard and is a major reason commercial aviation has attained record safety levels in the U.S. and around the globe. Airlines will continue that process, along

with voluntary, nonpunitive reporting of pilot mistakes.

But increasingly, airline managers are looking to use certain categories of onboard data much more quickly. That is where highlighting tail-strike awareness kicks in.

Delta's approach appears to be the most comprehensive, since it has been implemented for some time on more than 300 of the carrier's single-aisle jets, from both Airbus and Boeing.

Pilots on those planes automatically receive a printout of the precise angle of the nose, aircraft speed and other variables recorded during takeoff and landing. The printouts are designed to show up several minutes after takeoff and again

Please see DATA page B2

Alibaba Rides Wave of Consumer Spending

By LIZA LIN
AND AUSTEN HUFFORD

For a look at the strength of China's consumer economy, look no further than the latest quarterly results from e-commerce giant Alibaba Group Holding Ltd.

The company said Thursday that its fiscal fourth-quarter revenue jumped 60% from a year earlier to 38.6 billion yuan, or \$5.6 billion. Revenue from its core commerce unit rose 47% to \$4.59 billion.

Its net income attributable to ordinary shareholders for the period, which ended March 31, was 10.65 billion yuan, or \$1.55 billion, nearly double the year-earlier tally.

Driving the revenue growth are rising wages that allow Chinese consumers to spend more on discretionary goods, Alibaba Vice-Chairman Joe Tsai told analysts in a call.

"The potential leveraging up of the Chinese consumer, especially among the younger Chinese population, will provide a powerful driver of consumption many years into the future," Mr. Tsai said.

China's National Bureau of

Statistics said online retail sales of physical goods rose 26% in China in the first four months of the year. Analysts from J.P. Morgan said in a report that rising online purchases reflect the trend of Chinese consumers upgrading their household goods and appliances as their discretionary spending power increases.

Alibaba, which runs China's most popular online shopping websites, Taobao and Tmall, also said Thursday that the company's board approved a \$6 billion share buyback over the next two years to prevent

video acquisition of Youku Tudou. Even so, the digital media unit posted a loss of 1.7 billion yuan in the fourth quarter.

Executives said competition in China's online video space remained intense with many players competing for licensed content.

Alibaba has plans to invest more than 50 billion yuan over the next three years in media content and infrastructure. It said it is looking to work with talent to develop proprietary content.

In retailing, Alibaba said it is focused on expanding its operations overseas, and would invest in artificial intelligence to develop technologies that would boost consumer spending on its existing platforms.

AliCloud, its cloud-computing arm, doubled its revenue in the quarter to \$314 million as it added more paying users.

In response to a question, Mr. Tsai said Alibaba wasn't looking to create a self-driving vehicle—which has become a major initiative of fellow Chinese internet giant Baidu Inc.

◆ Heard: At Alibaba, path to clicks is via videos..... B8

Quarterly revenue rose 60% at the Chinese e-commerce giant.

share dilution.

Alibaba's American depository shares were off 2.8% at \$117.35 in midday trading in New York on Thursday, but are still up 33% this year.

Alibaba's revenue figure for the latest quarter beat the \$5.3 billion forecast by analysts surveyed by S&P Global Market Intelligence, while earnings per share narrowly missed estimates.

Revenue at Alibaba's digital media and entertainment division more than tripled to \$571 million as the firm consolidated sales from its online

Selloff Is Wake-Up Call on Stocks

By JON SINDREU
AND CHRISTOPHER WHITTALL

Stocks have behaved so much like bonds lately that some investors have been treating them the same. But Wednesday's selloff in U.S. equities was a timely reminder that the tide can turn quickly.

After a sustained period of calm in markets, the question is whether volatility is making the kind of meaningful comeback that could spur a wave of selling from certain types of investors and exacerbate a downturn in markets.

For much of 2017, stocks have defied traditional views that they are a riskier bet than bonds. Shares in the S&P 500 index recently fell to levels of volatility that put them almost on a par with ultra-safe 10-year Treasurys. That has been a green light for the large number of investors that measure risk by looking at volatility to plow money into equities, helping push stock benchmarks toward record highs.

That changed Wednesday on concerns over political turmoil in Washington. Major U.S. stock markets tumbled and a widely followed measure of stock volatility jumped nearly 50%. Shares in Europe and Asia continued to decline Thursday, though U.S. shares were up slightly in morning trading.

If the selloff continues, there is concern the same investors who bought stocks because volatility was low could quickly sell if it rises—and shares once again act like shares.

That strategy "works fine as long as volatility stays low," said Robert Schoen, chief investment officer of global asset allocation at Putnam Investments. "If volatility spikes...all of a sudden you're caught offside with a lot more risk than you intended."

Money managers are grappling with these issues after a decade of unprecedented central-bank stimulus, in which the traditional rationales for choosing between stocks and bonds have often been turned upside down.

Bonds were once seen as a steady investment bought for their income, while stocks were the more exciting investment, which could rally but were more prone to swings. But in the past few years, many investors have bought bonds to profit from surging prices, as interest rates touched fresh lows.

Those gains could soon turn to speedy declines if monetary policy suddenly changes. Meanwhile, investors have started seeing stocks as a stable, income-producing investment in an improving global economy.

"People are reassessing the risk properties of different assets," said Eric Lonergan, fund manager at M&G Investments, and markets have the "behavioral bias to allocate risk into lower volatility."

On average over the past six months, the difference between the realized volatility of

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INSIDE



OIL TRADERS FACE A NEW PROBLEM

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Microsoft Targets Africa Cloud Revenue

BY JAY GREENE

Microsoft Corp. plans to extend the cloud-computing arms race among technology giants into Africa by opening two big data centers there next year.

The data centers, which will serve customers of the software giant's Azure cloud-computing business, will be the first of their size built in Africa by one of the three major cloud-infrastructure providers—Microsoft, **Amazon.com** Inc., and **Alphabet** Inc.'s Google, according to global maps the companies post online. Microsoft plans to open the centers in Johannesburg and Cape Town.

Microsoft believes the African tech market is "a pretty ripe opportunity," said Julia White, corporate vice president. Microsoft's cloud-computing customers in the market include **Standard Bank of South Africa** and the South African State Information Technology Agency, she said.

Research firm International Data Corp. estimates that total cloud revenue in South Africa last year was \$243 million, but expects it to grow nearly 20% a year through 2021.

PUNE METROPOLITAN REGION DEVELOPMENT AUTHORITY, PUNE Corrigendum No. 3 to E-Tender Notice No. 17 for FY 2016-17

The PMRDA has published tender notice for Request for Qualification (RFQ) for short listing of Bidders for Hinjawadi-Shivajinagar Pune Metro Rail Project with tender ID - 2017_PMRDA_196091_1 on mahatenders.gov.in dated 02/03/2017.

Now the date of submission of RFQ is extended up to 25/05/2017 up to 17.30 Hrs. All other details are available on www.mahatenders.gov.in

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BUSINESS & FINANCE

Real Estate Propels Fight for Fairfax

By MIKE CHERNEY

SYDNEY—The bidding war between two U.S. private-equity firms for Australian newspaper company **Fairfax Media** Ltd. isn't over the newspapers.

Hellman & Friedman LLC made an offer valuing the company at between 2.8 billion and 2.9 billion Australian dollars (US\$2.1 billion and US\$2.2 billion), Fairfax said Thursday, following a bid of just under A\$2.8 billion from a consortium led by **TPG Group**.

Fairfax's papers include some of Australia's biggest, among them the Sydney Morning Herald. But what the bidders are really after, investors and analysts say, is its online real-estate-classifieds business Domain, a beneficiary of the country's property boom.

"The prize has always been Domain," said Bruce Smith, principal and portfolio manager at Alphinity Investment Management in Sydney. "The newspaper side of it is increasingly a cost center, rather than a profit center." Domain's revenue for the period of Dec. 26 to April 23 was up 10% from a year earlier, while revenue at Fairfax's main newspaper division was down 11%, the company said. Journalists recently went on strike to protest staff cuts.

The newspaper business has been suffering for years as readers and advertisers move online. In the U.S., **New York Times** Co. took a bath on the Boston Globe, selling it for \$70 million in 2013 after having paid \$1.1 billion in



Bidders for newspaper publisher Fairfax Media mainly want its online real-estate classifieds business.

1993. That same year Amazon.com Inc. Chief Executive Jeff Bezos bought the Washington Post for \$250 million as losses piled up.

Now may be a good time to bid for Domain. Fairfax earlier said it was looking into spinning off the business, which could make it more expensive. Analysts say Fairfax's share price is weighed down by its newspapers, which also include the Age and the Australian Financial Review.

Real-estate listings have been relatively weak recently, but that could soon change. There are concerns that Australia's housing boom has peaked, and listings volume could increase if a cooling market drives real-estate investors to cash in by selling

their properties.

Hellman & Friedman offered between A\$1.225 and A\$1.25 a share. TPG, which had kicked off the bidding earlier this month with a proposal that envisioned spinning off Domain and the larger newspapers, on Sunday offered a revised bid of A\$1.20 a share for the entire company, Fairfax said.

Fairfax said Thursday that it would grant both bidders access to its books for the due-diligence process. It also said there is still no certainty it would accept either bid. But the news still sent Fairfax shares up nearly 7% to A\$1.24.

"We welcome the Fairfax board's decision to provide the consortium with access to due diligence," a TPG representative said in a state-

ment Thursday. The firm had no further comment.

Hellman & Friedman in 2013 bought a majority stake in online-classifieds company Scout24 AG, which in 2015 listed on the Frankfurt stock exchange. Brian Powers, Hellman's chairman emeritus and a senior adviser, served as chairman of Fairfax until 2002 and is leading Hellman's bid for the publisher, a person familiar with the bid said.

Other newspaper companies have sought to reclaim the lost revenue from their print classifieds. News Corp has a majority stake in REA Group Ltd., which runs realstate.com.au, Domain's main competitor. News Corp also owns Dow Jones, the publisher of The Wall Street Journal.

STOCKS

A Calm Stretch

Wednesday's selloff followed months of stocks becoming less volatile*



THE WALL STREET JOURNAL.

Continued from the prior page the S&P 500 and that of 10-year Treasury futures has been the narrowest since 2004. But on Wednesday, it started widening again: Volatility was 9% for stocks and 4% for bonds, compared with Tuesday's 6% and 4%, respectively.

Some investors, including Warren Buffett, have long questioned whether volatility is a good measure of how much risk holders of assets really face.

But there are funds that use volatility as the key measure of risk. That includes more U.S. insurance companies and investors like so-called risk-parity funds that decide how much to allocate between different asset classes based on their volatility.

For these investors, lower volatility is a buy signal and, in some cases, a prompt to increase leverage.

"As asset prices go higher, volatility goes lower, causing you to buy more assets in a risk-parity framework," said Scott Hixon, head of research at Invesco, Ltd.

Analysts believe the amount of assets in strategies that target volatility has grown in recent years. That money then may play a part in the speed of any market fall, and the size of the gyrations as it declines.

"We're seeing that as a fast growing category, especially with insurance companies in the U.S.," said Mr. Schoen.

By this month, risk-parity funds had increased their equity allocations to 40%, the highest level since records started in 1999, according to Morgan Stanley.

Many investors point out that the rally in stocks and decline in volatility in recent months are merely the welcome effects of greater optimism about economic growth and corporate earnings. Invesco's risk-parity portfolio is 42% exposed to equities, compared with an average of around 35% in recent years, but that isn't merely because volatility has been low, said Mr. Hixon.

"Equity is a good place to be," he said, citing economic fundamentals and current valuations.

Some analysts also wonder whether there is enough money in volatility-targeting strategies to truly sway markets if they start a nose dive.

According to estimates by

Bank of America Merrill Lynch, they would need to manage around \$1 trillion in assets to account for 20% of weekly trading volumes in equity index futures markets under a scenario of severe market stress, but their actual size is thought to be far lower.

Still, others now worry that volatility-targeting strategies have helped create a circular dynamic that could turn quickly. Investors buy more stocks because they look less risky, which pushes down volatility and drives investors to buy more. If stocks begin to fall, the spike in volatility may then exacerbate the selloff.

"It's basically a self-reinforcing feedback loop: As long as the market doesn't go down you keep accumulating new positions," said Nikol Koujianian, chief investment officer at Quest Partners LLC, a New York-based investment firm that offers clients protection against market crashes.

ter in Bangalore.

India's auto market is growing, with sales this year through April hitting 1.4 million vehicles, or a 9% increase over the same period in 2016, according to WardsAuto.com. Auto companies have been pouring investment into the country, with \$16 billion spent on plants and infrastructure over the past decade and a half, according to the Indian government.

The market leader, Maruti Suzuki, owned by Japan's Suzuki Motor Corp., holds a dominant 40% market share. Several auto makers have gained steam recently by launching small crossover SUVs that are agile enough for congested cities but seen as durable enough to handle battered roads.

GM will end its sales and manufacturing operation in South Africa later this year. GM said it has a weak position in that market, selling around 20,000 vehicles there last year.

Isuzu, GM's joint-venture partner in South Africa, will take over a commercial-vehicle factory and GM's stake in the JV. Terms weren't disclosed.

Christine Rogers contributed to this article.

DATA

Continued from the prior page at the end of the landing roll.

"It has had an impact," said Capt. Kaynor. "I would like to think it has led to a preventive attitude" among crews regarding movement of the aircraft's nose near the tarmac. Pilots instantly realize, for example, if they didn't leave adequate clearance between the tail and the strip during takeoff.

Capt. Kaynor said Delta also is considering using other flight data to identify passengers who have experienced particularly bad turbulence during recent trips, possibly to send them a personalized corporate apology for the rough ride.

At American, safety managers intend to launch a system this summer that will automatically push flight data to cockpit displays of stretched versions of Boeing 757 and 767s, with the goal of highlighting optimum takeoff and landing techniques. Pilots will have the option of using printers to capture the information.

A similar data transmission system will begin operation on all of Southwest's aircraft sometime in the next few months, a spokesman said. Southwest flies only Boeing 737 models, which don't have printers in the cockpit.

Airlines have sought to use flight data for other purposes, with limited success.

At **United Continental Holdings** Inc., which flies an array of models with stretched fuselages, pilots say some Boeing 767 jets already produce cockpit printouts showing the angle at which the planes actually took off. The nose is recommended to be raised no greater than two degrees during the initial climb. The speed at which pilots rotate the aircraft skyward also can potentially cause tail damage.

Airlines have sought to use flight data for other purposes, with limited success. Projects include attempts to more effectively predict airborne turbulence, engine icing and runway conditions using performance data stored on the aircraft.

On some aircraft such as Boeing 777s, an automated flight-control feature senses when a tail strike is imminent and adjusts control surfaces without pilot input.

There is no comprehensive database of tail strikes on commercial aircraft. AvHerald, a global air-safety website that monitors accidents and incidents, lists nine reports of tail strikes involving commercial jets world-wide since March 2016.

INDIA

Continued from the prior page

maker is investing about \$600 million a year on self-driving car engineering, car-sharing ventures and development aimed at helping the 109-year-old auto maker compete with Silicon Valley tech giants looking to edge in on the car business.

"If we're going to allocate resources to develop leading capability there, what are the things we're going to stop doing in order to support that?" Mr. Ammann said. GM's recent investments in companies like ride-sharing company Lyft Inc. and the purchase of San Francisco autonomous-vehicle startup Cruise Automation have forced a "resource-allocation discussion," he said.

GM has been working to shore up losses in many countries included in its international operations division. Profits from China put that unit in the black, but the rest of those markets, including India, South Africa, the Middle East and several Asian countries, lost a combined \$838 million in 2016.

GM expects to book a charge of about \$500 million during the current quarter to cover

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BUSINESS NEWS

Ex-Head of Fox News Dies

Roger Ailes won over conservative viewers with a pugnacious approach to coverage

BY JOE FLINT

Roger Ailes, who combined political savvy with television showmanship to build the Fox News Channel into a conservative media juggernaut, becoming one of American media's most controversial figures along the way, died Thursday.

He was 77 years old.

OBITUARY
ROGER AILES
1940-2017

The cause of death wasn't immediately known. Mr. Ailes had been in failing health, and had recently been hospitalized after a fall.

"I am profoundly sad and heartbroken to report that my husband, Roger Ailes, passed away this morning surrounded by his beautiful family," Mr. Ailes' wife Elizabeth said in a statement Thursday.

Mr. Ailes pioneered a style of cable news with opinionated, right-leaning prime-time programming delivered by pugnacious hosts. It was an approach that delighted conservatives and proved extremely successful financially, even as it often triggered a negative response from liberal audiences.

Through a career in politics dating back to the 1960s and his leadership of Fox News, Mr. Ailes helped shape the modern conservative movement. Carrying favor with the network's huge audience became a must for Republican politicians with national aspirations and Fox News helped fuel some of the right's most active and influential elements, including the Tea Party.

But he will also be remembered for the sexual-harassment scandal that brought his fabled career at the network to an abrupt end last summer and threw Fox News into a period of turmoil. He exited in



Roger Ailes left Fox News last year in the face of a sexual-harassment suit by a former anchor.

July 2016 after a former network anchor sued him, alleging sexual harassment, and parent company **21st Century Fox** Inc. investigated his conduct. Mr. Ailes denied wrongdoing. 21st Century Fox and Wall Street Journal owner News Corp share common ownership.

Known for his bluntness and disdain for the so-called liberal-media elites, Mr. Ailes was the perfect choice to execute media mogul Rupert Murdoch's vision of launching a news channel that would serve as a thorn in the side of CNN and the evening newscasts of ABC, CBS and NBC. "Roger and I shared a big idea which he executed in a way no one else could have," Mr. Murdoch said in a statement Thursday. "He will be remembered by the many people on both sides of the camera that he discovered, nurtured and promoted."

Mr. Ailes once said that his first qualification to run a news operation was "I didn't go to Columbia Journalism School."

When Fox News made its debut in October of 1996, few were optimistic about its chances of success. CNN had a 16-year head start, and NBC and the deep-pocketed Microsoft Corp. were launching MSNBC.

But Fox News's mix of news and opinionated talk targeting conservatives struck a chord with Americans who felt their views weren't being represented sufficiently in the rest of the media. The Fox News slogans "We report, you decide" and "Fair and Balanced" were mocked by rivals but became mantras for the network's talent and audience.

It took Fox News less than six years to surpass CNN in the ratings, but as far as Mr. Ailes was concerned, his news channel would always be the underdog. He cultivated an us-versus-them mentality in the newsroom and preferred having a chip on his shoulder, people who worked with him at the channel have said.

Mr. Ailes's straddling of the line between politics and jour-

nalism made him a target of media watchdogs, who accused Fox News of being a megaphone for the Republican Party and coarsening the national discourse. Mr. Ailes dismissed such criticisms.

Roger Eugene Ailes was born May 15, 1940, in Warren, Ohio, a blue-collar town in the northeastern part of the state. His father Robert was a factory worker who, at times, was physically abusive to his son. "He used an electric cord, a belt, whatever was handy," Mr. Ailes said in a biography.

After graduating from Ohio University, Mr. Ailes went to work on "The Mike Douglas Show." Mr. Ailes was later involved in the presidential campaigns of Ronald Reagan and George Herbert Walker Bush as well as scores of other politicians. He returned to television full-time in the early 1990s, first as executive producer of a show for conservative commentator Rush Limbaugh and then as president of CNBC, the NBC-owned business news channel.

Sales Improve At Wal-Mart

BY SARAH NASSAUER AND ANNE STEELE

Wal-Mart Stores Inc. reported stronger quarterly sales Thursday, showing the world's largest retailer is pulling shoppers at a time when many competitors are reeling in the era of **Amazon.com** Inc.

Wal-Mart's U.S. same-store sales rose 1.4% in the first quarter—the 11th straight quarterly increase—as the retailer benefited from an increase in store foot traffic. The retailer also reported a surge in e-commerce sales, led by its core Walmart.com site.

The company said it continued making investments to improve stores, lower prices and boost online shopping capabilities. However, profit continued to fall, down 1.3% for the quarter.

In the U.S., which accounts for two-thirds of Wal-Mart's sales, foot traffic rose 1.5% in the quarter ended April 30. That rise was supported in part by strong sales of groceries and household goods. Wal-Mart has been lowering some prices in those categories, in part to compete with a rising crop of discount grocers including Lidl and Aldi.

The average amount each U.S. shopper spent per trip declined slightly, down 0.1% "primarily due to lower sales of higher ticket items at the be-

ginning of the quarter, as well as continued price investment," said Wal-Mart Chief Financial Officer Brett Biggs in a conference call. Overall, U.S. sales in the first part of the quarter suffered because of a delay in federal tax-refund checks, executives said.

Shares in the company added 2.5% in early afternoon trading to \$77.

The company's stable sales are a marked contrast with many department store retailers and competitors including **Target** Corp., which said on Wednesday that sales at stores open at least a year fell 1.3% in the first quarter. U.S. retailers are closing stores at a record pace this year in the face of online competition and overbuilding. Many others have filed for bankruptcy protection, including teen retailer Rue21, Hhgregg Inc. and Limited Stores Co.

Meanwhile, Wal-Mart has leaned heavily into its online efforts and improved stores to compete. Over the last two years it raised store employee wages and shrunk inventory to smooth store operations. Inventory levels in existing stores fell 7.3% in the quarter.

U.S. e-commerce sales surged 63% in the first quarter, excluding sales from Jet.com Inc. and other recent e-commerce acquisitions, said a Wal-Mart spokesman.



A worker sets up a display at a Walmart in Compton, Calif.

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TECHNOLOGY

Company Fined Over Deal Reports

BY NATALIA DROZDIAK

BRUSSELS—Facebook Inc. was fined €110 million (\$122.7 million) by the European Union's antitrust regulator for providing incorrect information or misleading authorities over the acquisition of messaging unit WhatsApp, a warning shot to other companies registering deals for review.

The EU said Facebook inaccurately claimed during the merger review in 2014 that it

EU accused Facebook of giving regulators wrong or misleading information.

couldn't routinely match Facebook and WhatsApp user accounts, something the company started doing two years later when it began combining user data across the services.

"Today's decision sends a clear signal to companies that they must comply with all aspects of EU merger rules, including the obligation to provide correct information," said EU antitrust chief Margrethe Vestager on Thursday.

"We've acted in good faith since our very first interactions with the commission and we've sought to provide accurate information at every turn," a Facebook spokesman said, adding that the errors made in the 2014 filings

weren't intentional.

Facebook doesn't intend to appeal the decision, according to a representative for the company.

The fine is manageable for Facebook, which brought in \$27.6 billion in revenue last year. But it is the latest of many legal and regulatory setbacks for the social-media company in Europe. On Tuesday, France's privacy watchdog fined Facebook €150,000, alleging the company isn't transparent enough with users about how it collects their data.

European regulators have also been scrutinizing Facebook and WhatsApp on concerns the messaging service's terms break privacy rules by letting WhatsApp share user information, including phone numbers, with its parent. Regulators in Germany and elsewhere have ordered the company to halt the data sharing.

The EU's decision comes after Ms. Vestager in March told The Wall Street Journal that, in addition to the Facebook-WhatsApp merger, the regulator was taking a second look at a handful of past deals on suspicion companies misled investigators in securing approvals.

Ms. Vestager said those cases involve companies from different industries.

Ms. Vestager said it was crucial for companies to submit correct information during merger reviews, especially given strict deadlines under EU rules.

Facebook Embraces Esports

In deal with ESL, social-media company expects to broadcast matches and more

BY SARAH E. NEEDLEMAN AND DEEPA SEETHARAMAN

Facebook Inc. is paying professional videogame teams and others in the esports industry to post videos on the social network, part of a shift in strategy to deliver more polished programming to the company's nearly two billion monthly users.

Earlier this year, Facebook signed contracts with five teams to publish live and on-demand video of players practicing or competing at esports. In addition, Facebook on Thursday announced a deal with ESL, a global organizer of esports contests, to broadcast matches, player interviews and more.

Under the deals, esports partners must produce a minimum number of hours of video for the social network, and in most cases the partners are allowed to simultaneously publish to rival platforms such as Amazon.com Inc.'s Twitch.

Financial terms weren't disclosed.

Facebook's interest in beefing up TV-like programming from science, lifestyle and other genres comes as many publishers are seeing lackluster viewership for their live videos on the platform. Facebook is also grappling with how to censor violent moments and other dark content streamed live to the site.



An esports competition in March. Facebook aims to beef up its TV-like programming.

People scrolling through Facebook's news feed are more likely to watch polished videos with audio turned on, making them potentially lucrative vehicles for ads, analysts say. Such content will increasingly appear in news feeds over off-the-cuff live videos from users, as Facebook wants to be seen as a hub for long-form video.

In retooling its video strategy, Facebook revised some of its live-streaming contracts with publishers to emphasize on-demand video, according to people familiar with the matter. Recode earlier reported on Facebook revising its video contracts.

Facebook also is investing in more gaming and traditional sports content. Esports marries both, and fits Facebook's strategy to focus on

lower-profile sports that still have dedicated followings.

The genre has a built-in fan base of millions who watch videos mainly on Twitch and Alphabet Inc.'s YouTube. In 2016, people watched 9.6 billion hours of live-streamed esports and other videogame content on those platforms, according to SuperData Research.

The industry tracker projects that number to climb to 11.4 billion hours this year.

Team Dignitas, an esports squad majority owned by the National Basketball Association's Philadelphia 76ers, joined Facebook's paid content program last month after an exclusive contract it had with Twitch ended.

Echo Fox, an esports team co-founded nearly two years ago by former basketball star Rick Fox, also recently signed a deal with Facebook, which gave the team advice on how to reach viewers and generate ad revenue.

Amy Carrera, a 40-year-old marketing professional in Kingman, Ariz., tunes in to Twitch because she can easily find her favorite games played live. Facebook might be more attractive to her, she said, if it had a dedicated section for game streams.

Facebook is hoping more esports videos will help it develop such an ecosystem. The company plans to apply what it learns from its initial esports partners to develop new features for game broadcasters, said Leo Olebe, Facebook's director of global games partnerships.

BUSINESS WATCH

MERCK

Profit Tumbles 12% Amid Solid Sales

Merck KGaA reported a 12% decline in its first-quarter net profit.

The company said net profit fell to €521 million (\$581 million) from €591 million a year earlier. Net profit was mainly lower as a result of a divestment gain that boosted earnings in the year-earlier period. However, the German company's closely watched earnings before interest, taxes, depreciation and amortization before one-time items rose by 14.5% to €1.2 billion, driven by the health care and life sciences businesses. Sales grew by 5.3% to €3.9 billion.

—Newley Purnell

SHARP

Company Takes Part In Vision Fund

Sharp Corp. said it would participate in a strategic investment vehicle created by SoftBank Group Corp.

Osaka-based Sharp, which is majority owned by Foxconn Technology Group, said it committed to investing as much as \$1 billion in the SoftBank Vision Fund over five years.

—Takashi Mochizuki

IBM Orders Its Remote Workers Back to the Office

BY JOHN SIMONS



HIREN Patel

Penny Schlyer is one of the telecommuters IBM's move affected.

and its researchers have published numerous studies on the merits of remote work.

Friedman said, adding that the "vast majority" of IBM's telecommuters have chosen to join their teams in person.

Workers in affected IBM divisions have been given 30 days to decide whether to move to company-maintained office space that can be hundreds of miles away from their homes.

For example, marketing employees were invited to move to offices in Atlanta, Austin, Boston, Chicago, New York or San Francisco, or leave the company. Those unwilling to move were given 90 days to seek another role within IBM.

The changes have stunned longtime IBM employees like

marketing manager Ron Favali. The 15-year company veteran has spent the past 12 years working from an office in his home outside Tampa, Fla., and considered himself a remote-work success story.

His team uses IBM's Sametime instant-messaging voice and video chat software to stay connected and on task, despite being scattered in three states. Working remotely came with career trade-offs, he said. "I was never going to be named vice president of marketing for anything, but I'm OK with that." He has declined IBM's offer to return to a company workspace, and will leave the company next month to start a marketing firm out of his home.

Companies began offering generous remote work policies because they expected large savings in office and real-estate costs, said Jennifer Glass, a University of Texas professor who studies telecommuting and advises companies on remote-work strategies. Those savings haven't materialized, Ms. Glass said, so workers are being called back to the office.

Relocating offices or asking employees to move can sometimes be read as layoffs in disguise, since a certain percentage of workers won't relocate.

IBM says its co-location plan isn't a cost-saving mea-

sure. Ms. Friedman noted that the employees who can't join an in-person team can apply for one of more than 5,000 open jobs in the U.S.

Working from the master bedroom in her Ogden Dunes, Ind., home, Penny Schlyer helped market IBM mobile software and services for companies reliant on workers who aren't bound to a desk, such as retail employees, financial advisers or doctors.

Her seven years telecommuting with IBM could have been plucked from one of her marketing campaigns: She has logged work hours from the sidelines of her sons' sporting events and used Sametime to communicate with her colleagues.

She was dismayed when IBM requested the 48-year-old mother of three move to the company's New York City office. "The irony is definitely not lost there," she said.

Though IBM offered to pay for the move and make a small cost-of-living adjustment to her salary, Ms. Schlyer declined. "I could never afford to live in New York City, and probably not anywhere close."

She has found a new job leading product marketing for SA Ignite, a Chicago-based software company, but her office won't change; she is still in the master bedroom.

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INTERNATIONAL NOTICES

Record No. 2017 168 COS

THE HIGH COURT

COMMERCIAL

IN THE MATTER OF

INNOCOLL HOLDINGS PUBLIC LIMITED COMPANY

AND IN THE MATTER OF

SECTIONS 450(3) AND 450(5) OF THE COMPANIES ACT 2014

AND IN THE MATTER OF

THE COMPANIES ACT 2014

This is hereby given that an Order dated 10 May 2017 made in the above proceedings, the High Court has directed the summoning of a meeting of the holders of Innocoll Shares (as defined in a proposed Scheme of Arrangement between Innocoll Holdings Public Limited Company (the "Company") and the Scheme Shareholders (the "Scheme") for the purpose of their considering, and voting on, a resolution proposing that the Scheme in its original form or with or subject to any modification(s), addition(s) or condition(s) approved or imposed by the High Court be agreed to (the "Scheme in the Meeting").

The High Court has directed that in relation to the notification and holding of the Scheme Meeting the Scheme Meeting be summoned for 28 June 2017 at 2:00 p.m. (Irish time) at 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland.

The entitlement to attend and vote at the Scheme Meeting or at any adjournment thereof shall be determined by reference to the register of members of the Company as at 11:59 p.m. (New York time) on 1 May 2017.

In addition to the approval to be sought at the Scheme Meeting, the Scheme will require the passing of resolutions at a separate Extraordinary General Meeting of the Company (the "EGM") convened at the same location on 28 June 2017 at 2:10 p.m. (Irish time) (or, if later, as soon thereafter as the Scheme Meeting shall have been concluded).

The High Court has directed that, subject to the approval of the resolution proposed at the Scheme Meeting and the resolutions to be proposed at the EGM, the Company may apply to the High Court on 30 June 2017 for directions in respect of the hearing and the application to sanction the Scheme and related capital variation, which will be returned for hearing on 21 July 2017.

WILLIAM FRY

Solicitors for the Company

2 Grand Canal Square

Dublin 2

Ireland

19 May 2017

THE WALL STREET JOURNAL.

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YUAN

Continued from page B1

"We don't charge anything as the platform, but Apple gets 30% for doing nothing," one of the executives fumed.

The Chinese app developers believe tipping is different from buying a song or making other virtual purchases: Tipping is voluntary and happens after users consume the content, so it isn't a sale but a way to show appreciation.

"The biggest value of tipping is 'fun' not 'money,'" writes freelance search programmer Huo Ju on his widely read tech blog.

Apple has also had run-ins over revenue in the U.S. involving apps from Amazon.com Inc. and The Wall Street Journal among others. In most cases, the iPhone's huge number of users raised Apple's bargaining power.

In China, Apple needs to tread carefully to avoid the traps that befell other foreign companies slow to adapt to the unique features of Chinese internet culture, including the government's frequently heavy hand.

One executive says his com-

Apt Fate

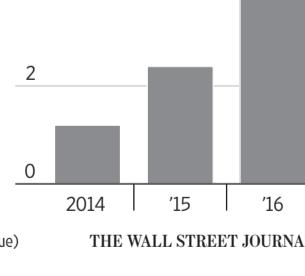
As iPhone sales lose steam in China, Apple's revenue from apps is soaring.

iPhone market share in China



Sources: IDC (market share); App Annie (revenue)

App Store revenue in China



THE WALL STREET JOURNAL.

pany is talking to the Ministry of Industry and Information Technology about whether Apple is imposing unfair rules by turning tipping into in-app purchases. MIIT says it isn't involved. The People's Bank of China, which regulates electronic payments, didn't respond to a request for comment.

Regulatory dictates have previously gotten Apple to suspend its online book and movie services in China and

remove content that the government finds objectionable.

The tipping tiff involves Tencent Holdings Ltd., China's biggest company by market capitalization and the innovative developer of WeChat. The messaging app allows people to chat, pay bills, book hotels, browse media and more.

WeChat says it has 938 million monthly active accounts, mostly in China.

WeChat is a super app that increasingly acts like an oper-

ating system. Its "mini-programs" allow businesses to plug in their own simple apps that can be accessed within WeChat, so that users don't have to leave the platform.

By bringing the app world into its own ecosystem, WeChat potentially threatens Apple's app revenue. WeChat has in the past denied that its "mini-program" function is an app killer. When it comes to the tipping problem, WeChat is talking with Apple to try to find a new solution, according to people familiar with the matter.

In

FINANCE & MARKETS



France wants Paris, above, to be the home of Europe's top finance regulator, and objects to Frankfurt.

France and Germany Fight To Host EU Bank Overseer

BY JULIA-AMBRA VERLAINE AND PATRICIA KOWSMANN

LONDON—France is shooting down the possibility of relocating Europe's top financial regulator to Frankfurt from London after Brexit, an early sign of infighting over the spoils of Britain's departure from the European Union.

Frankfurt had emerged as the favored location among EU officials for when the European Banking Authority moves from the U.K. after Brexit. But the agency has been caught in a Franco-German power struggle over which country will inherit London's financial-services crown once the U.K. leaves.

Countries from Portugal to Denmark are fighting to host the two EU institutions now based in London. The hottest prize is the European Medicines Agency, which attracts thousands of experts a year for its meetings and employs almost 900 staff. France is seeking the European Banking Authority as it tries to fashion Paris as the bloc's next financial center.

While the EBA is much smaller, its presence in Frankfurt would consolidate the city's status as a financial hub. Earlier this month, Germany's financial watchdog said a double-digit number of banks have indicated that they will move some of their staff to Frankfurt following Brexit.

Because of the French objections, talks among the Continent's capitals to move the banking regulator have taken a new turn, and now both Paris and Frankfurt are likely to be out of the picture because of the political controversy that comes with choosing either, according to officials familiar

with the discussions.

The French opposition to Frankfurt as the EBA's location emerged under President François Hollande. But European officials don't expect the country's new president, Emmanuel Macron, to shift ground on the question, though they haven't received any indication one way or another.

This all leaves the EBA and its more than 150 staff in uncertainty as to where the agency will move. Brussels and Vienna have been informally favored by officials as the next best options.

The fight is an example of how, as Brexit negotiations unfold, competition is likely to intensify among the 27 other EU capitals.

European nations are looking to lure businesses and authorities that have to leave the U.K. While some acquisitions are symbolic and matters for national prestige, there are economic benefits. Hosting a regulator means more money for a city's restaurants and an increase in hotel reservations as bankers, lobbyists and officials fly in for monthly board meetings.

There have been no formal EU proposals over where the EBA and European Medicines Agency ought to be located. Talks are taking place among the 27 other EU members and will likely be decided at a summit of European leaders after a series of behind-the-scenes discussions.

Germany hasn't given up on the prospect of moving the EBA to Frankfurt. Officials say the European Central Bank would also support moving the bank regulator to the same city as its own eurozone bank supervisor, known as the Sin-

gle Supervisory Mechanism, which is located in Frankfurt.

The situation creates difficulties for Andrea Enria, chairman of the EBA, who will have to deal with relocating staff and making new hires. Moreover, any lease for the agency's new headquarters needs to be approved by the European Parliament and the member states, a process that can take up to a year, officials say.

The EBA would have to be out of its Canary Wharf offices by March 30, 2019.

Europe's executive arm, the European Commission, has no say in where the EBA will move, despite planning to put forward proposals before year-end that will retool the bloc's supervisory architecture. The commission is considering merging the banking regulator with the EU's insurance regulator, currently located in Frankfurt—which made the German city a logical fit to host the EBA.

Brexit spurred the commission to revisit whether the EU's supervisory architecture needed to be tweaked. Born out of the financial crisis, the EU's supervisory system consists of three agencies to oversee insurers, banks and markets.

Because of national sensitivities, the bloc's three regulators were split between Paris, London and Frankfurt. Now Brexit has thrown the balance of power back into question.

Some officials say handing the EBA to Paris would go against the principle of fairly distributing authorities around the bloc. France already hosts the European Securities Markets Authority in Paris and the European Parliament is in Strasbourg.

Paytm Gets SoftBank Investment

BY NEWLEY PURNELL

NEW DELHI—Rapidly expanding Indian mobile-payments startup Paytm said it has raised \$1.4 billion from Japan's SoftBank Group Corp., giving it added firepower to expand its services in the South Asian market.

Paytm makes a popular smartphone app that can be used to pay for goods and services spanning auto-rickshaw rides to groceries.

The company has said its user base jumped 45% to 218 million, following the government's move in November to crack down on corruption and tax evasion by nullifying its largest-denominated notes.

"We are at an inflection point with Paytm," Chief Executive Vijay Shekhar Sharma said.

The company said Thursday that the new funds could help it add hundreds of millions of new users and introduce new financial-services products.

Paytm didn't disclose the valuation at which the investment was made or provide details on the size of SoftBank's stake in Paytm's parent company, One97 Communications Ltd.

The Wall Street Journal last month reported that a deal was imminent.

FINANCE WATCH

ISLAMIC FINANCE

Oman Hires Banks For Sale of Sukuk

Oman has hired banks to help sell a potential Islamic bond, the latest in a series of debt raisings from the Persian Gulf.

The planned transaction would be a seven-year, dollar-denominated benchmark sukuk with the potential to include a 12-year tranche subject to market conditions, the banks arranging the offering said.

—Emese Bartha

Brunei Lender Plans Malaysian Offering

The state-owned Bank Islam Brunei Darussalam is tapping banks for a potential initial public offering in Malaysia.

If the deal goes through, the

lender would be the first foreign bank to list in that country, people familiar with the plans said Thursday.

The bank could raise up to \$400 million, the people said.

—P.R. Venkat, Yantoultra Ngui

CREDIT SUISSE

Sale of New Stock Wins Approval

Credit Suisse Group AG shareholders overwhelmingly approved a plan to sell four billion francs (\$4.1 billion) of new shares to raise capital, allowing the banking giant to keep full control of its profitable Swiss unit.

Credit Suisse announced the capital increase on April 26, shelving plans to partially float its Swiss banking unit through an initial public offering.

—Brian Blackstone



The Swiss lender will raise \$4.1 billion worth of stock.

Breakup of Lenders Not Trump Priority

BY RYAN TRACY

WASHINGTON—The Trump administration's often-stated goal to review the line between commercial and investment banking activities may be very different—and less onerous for big banks—than the industry fears.

President Donald Trump's economic team has referred to the effort as creating a modern version of the 1933 Glass-Steagall Act—a partially repealed law that would force the largest U.S. banks to break themselves apart if it were still in effect.

Officials say, however, the team's priority is overhauling regulations with the aim of boosting lending, not breaking up big banks. Publicly and privately, administration officials have expressed skepticism that bank breakups would help achieve their broad goal of boosting economic growth.

A Treasury Department spokeswoman in a Wednesday statement said, "The administration does not support a break of banks from investment banks."

Treasury Secretary Steven Mnuchin and other Trump advisers have backed Mr. Trump's campaign promise to consider a "21st Century Glass-Steagall." They haven't explained exactly what they mean by that, leading to confusion and angst among bankers and analysts every time an official mentions the topic.

One reason for the breakout: Sen. Elizabeth Warren (D, Mass.), a member of the Senate Banking Committee, has introduced a bill she also calls the "21st Century Glass-Steagall Act."

Her bill doesn't yet have support from any other committee members. But it has banks' attention because it mandates that a financial company can't own a traditional bank—taking deposits, making loans, and processing payments—alongside other business, such as underwriting and marketing stocks and bonds. The 1933 version of Glass-Steagall included similar prohibitions before it was partly repealed in 1999.

Supporters of the idea argue, among other things, that combining securities and banking activities allows financial firms to become too large and politically powerful, which in turn allows them to take excessive risks, exploit clients, and rely on taxpayer bailouts if they get in trouble.

Behemoths such as J.P. Morgan Chase & Co., Citigroup Inc., and Bank of America

Corp. would have to split apart under Ms. Warren's proposal. For other Wall Street titans the impact might be less stark.

Ms. Warren in April asked White House National Economic Council Director Gary Cohn about her bill in a closed-door meeting of the banking committee. Mr. Cohn, who was the No. 2 executive at Goldman Sachs before taking office in January, surprised some senators by saying he was open to the idea.

Mr. Cohn didn't appear familiar with the details of Ms. Warren's proposal, according to people at the meeting. In a television interview days later, Mr. Cohn was asked about Glass-Steagall and didn't mention bank breakups.

"Right now we have got this massive set of regulation that was built to regulate all banks as they are equal," he said. "If we come up with a 21st Century, modern Glass-Steagall, we may be able to tailor regulation for different aspects of the financial markets and different aspects of financial institutions."

More details about how the Trump administration wants to "tailor" rules should come in June when the Treasury Department is scheduled to report to Mr. Trump about a broad review of financial regulations. Early signs point to an approach that would be less disruptive than Ms. Warren's version.

Acting Comptroller of the Currency Keith Noreika—the only bank regulator the Trump administration has installed so far—is skeptical of returning to Glass-Steagall. In an interview last week, he said banks are safer if they rely on several different businesses for revenue.

Mr. Noreika also said Glass-Steagall would have limited the government's options during the 2008 financial crisis. J.P. Morgan couldn't have purchased the teetering Bear Stearns investment bank, Bank of America couldn't have purchased struggling Merrill Lynch, and Goldman Sachs and Morgan Stanley couldn't have converted to bank holding companies to stabilize themselves.

What Does '21st Century Glass-Steagall' mean?

Several proposals could revive parts of the 1933 Glass-Steagall Act.

Where things stand now

Since the repeal of key Glass-Steagall provisions in 1999, Wall Street firms can own both traditional banks and businesses such as securities dealers or investment banks, with some limits on transactions between them.



Tweaking present conditions

The smallest change to how banks operate would involve more restrictions on intracompany connections, effectively tightening the valve between the sides of the firm.

Ring-Fencing

A sharper division advocated by Federal Deposit Insurance Corp. Vice Chairman Thomas Hoenig and others would mostly separate or "ring-fence" two sides of the same firm's operations.

Returning to Glass-Steagall

The biggest change would reinstate the 1933 version of the law. This would require completely severing banking from other businesses. It is backed by Sen. Elizabeth Warren (D, Mass.).

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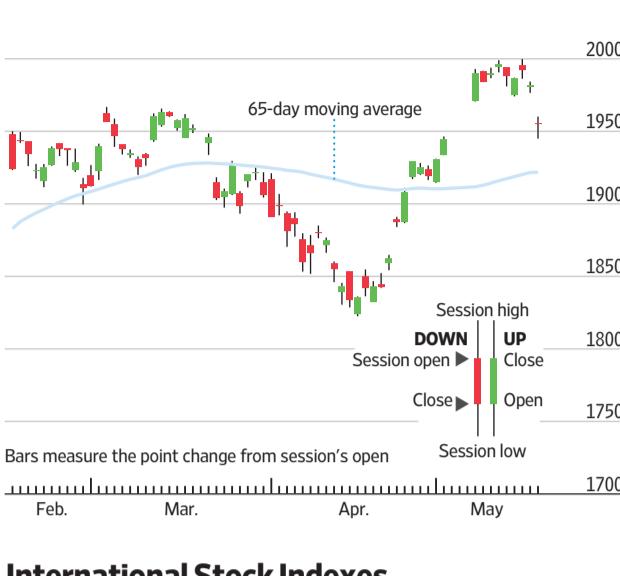
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MARKETS DIGEST

Nikkei 225 Index

19553.86 ▼ 261.02, or 1.32%

High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Feb. Mar. Apr. May

STOXX 600 Index

389.19 ▼ 1.95, or 0.50%

High, low, open and close for each trading day of the past three months.



Feb. Mar. Apr. May

S&P 500 Index

Data as of 12 p.m. New York time

Last Year ago

2359.55 ▲ 2.52, or 0.11%

High, low, open and close for each trading day of the past three months.



Feb. Mar. Apr. May

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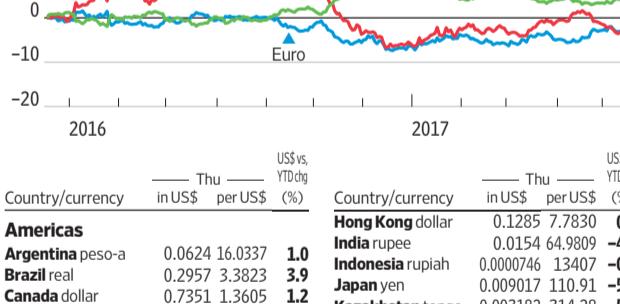
Data as of 12 p.m. New York time

Region/Country	Index	Close	NetChg	% chg	52-Week Range	Low	Close	High	YTD % chg
World	The Global Dow	2721.67	-16.66	-0.61	2193.75	● 2769.38	7.7		
	MSCI EAFE	1870.70	-13.57	-0.72	1471.88	● 1956.39	9.0		
	MSCI EM USD	989.03	-19.60	-1.94	691.21	● 1044.05	24.5		
Americas	DJ Americas	565.99	-1.13	-0.20	480.90	● 578.17	4.7		
Brazil	Sao Paulo Bovespa	61286.15	-6254.11	-9.26	48066.67	● 69487.58	1.8		
Canada	S&P/TSX Comp	15268.82	-4.86	-0.03	13609.58	● 15943.09	-0.1		
Mexico	IPC All-Share	48358.61	-389.34	-0.80	43902.25	● 50154.33	5.9		
Chile	Santiago IPSA	3654.36	-53.47	-1.44	2998.64	● 3786.05	13.4		
U.S.	DJIA	20615.17	8.24	0.04	17063.08	● 21169.11	4.3		
	Nasdaq Composite	6028.01	16.77	0.28	4574.25	● 6170.16	12.0		
	S&P 500	2359.55	2.52	0.11	1991.68	● 2405.77	5.4		
	CBOE Volatility	14.59	-1.00	-6.41	9.56	● 26.72	3.9		
EMEA	Stoxx Europe 600	389.19	-1.95	-0.50	308.75	● 396.45	7.7		
	Stoxx Europe 50	3220.80	-24.26	-0.75	2626.52	● 3279.71	7.0		
France	CAC 40	5289.73	-28.16	-0.53	3955.98	● 5442.10	8.8		
Germany	DAX	12590.06	-41.55	-0.33	9214.10	● 12841.66	9.7		
Israel	Tel Aviv	1412.19	-7.54	-0.53	1372.23	● 1490.23	-4.0		
Italy	FTSE MIB	21299.26	15.54	0.07	15017.42	● 21828.77	10.7		
Netherlands	AEX	524.52	-4.54	-0.86	409.23	● 537.84	8.6		
Russia	RTS Index	1076.80	-27.50	-2.49	873.58	● 1196.99	-6.6		
Spain	IBEX 35	10684.90	-101.20	-0.94	7579.80	● 11184.40	14.3		
Switzerland	Swiss Market	8938.37	-63.23	-0.70	7475.54	● 9136.95	8.7		
South Africa	Johannesburg All Share	54197.12	195.18	0.36	48935.90	● 54704.22	7.0		
Turkey	BIST 100	95147.34	-577.61	-0.60	70426.16	● 96629.15	21.8		
U.K.	FTSE 100	7436.42	-67.05	-0.89	5788.74	● 7533.70	4.1		
Asia-Pacific	DJ Asia-Pacific TSM	1584.23	-14.65	-0.92	1308.52	● 1601.35	11.4		
Australia	S&P/ASX 200	5738.30	-47.70	-0.82	5103.30	● 5956.50	1.3		
China	Shanghai Composite	3090.14	-14.30	-0.46	2806.91	● 3288.97	-0.4		
Hong Kong	Hang Seng	25136.52	-157.11	-0.62	19694.33	● 25371.59	14.3		
India	S&P BSE Sensex	30434.79	-223.98	-0.73	25230.36	● 30658.77	14.3		
Indonesia	Jakarta Composite	5645.45	29.96	0.53	4704.22	● 5726.53	6.6		
Japan	Nikkei Stock Avg	19553.86	-261.02	-1.32	14952.02	● 19961.55	2.3		
Malaysia	Kuala Lumpur Composite	1767.17	-8.48	-0.48	1614.90	● 1778.65	7.6		
New Zealand	S&P/NZX 50	7371.76	-50.74	-0.68	6664.21	● 7571.11	7.1		
Pakistan	KSE 100	50956.60	-554.81	-1.08	36061.56	● 52387.87	6.6		
Philippines	PSEI	7757.69	-68.84	-0.88	6563.67	● 8102.30	13.4		
Singapore	Straits Times	3221.66	-2.44	-0.08	2729.85	● 3271.11	11.8		
South Korea	Kospi	2286.82	-6.26	-0.27	1925.24	● 2296.37	12.8		
Taiwan	Weighted	9969.45	-44.22	-0.44	8095.98	● 10036.82	7.7		
Thailand	SET	1545.88	-2.41	-0.16	1381.69	● 1591.00	0.2		

Source: SIX Financial Information/WSJ Market Data Group

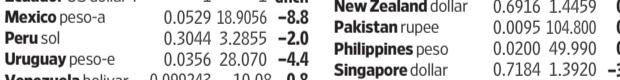
Currencies

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



US\$ vs. Yen

US\$ vs. Euro



US\$ vs. Argentina peso-a

US\$ vs. Brazil real

US\$ vs. Canada dollar

US\$ vs. Chile peso

US\$ vs. Colombia peso

US\$ vs. Ecuador US dollar-f

US\$ vs. Mexico peso-a

US\$ vs. Peru so

US\$ vs. Uruguay peso-e

US\$ vs. Venezuela bolivar

US\$ vs. Australia dollar

London close on May 18

US\$ vs. Yen

US\$ vs. Euro

Country/currency

Thru YTD chg (%)

FINANCE & MARKETS

In World Markets, Turmoil Is Muted

BY SAUMYA VAISHAMPAYAN
AND GREGOR STUART HUNTER

Asian markets sold off in response to Wednesday's sharp falls on Wall Street, but losses were less severe than those in the U.S., a trend that market participants say is likely to continue.

Developments in the U.S., the world's largest economy, matter for global markets. However, investors said the latest reports about President Donald Trump's political difficulties confirmed what many investors have already started to price in: His administration will have trouble pushing through its economic-stimulus agenda.

In Asia, solid economic data from China and Japan, alongside strong corporate earnings such as those from Chinese tech giant **Tencent Holdings** Ltd. on Wednesday, should cushion the region from a more-severe selloff, fund managers said. Signs of a thawing in economic tensions between the U.S. and Asian countries following last week's U.S.-China trade plan also offer comfort.

"I haven't suddenly thought, 'I better buy different

stocks,'" said Mark Tinker, head of Framlington Equities Asia at AXA Investment Managers. "No new investible theme has come out of this," he said.

To be sure, a sustained rout in U.S. stocks could cause further selling world-wide. Turmoil in Chinese stocks at the start of 2016 sparked a prolonged, global rise in what is called risk-off sentiment, where investors shift money out of stocks and into safer assets, such as gold and the yen.

On Thursday morning, the largest drop came in Japan, where the export-heavy Nikkei 225 declined 1.3%. In Hong Kong, the Hang Seng Index slipped 0.3%. Korea's benchmark Kospi index lost 0.2%, and the Shanghai Composite slipped 0.5%.

Those declines were milder compared with the S&P 500, which sank 1.8% on Wednesday, its biggest drop since September.

Some investors may be using political headlines in the U.S. as an excuse to take profits following strong global gains in stocks this year, said Arthur Kwong, head of Asia-Pacific equities for BNP Paribas Investment Partners in



Tencent is among Asian firms that have reported strong results.

Hong Kong. Korea's Kospi has rallied nearly 13% so far this year, while Indian stocks have hit record highs and Germany's DAX has gained 10%.

Valuations may prove another cushion for shares outside the U.S. A survey of fund managers conducted by Bank of America Merrill Lynch in May found that a net 44% of respondents believed emerging-market stocks were undervalued, while a net 20% considered European shares undervalued. A net 82% of investors considered U.S. stocks

the most overvalued in the world.

The political news from the U.S. is "very much noise," said Khiem Do, head of Asian multiasset investments at Baring Asset Management, adding that he was taking advantage of temporary market drops to increase already overweight positions in European and Asian equities.

"We think this is more of a correction rather than anything which is more negative, in terms of whether this is an indicator of a bear market," he

said.

One area where investors are reassessing their outlooks is in currency markets.

"We're rethinking our strategy...given what has happened recently," said Ben Sy, head of fixed income, currencies and commodities at J.P. Morgan Private Bank in Hong Kong. In particular, he is reconsidering bets on dollar strength given the U.S. political situation, in addition to better growth in places like Europe.

The political drama in Washington isn't likely to change the broader global economic recovery or meaningfully alter prospects for the Federal Reserve lifting interest rates at its next meeting in June, said Ashley Perrott, head of pan-Asia fixed income at UBS Asset Management.

"Is what's happening in Washington now going to derail things on a global basis?" he said. "I don't think Trump himself has been a catalyst for why European growth has been stronger. That reflation story has been about more than the U.S.-centric Trump trades."

Part of the muted reaction stems from the fact that investors outside the U.S. were al-

ready preparing for volatility caused by Mr. Trump's presidency.

"We've had more and more calls for one new scenario: Trump impeachment," said Olivier d'Assier, managing director for Asia-Pacific at Axiooma, a New York-based firm that sells risk-management tools to the financial-services industry, including running stress tests on different geopolitical scenarios.

"Some people want to model that because the way it's going, it could happen," Mr. d'Assier said in an interview last month.

In China, the initial impact of the rising turmoil surrounding the Trump administration had subsided by midday Thursday. Investors and traders there are adopting a wait-and-see approach to the U.S.'s unfolding political chaos, while citing financial deleveraging at home as a larger near-term risk.

"[China's] market always tends to [perform] based on its own logic since it's still a largely isolated one," said Shen Zhengyang, an analyst at Southeast Securities.

—Yifan Xie contributed to this article.

U.S. Stocks Rebound After Selloff

BY RIVA GOLD
AND KENAN MACHADO

U.S. stock indexes rebounded Thursday from their worst selloff of the year as investors lifted shares of financial and technology companies.

THURSDAY'S MARKETS The Dow Jones Industrial Average rose 42 points, or 0.2%, to 20649 by early afternoon, led by gains in **Apple** and **Goldman Sachs Group**. The S&P 500 added 0.3%, and the Nasdaq Composite rose 0.6%.

Elsewhere, the Stoxx Eu-

rope 600 fell 0.4% amid declines in banks, miners and auto companies.

Japan's Nikkei Stock Average fell 1.3% as a global flight to haven assets boosted the value of the yen, weighing on the country's exporters, particularly in the auto sector.

Turmoil in Washington has put the Trump administration on the defensive and renewed concerns among investors that it may struggle to push through proposals on tax cuts, deregulation and infrastructure spending. Bets on such policy changes had helped stocks and the U.S. dollar climb after November's election.

While Wednesday's declines interrupted a period of unusual calm in the markets, many investors say that longer term, jitters in Washington are unlikely to derail the stock rally. A buoyant global economy and solid corporate earnings should help major indexes keep climbing, they say.

Data Thursday showed the number of Americans applying for first-time unemployment benefits fell last week for the third consecutive time in a fresh sign of steady job creation.

"I still continue to go back to the economy when I'm talking to clients. As long as the U.S. economy remains in a

good foundation...that creates a supportive environment for equities," said Shannon Saccoccia, head of asset allocation and portfolio strategy at Boston Private Wealth.

U.S. government bonds edged lower Thursday, with the yield on the 10-year U.S. Treasury note rising to 2.219% in early afternoon, from 2.216% Wednesday. Yields rise as bond prices fall. On Wednesday, Treasury yields posted their biggest one-day decline since the week of the U.K. referendum last June.

The WSJ Dollar Index, which measures the dollar against 16 other currencies,



Morgan Stanley shares were among the financial stocks turning up.

inch up 0.2% after logging its worst session since March.

Shares of financial and technology companies, among the worst hit in Wednesday's stock selloff, rebounded Thurs-

day. Financial stocks in the S&P 500 rose 0.8%, lifted by gains in **Morgan Stanley** and **Goldman Sachs**, while technology stocks rose 0.6% as Apple shares rose 1.9% by midday.

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MARKETS

Flood of New Crude Poised to Flow

Canada and Brazil are set to produce more oil, hobbling OPEC's efforts to trim glut

By GEORGI KANTCHEV

A wave of new petroleum production from countries like Canada and Brazil is adding a new problem for oil traders who until now had been primarily preoccupied with U.S. output and an OPEC-led coalition cutting supply.

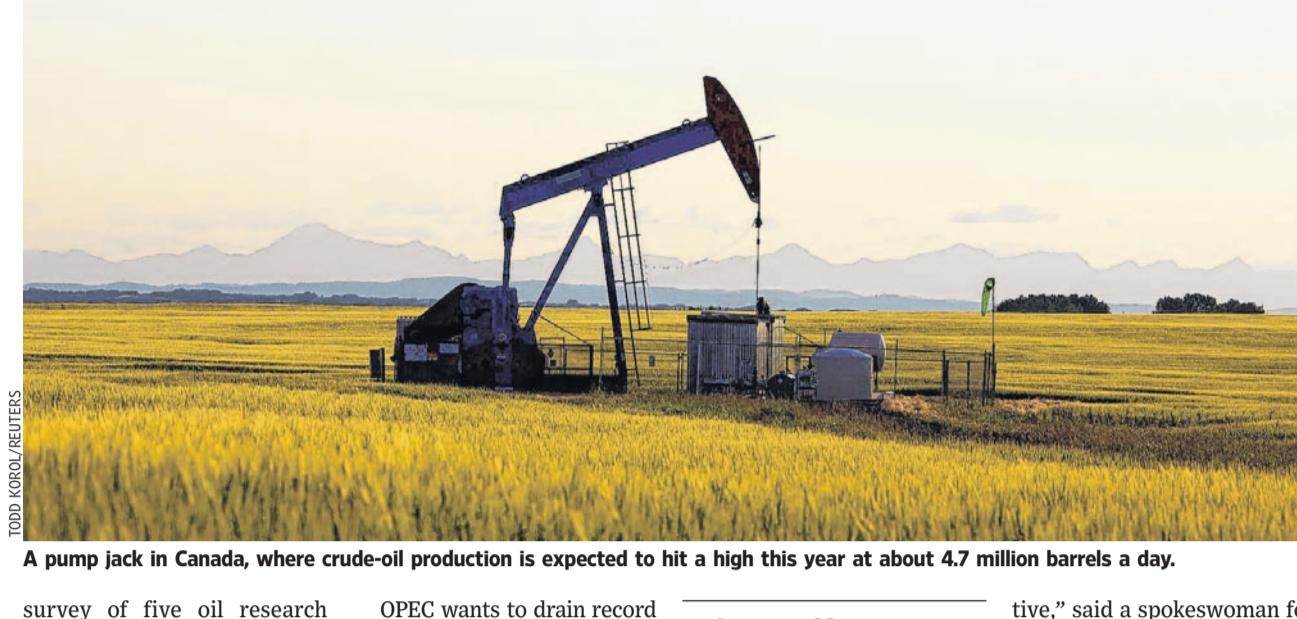
Rising output from Canada and Brazil, along with smaller gains in the U.K. and Norway, represents an under-the-radar concern for some oil traders ahead of next week's meeting between members of the Organization of the Petroleum Exporting Countries.

OPEC, the 13-nation group that controls about 40% of global crude-oil output, and 11 other petroleum-producing countries are poised to renew supply cuts that they hope will bring oil supply back into balance with demand this year. Oil prices remain down over 50% from highs in 2014, depressed by an oversupply fueled by U.S. shale production.

Attention had been focused on how shale producers are reacting to the OPEC-led cuts, but Canadian and Brazilian production gains are a factor "that people seem to overlook," said Doug King, chief investment officer at RCMA Asset Management and manager of that firm's \$215 million Merchant Commodity hedge fund.

"It does add to the oversupply nonetheless," Mr. King said.

Not counting the U.S. and the 24 countries in the OPEC-led coalition, the next five biggest producing countries are poised to increase their combined output by roughly 300,000 barrels a day, according to a Wall Street Journal



A pump jack in Canada, where crude-oil production is expected to hit a high this year at about 4.7 million barrels a day.

survey of five oil research agencies and investment banks.

Canada and Brazil, the world's seventh and 10th biggest suppliers, respectively, are projected to record the fastest production growth outside the U.S. this year as long-planned projects come online. Norway and the U.K. are also seen as raising production this year, though by smaller amounts. Of the five countries, only China's output is expected to fall this year.

To be sure, oil output growth in Canada, Brazil and other countries could slow down in the years ahead. Only a fifth of Canada's vast oil sands deposits are estimated to be profitable due to high production costs.

Even in the short term, the combined gains from these places are a small addition to a market of 96 million barrels a day.

But for now, every extra barrel is a problem for producers that want oil prices to rise.

"This is all part of the larger issue; there is still a lot of oil out there," said Olivier Jakob, managing director of industry consultant Petromatrix.

OPEC wants to drain record levels of oil out of storage, but the process has gone slower than expected. Prices have zig-zagged around \$50 a barrel in recent weeks, about \$10 a barrel below where Saudi Arabia and other OPEC members have signaled they want. Analysts widely expect the deal to be extended when the producers meet on May 25.

On Thursday in early afternoon trading, Brent crude, the global benchmark, was up 0.9%, to \$52.68 a barrel, while U.S.-traded oil had advanced 1%, to \$49.60.

Most of the gains in Brazil and Canada come from projects sanctioned years ago, when oil prices were over \$100 a barrel.

In Canada, output is expected to hit a high this year at about 4.7 million barrels a day, growth of around 200,000 barrels a day, according to the survey.

Just like U.S. shale drillers across the border, Canadian producers have also benefited from improved technologies and increased efficiency as they cut costs. This month, the number of rigs drilling for oil rose to an annual average of 86, the highest since December.

Taking Off

Crude-oil production



Source: International Energy Agency
THE WALL STREET JOURNAL.

ber 2015, according to data from oil-services provider Baker Hughes Inc.

Cenovus Energy Inc., one of Canada's biggest oil sands producers, says it has cut per-barrel operating costs by 30% from 2014 to 2016. The company expects its production to double this year, helped by expanding capacity and new acquisitions.

"We can't control commodity prices, so what we've been doing over the past several years is to significantly reduce our costs to remain competitive," said a spokeswoman for Cenovus.

"We can't control commodity prices, so what we've been doing over the past several years is to significantly reduce our costs to remain competitive," said a spokeswoman for Cenovus.

In Brazil, according to forecasters surveyed by the Journal, oil output is expected to increase by an average of 212,000 barrels a day in 2017, potentially reaching 2.8 million barrels a day.

Brazil is one of the most important oil frontiers, with as much as 50 billion barrels of recoverable resources. The South American country has attracted billions of dollars in investment from the world's largest oil companies, including Royal Dutch Shell PLC and Total SA.

Some analysts say the country has the opportunity to emerge as the world's fifth-largest crude producer by 2025, behind only Saudi Arabia, Russia, the U.S. and Iraq.

Growth in countries like Brazil and Canada, however, ultimately depends on the how successful the OPEC deal is. "Canada and Brazil need oil to be at \$60 and more for a longer time period to be growth drivers," said Jon Morrison, research director at Calgary-based CIBC Capital Markets. "But if the OPEC deal achieves that price, then we will see a lot of extra barrels."

Oil Wavers On Supply Concerns

By STEPHANIE YANG AND SARAH MCFARLANE

Oil prices swung between gains and losses Thursday afternoon as investors weighed declining crude stockpiles in the U.S. against signs of a broader oversupplied market.

Light, sweet crude for June delivery was up 19 cents, or 0.4%, to \$49.27 a barrel by midday on the New York Mercantile Exchange, reversing losses that led prices as low as \$48.05 earlier in the session. Brent, the global benchmark, was up 24 cents, or 0.5%, at \$52.45 a barrel.

Wednesday data from the U.S. Energy Information Administration showed that the amount of crude, gasoline and diesel fuel in storage declined in the week ended Friday. However, the 1.75 million barrel decline in crude stockpiles fell short of analyst estimates for a 2.2 million barrel draw.

U.S. production has been steadily rising since the start of the year, reaching its highest level since August 2015 at 9.31 million barrels a day earlier this month.

Wednesday's data showed the first decline in U.S. production in 13 weeks, lending some support to prices, said Tamas Varga at brokerage PVM.

"Although U.S. commercial stocks are some 34 million barrels below the highest level seen last August, more hard work is needed to bring them down to the five-year average of 1.2 billion barrels," said Mr. Varga.

Increasing activity from U.S. shale producers has undermined the attempt by the Organization of the Petroleum Exporting Countries to lessen the global supply glut by cutting its own output this year.

—Biman Mukherji contributed to this article.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

Email: heard@wsj.com

Car Makers Must Share More Technology

Detroit is putting a lot of faith in car-sharing. It may have to get better at technology-sharing.

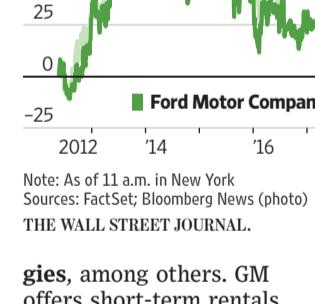
In what may be the first of many such disclosures in the auto industry as sales growth stalls, Ford Motor Co. is planning substantial job cuts following a first-quarter plunge in profits. Investments in far-off tech may be early victims of industry belt-tightening. A more collaborative approach could limit losses while keeping car makers close to the technological frontier.

Ford and General Motors have rival Silicon Valley ventures for developing driverless cars, perhaps the hottest area of car tech today. GM bought Cruise Automation last year for roughly \$1 billion.

In February, Ford bought Argo AI in which it said it would invest \$1 billion. The car makers are also developing a range of apps to compete with Uber Technolo-

Braking

Share-price performance



Note: As of 11 a.m. in New York

Sources: FactSet; Bloomberg News (photo)

THE WALL STREET JOURNAL.

Chevrolet

General Motors' Chevrolet Camaro on display in New York



General Motors' Chevrolet Camaro on display in New York

gives way to cheap driverless taxis. This is understandable, but most of these app investments seem destined for failure in markets where scale is key. Consolidation has already started. In the peer-to-peer car-sharing niche, Shwetha Surender of consultancy Frost & Sullivan counts some 30 players, down from 40 three years

ago.

Silicon Valley is increasingly open to collaboration. Google sister company Waymo, which is widely seen as the leader in self-driving technology, revealed Sunday that it would work with Lyft. That is after making clear last December that it had no interest in producing a car itself. Apple's secretive car project also appeared to shift its focus last year from making a vehicle to developing self-driving technology.

There are few details surrounding the Waymo-Lyft deal, but the motivations are clear. Drivers account for almost three-quarters of the cost of a ride-hailing business, estimates brokerage Evercore ISI.

Self-driving cars would cut costs dramatically, paving the way for mass adoption and market dominance for the company that gets there first. In exchange, Waymo may eventually get access to Lyft's customers

and their travel data, and a bit more leverage over Uber, which it is suing over the alleged theft of its technology.

Lyft is also expected to test GM's driverless-car technology, so the ride-hailing company will end up with two different self-driving systems on trial. All this duplication may be good for technological progress, but wastes investors' money.

There is the odd example of platform-sharing. The German car makers formed a joint venture to buy mapping service Here from Nokia in 2015. BMW has courted partners for the self-driving technology it is developing with Intel, Mobileye—now being acquired by Intel—and Delphi.

Investors are tolerating the current technological arms race while sales are strong. With the industry set to enter tougher times, collaboration, not competition, seems the obvious route.

—Stephen Wilmot

OVERHEARD

Finally, there is some real fear in the fear gauge.

When markets were going nowhere, there was a growing obsession with the low level of the CBOE Volatility Index, or VIX. Either markets would tank because they always do when the VIX was so low or they wouldn't because investors were so anxious about the low VIX.

On Wednesday, the up-heaval-is-coming crowd was the winner. The VIX was up nearly 50%.

Now that there is volatility, will people stop talking about the VIX? According to Factiva, there were 706 articles published last week that included "VIX." That exceeds the high volume of VIX articles around the U.S. election and during the Brexit vote.

A Google trends search shows the last time interest in the VIX was this high was August 2011, when tumult in Washington over the debt ceiling sent markets tumbling.

At Alibaba, Path to Clicks Is Via Videos

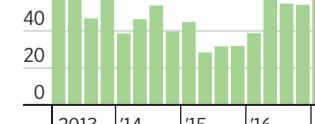
Alibaba Group Holding's latest trick to keep users shopping: melding videos with commerce.

The ecommerce giant reported another stellar set of quarterly results Thursday. Revenue grew 60% from a year ago—the fastest since the company was listed in 2014. Partly that is because of acquisitions, including video website Youku Tudou and Southeast Asian ecommerce firm Lazada. Sales at its core China ecommerce business grew 41%.

Different from Amazon.com, Alibaba makes most of its money not by directly selling goods to customers, but by charging online shops for advertising on its Taobao app. Alibaba wants users to spend as much time as possi-

Shopaholic

Alibaba's quarterly revenue, year-on-year change



Sources: company reports

THE WALL STREET JOURNAL.

ble inside the app, so it has added more entertaining content, which has proved a hit.

Shoppers watch live makeup tutorials or gadget reviews, hosted by internet celebrities paid by online shops to promote their products.

Through putting more con-

tent into the app, Alibaba has managed to generate more revenue per dollar of goods transacted.

Apart from using videos to sell goods, Alibaba is also trying to make money from Netflix-styled subscriptions through Youku Tudou. That segment has been losing money and is likely to keep bleeding as it invests in original content. Alibaba's two biggest rivals, Baidu and Tencent, are also investing in the area. Baidu's iQiyi, which has struck a deal to distribute some of Netflix's shows in China, intends to double its investment in original video this year.

But at least Alibaba has found a way to turn some kinds of videos into cash.

—Jacky Wong

In southern China, it is the season of "plum rains," when wet weather helps the fruit ripen—but also causes severe flooding. This spring, China's all-important housing market, which supports around one-quarter of the economy and props up the price of commodities like iron ore and copper, is also looking leaky. Price gains in top-tier coastal markets weakened last month for the first time since January.

The ebbing of house-price growth comes after two months of surprising buoyancy in the markets. Strong gains in February and March came as Beijing clamped down on money leaving the country, leaving more funds sloshing around inside China. The consequent boost to

speculative coastal housing markets like Beijing and Shanghai is now losing steam. So-called tier one housing prices rose just 0.3% on the month in April, half the speed of March.

More worrying, the consumer-debt explosion of 2016 that has underpinned the housing market is finally showing signs of rolling over. Growth in medium- and long-term lending to households slowed for the second month in a row in April, notes China Economist Julian Evans-Pritchard at Capital Economics, after a massive ramp up over the past 18 months. Other April consumer data were soft—retail sales growth slowed marginally to 10.7% and automobile and mobile-phone production lost mo-

mentum too.

For sure, price gains in April still accelerated in the lower-tier Chinese cities which account for about 60% of the market. That will help shore up construction in the short run and support steel demand. Steel and cement output growth both rose in April, defying the overall trend of slower industrial growth.

Still, more frugal consumers are washing away price gains in top-tier Chinese cities. If the weakness spreads to the multitude of inland cities which really drive China's commodities demand and support growth, investors should brace for further weakness in metals and debt problems in the industrial sector.

—Nathaniel Taplin

China's Housing Market Springs a Leak

In southern China, it is the season of "plum rains," when wet weather helps the fruit ripen—but also causes severe flooding. This spring, China's all-important housing market, which supports around one-quarter of the economy and props up the price of commodities like iron ore and copper, is also looking leaky. Price gains in top-tier coastal markets weakened last month for the first time since January.

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Neil DeGrasse

Tyson on
enjoying his
revenge
as a nerd

W4



OFF DUTY



A walking tour of Haight-Ashbury 50 years after the Summer of Love W5

EATING | DRINKING | STYLE | FASHION | DESIGN | DECORATING | ADVENTURE | TRAVEL | GEAR | GADGETS

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THE WALL STREET JOURNAL.

Friday - Sunday, May 19 - 21, 2017 | W1



F. MARTIN RAMIN/THE WALL STREET JOURNAL, STYLING BY ANNE CARDENAS, ILLUSTRATION BY SANNIA MANDER

BY LETTIE TEAGUE

SAUVIGNON BLANC is a wine-world conundrum: highly distinctive but sometimes unremarkable; wildly popular yet not always prized; grown everywhere, but even its fans know only two types: New Zealand and Sancerre.

Perhaps that's why so many wine professionals invoke these two places when selling Sauvignon Blancs produced just about anywhere else. When I bought a couple of bottles from Italy's Friuli region at a Manhattan wine store recently, the salesman described one as "New Zealand-like" and the other as "like Sancerre." Never mind that Sauvignon Blanc has been produced in Friuli for centuries. Nothing if not peripatetic, Sauvignon Blanc also grows in South Africa, Chile and Washington State, not to mention New York, Napa Valley, Sonoma, Germany, Austria and Australia, and so on (and on). It thrives in a range of climates and soils.

A GLOBAL GUIDE

Sauvignon Blanc for the Savvy

With oceans of this ever-popular white wine out there, how do you know which one to pick? Here, a road map to the regions—and bottles—smart drinkers should seek out

The wine's popularity is increasing not only among growers but with wine drinkers, too. And yet, with so much Sauvignon Blanc produced all over the world, there are clearly going to be both winners and duds (with most examples falling somewhere between forgettable and avoid-at-all-costs). What should wine drinkers look for, and which producers and regions can they trust?

Perhaps it might help to understand a bit more about what sets this varietal apart. Take, for example, the descriptors commonly used on the back labels of bottles to describe Sauvignon Blanc's aromas, which read like a trip down the grocery store produce aisle: green apple, pineapple, mango, melon, orange, honeydew, lemon, lime, gooseberry.

Sauvignon Blanc's lively acidity also makes it an easy and versatile partner with food. A good bottle can cost less than \$20, and a decent one can be found for as little as \$10 (though a lot of Sauvignon Plonk can be found at that price too). That's because Sauvignon Blanc

Please turn to page W2

OFF DUTY

THE BLANCS TO BANK ON

Continued from page W1

typically costs relatively little to produce: It's often fermented in stainless steel instead of more expensive oak barrels and shipped out soon after bottling. While this can result in some less than spectacular wines made to turn a quick buck, even the inferior examples haven't led to a backlash akin to the one Chardonnay has suffered.

Yet Sauvignon Blanc has rarely attracted the same kind of fulsome praise from serious oenophiles that Chardonnay has, save for a few lauded Sancerres and Pouilly-Fumés and white Bordeaux (blends of Sauvignon Blanc with Sémillon). A wine collector friend told me that while he liked Sauvignon Blanc because it was "easy to drink," he didn't have much respect for the wines because they "lack the grandeur of a white Burgundy." He actually said that while drinking a very good Sancerre, the 2015 Gérard Boulay Monts Damnés Sancerre—which may prove nothing more than some collectors are snobs.

But some wines definitely outrank others, and the grape presents different characteristics—sometimes unpleasantly so—depending on how and where it's grown. For example, in too-warm climates, it can take on an unappealing aggressive herbal note. Furthermore, in each growing region a

unique winemaking culture prevails, and certain ones have adopted unmistakable Sauvignon Blanc styles.

Even non-oenophiles can identify a New Zealand Sauvignon Blanc. The juicy acidity and lively fruit, characteristics that drinkers love, have made New Zealand Sauvignons one of the more durable categories in American wine stores. According to Dan Schmude, regional manager and buyer at Bottle King, which has 14 stores in New Jersey, the stores' sales of New Zealand Sauvignon rise 10% each year. Bottle King's 30 Kiwi Sauvignons account for 75% of its Kiwi wine sales overall.

New Zealand winemaker Mike Allan of Huia in Marlborough credits the novelty of the New Zealand style. "They were flavors that hadn't been seen before," he said, recalling the debut of Cloudy Bay, the iconic Marlborough Sauvignon Blanc that put New Zealand Sauvignon on the map in the late 1980s and early 1990s. (Mr. Allan was part of the early Cloudy Bay winemaking team.) Then there's the infamous "cat's pee" smell often associated with Sauvignon Blancs from New Zealand—a very particular sharpness—not necessarily considered a bad thing. (One Kiwi producer even decided to make it a selling point and named a Sauvignon Blanc "Cat's Pee on a Gooseberry Bush.")

The Sauvignon Blancs produced

in Sancerre and Pouilly-Fumé, in France's Loire Valley, tend to be richer and earthier than their counterparts in New Zealand, with less acidity. This is partly due to climate and partly to soil (chalk and Kimmeridgian limestone), and both are important factors in determining the character of Sauvignon Blanc.

Winemaking also plays a role. When Sauvignon Blanc ferments and ages in oak rather than stainless steel, the profile becomes big-

Sauvignon Blanc drinkers who look beyond Sancerre and New Zealand will find there's much more out there to love.

ger, sometimes slightly sweeter too. In the 1970s, winemaker Merry Edwards raised the profile of Matanzas Creek winery in Sonoma with her barrel-fermented Sauvignon Blanc. Few California winemakers were doing it back then, but the practice is commonplace now. (Ms. Edwards makes a barrel-aged Sauvignon Blanc under her own label today.)

The 2015 Merry Edwards Russian River Valley Sauvignon Blanc was

among 25-plus Sauvignon Blancs I tasted in the company of Sauvignon Blanc-loving friends. Faced with the oceans of available Sauvignon Blanc, I was determined to ferret out bottles that were not only top-quality but also representative of their regions. The wines ranged from \$10 to \$45 and were geographically and stylistically far-flung, too. Some were light, crisp and refreshing; others, more substantial, with the potential to age well. See "A Well-Traveled Wine," below, for the results, a greatest-hits list as well as a field guide to regional styles.

The simplest hailed from South Africa and Chile. And while some were a little too simple, the standouts can best be described, in the words of Anthony Hamilton Russell, proprietor of Southern Right winery in South Africa's Western Cape, as "somewhere between the freshness of New Zealand and the minerality of the Loire."

The New Zealand Sauvignon Blancs came from Marlborough, one from Hawke's Bay, and were the most consistent in style. As a group they exhibited the refreshing, round, full-bodied Kiwi Sauvignon character.

Plantings in California have increased, and Sauvignon Blanc has become particularly popular in Napa, with more and more produc-

ers turning out stylish Sauvignon Blancs in addition to fancy Cabs. The wines we tasted from Napa and Sonoma were more various than those from New Zealand—some soft and more floral than herbal, some marked by an aggressive acidity, others rounder and more complex.

The French wines varied about as widely as the California ones did. Some Sancerres presented the "clean Sauvignon Blanc" profile sommeliers don't particularly admire but have no trouble selling. (Josh Nadel, beverage director of Andrew Carmellini's restaurants in New York City, calls Sancerre "bulletproof.") But several were notable, especially that outstanding 2015 Gérard Boulay Monts Damnés Sancerre, full-bodied and rich but with a bright mineral finish. "Perfect," my group of Sauvignon Blanc lovers declared.

I also found remarkable wines from much less popular Sauvignon Blanc precincts including Friuli in northern Italy, the Adelaide Hills in Australia, the Pfalz in Germany, the North Fork of Long Island and the Yakima Valley in Washington State—each one a singular expression of this most singular grape.

Sauvignon Blanc drinkers willing to venture beyond Sancerre and New Zealand will find there's a lot more out in the world to choose from and even to love.

A WELL-TRAVELED WINE // 10 SAUVIGNON BLANC REGIONS—AND BOTTLES—TO KNOW, AROUND THE WORLD



MAP BY SANNA MANDER; F. MARTIN RAMIN/THE WALL STREET JOURNAL (BOTTLES)

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THE WALL STREET JOURNAL
Read ambitiously

1. Russian River Valley, Sonoma County, Calif., U.S.

A region known for Pinot Noir and Chardonnay. Plenty of ripe, full-bodied Sauvignon Blancs here, too.

Bottle to Buy: 2015 Merry Edwards Russian River Valley Sauvignon Blanc (\$35).

Merry Edwards, famous for her Pinot Noirs, also makes a lush barrel-fermented Sauvignon Blanc. She began barrel fermenting this varietal back in the 1970s—to make it "more interesting." She succeeded.

2. Yakima Valley, Wash., U.S.

A sprawling red- and white-wine region in west central Washington State. Sauvignon Blancs here range from fruity and tropical to more mineral.

Bottle to Buy: 2016 Savage Grace Red Willow Vineyard Yakima Valley Sauvignon Blanc (\$22).

This balanced, crisp, clean, mineral white comes from the famed Red Willow Vineyard—a field blend of several different Sauvignon clones, fermented in oak and stainless steel barrels.

3. Casablanca Valley, Chile

A cool white-wine region northwest of Santiago. Locus of lively uncomplicated Sauvi-

gnon Blanc.

Bottle to Buy: 2016 Los Vascos Sauvignon Blanc (\$10).

Chile is awash in inexpensive Sauvignon Blancs—some better than others. This one from Baron Eric de Rothschild's Chilean Los Vascos project falls firmly in the better category. A light, refreshing, well-priced aperitif.

4. North Fork, Long Island, N.Y., U.S.

A skinny spit of land between Peconic Bay and Long Island Sound. Sauvignon Blancs here range from crisp and lean to fruity and medium-bodied.

Bottle to Buy: 2016 Paumanok Sauvignon Blanc (\$22).

The Massoud family began producing a dry Sauvignon Blanc in 2004 and has since doubled production to 800 cases annually—testament to the grape's success in this maritime climate. A vibrant wine with attractive citrus aromas and a crisp finish.

5. Sancerre, Loire Valley, France

A cool region in the eastern Loire Valley with clay, limestone, chalk and gravel soil. Wines range from light/refRESHING to aromatic/powerful.

Bottle to Buy: 2015 Gérard Boulay Monts

Damnés Sancerre (\$42).

This broad-textured wine with a

long, mineral finish comes from a hillside in one of the most famous vineyards in Sancerre. A textbook example of why Sancerre is sought after.

6. Friuli, Italy

This northeastern corner of Italy, an important white-wine region, produces a wide range of grapes—and Sauvignon Blancs in a medium-bodied, riper style.

Bottle to Buy: 2015 Russiz Superiore Collio Sauvignon Blanc (\$32).

According to Russiz Superiore proprietor Roberto Felluga, "The wines of Sancerre have a texture we aspire to without making Sancerre." His polished wine pays more than worthy homage.

7. Pfalz, Germany

The second-largest German wine region, home to top dry wines—including Sauvignon Blancs, with a tropical note.

Bottle to Buy: 2015 von Winning Sauvignon Blanc II (\$28).

Of the three von Winning Sauvignon Blancs, this is the "simplest": fermented mostly in stainless steel (others are fermented and aged in oak) and released in its youth. Impeccable, vibrant and refreshing.

8. Walker Bay, South Africa

A coastal region in the south-

western Cape. A fresh, mineral style of Sauvignon Blanc prevails here.

Bottle to Buy: 2016 Southern Right Walker Bay Sauvignon Blanc (\$12).

Sauvignon Blanc is "locally our most favorite white variety," said Southern Right proprietor Anthony Hamilton Russell. This one is nicely balanced, a bit restrained, with a pure mineral finish.

9. Adelaide Hills, Australia

A cool region in South Australia, east of the city of Adelaide. Home to a zingy, fairly light-bodied style of Sauvignon Blanc.

Bottle to Buy: 2016 Hewitson Lulu Adelaide Hills Sauvignon Blanc (\$19).

This lime-zesty wine from a single vineyard in a cool site salutes winemaker Dean Hewitson's wife, Lulu.

10. Marlborough, New Zealand

New Zealand's flagship South Island Sauvignon Blanc region. The style is wry, vibrant, aromatically exuberant.

Bottle to Buy: 2016 Huia Marlborough Sauvignon Blanc (\$17).

Winemaker Mike Allan makes this classic, zippy Marlborough Sauvignon Blanc (gooseberries, grapefruit).

OFF DUTY

LOVE/HATE RELATIONSHIP

Dressing Inside the Box

Some women feel hemmed in by the prescriptive workwear new services provide. Others can't imagine life without it

WHY WE HATE THEM

MANY PROFESSIONAL women find that getting dressed for work is, well, work. That would explain the rise of personalized-box shopping services like MM.LaFleur, Stitch Fix and Trunk Club, which take the legwork out of the equation. Though all the services ask shoppers to fill out a survey about their style and needs, each takes a slightly different approach. MM.LaFleur sends a "Bento Box" of coordinating, office-appropriate pieces, designed in-house, based on that information. Stitch Fix and Trunk Club, meanwhile, have a stylist pull appropriate pieces from an array of brands to fit the bill. All allow no-sweat returns of items the customer finds wanting for any reason. In most cases, it's a one-time deal; no subscription required.

Such services may be a boon to many professional women seeking an efficient wardrobe solution, but you could argue that they're making career dressing a soulless, personality-free proposition.

After all, this is 2017, not 1987. "The rules of workwear are much more fluid now," said designer Adam Lippes, whose colorful and feminine—but still office-going—clothes have earned him a devoted following. His customer, said Mr. Lippes, has strong opinions about her personal style and wants to wear his clothes—say, a pinstriped shirt dress with floral embroidery or a pair of tailored, high-waisted dark denim jeans—her way, not as prescribed by a pen-pal stylist.

Plus, we live in a world where we're surrounded by information. With a flick through Instagram or a skim of the editorial section of sites like Net-a-Porter, a woman can find ample inspiration for both her work look and off-duty wardrobe. Because even if buying clothes is admittedly a chore, you risk squandering all the fun of fashion when it's mostly prefab.

In some ways, these companies are playing to many women's fear of fashion. "Fashion can feel like such a exclusionary sport that women reject it before they feel like it can reject them," said Leandra Medine, founder and chief creative officer of the Man Repeller website. Ms. Medine suggests examining what you like about the way other women are dressed. "Those are usually signs of your personal style," she said. Ms. Medine believes in the power of expressive fashion: "Getting dressed lets me feel like a better version of who I am, or escape the reality of what I don't like to be."

The Elements in a Typical Career-Dressing Kit

Companies like MM.LaFleur, a version of whose "Bento Box" package is pictured below, make work wardrobes a no-brainer. All items available at mmlafleur.com

The Gloria Top \$145 and the Phoebe Earrings, \$155

'Wear to Work,' a guide to office style by MM.LaFleur, \$26

The Catherine 2.0 Dress, \$295



The Wool Jardigan, \$195



The Lagarde 2.0 Shirt, \$190

The Foster Pants, \$195

WHY WE LOVE THEM

FOR THOSE who think that box-service uniform dressing takes the fun out of fashion, consider this: MM.LaFleur and its peers aren't necessarily targeting magazine editors and aspiring style stars. (Though Stitch Fix does encourage women to explore unknown brands.)

Rather, their value is expediency. Busy women, with obligations tugging from every side, don't have the luxury of time to shop. And in real life, women also have jobs where wearing the latest Prada platforms might be frowned upon or in violation of the dress code. From that vantage point, dressing for the office starts to seem a lot less exhilarating.

"There's a big disconnect between the fashion world and professional women," said MM.LaFleur founder and CEO Sarah LaFleur. She realized this when she met creative director and co-founder Miyako Nakamura, a fashion designer who was then head designer at Zac Posen, and began to talk about her idea. "I said, 'I'm thinking of the lawyer or the banker who walks to work in flats and then switches out to heels in the elevator.'" At the time, Ms. Nakamura had little awareness of these professional women and their particular needs.

Ms. LaFleur was talking about women like Megan L. Brackney, a Manhattan attorney, and Kim Lear, a Minneapolis-based consultant, who are both MM.LaFleur devotees. "I don't like to shop. I don't have time for it," said Ms. Brackney. MM.LaFleur "doesn't have a ton of stuff, so you're not sifting through 150 pages of crap." Ms. Lear began wearing MM.LaFleur about a year ago. Among other things, she appreciates that the fabrics don't wrinkle and that the company often sends things she might not have chosen. "The real value is that they kind of force you to try stuff that you wouldn't normally pick out for yourself," she said.

MM.LaFleur is so popular among women lawyers, said Ms. Brackney, that she often runs into other women at conferences wearing the same dress. She is unfazed by it, amused even. In one instance, the twinning pair took a photo together. And anyway, there's a double standard when it comes to uniform dressing. "I'm at a conference now," said Ms. Brackney. "Seventy-five percent of the men are wearing khakis, blue shirts and a navy blue blazer, and they're not walking around upset." —Christine Whitney

F. MARTIN RAMIN/THE WALL STREET JOURNAL STYLING BY ANNE CARDENAS

FÊTE ACCOMPLI A GOOD-LOOKS GUIDE TO RECENT EVENTS



A Garden Party for Fabletics New Collaboration



◀ FRESH DIRECT Juices and other healthy fare were on hand at the Fabletics fete.

Erin Foster

Amanda Peet

in a 3.1 Phillip Lim sweater and Céline pants

Kate Hudson

in a Coach dress

STAR-POWER DRESSING

Toasting two celebrity partnerships with, respectively, Demi Lovato and Chloë Sevigny

IT'S EASY to get cynical about celebrity collaborations. But considering that singer Demi Lovato devoutly practices mixed martial arts—and even met Kate Hudson, the actress who founded exercise-gear label Fabletics, in a gym—Ms. Lovato's new collection for the brand passes muster. "Demi felt like a perfect fit," said Ms. Hudson last week at the Beverly Hills Hotel, where friends like Amanda Peet and Molly Sims had gathered to celebrate Ms. Lovato's designs.

Among the guests, there was not a legging in sight. Instead, they worked the "oh, this old thing?" easy chic at which Angelenos excel, exemplified by Ms. Peet's ivory sweater and trousers. Nevertheless, as stylist George Kotsopoulos remarked, "Athleisure is not going away. It's a justifiable way for women to run around in yoga pants."

Meanwhile, across the country, Manhattanites feted Chloë Sevigny's role in curating the new vintage category at resale e-commerce site Vestiaire Collective. "She's the ultimate vintage icon," Kate Foley, the site's U.S. contributing fashion director, said of the actress, who's been fixated on retro clothes since she was a child in Darien, Conn.

Ms. Sevigny's selections for the site include a velvet Thierry Mugler dress (\$435) and a black Hermès Kelly bag (\$4,874). In a black, quilted leather vest over a white dress, the actress fit in with the limited-palette downtown crowd. A grouping of mannequins styled in some of the site's more expressive vintage pieces did their part to provide color, looking like they'd travelled in from some more vivid party in the past. —Melissa Magsaysay and Laura Stoloff

OFF DUTY

20 ODD QUESTIONS

Neil deGrasse Tyson

The astrophysicist on the best place on Earth to stargaze and carb-loading en route to Mars

FOR ASTROPHYSICIST Neil deGrasse Tyson, the tide started turning for geeks in the mid-1980s, when "Revenge of the Nerds" came out. "I think all the people that would otherwise be beating up on the geeks learned that we were the ones who knew how to fix your computer, so you had to treat us with some modicum of respect," he said. "We're not fixing your computer if we're dangling from a hook with a wedgie."

Dr. Tyson has since become a tour de force in that cultural shift, a dauntless and likable crusader. Whether as the director of the American Museum of Natural History's Hayden Planetarium, the affable host of the "StarTalk Radio" podcast and "Cosmos" TV series, or the author of eminently accessible books like his latest, "Astrophysics for People in a Hurry," few can make abstruse scientific concepts as understandable—or as inspiring. "I'm an educator," he said. "If you don't know it, I'm here for you."

Here, he shares his singular takes on the rhetorical benefits of a fountain pen and the best science-fair experiment for children.

The best place in the world to star-gaze is: the summit of Mauna Kea, in Hawaii, 14,000 feet up in the middle of the Pacific Ocean. The most powerful optical telescopes in the world are there.

One travel destination everyone should see is: a total solar eclipse, wherever in the world that may take you. So the "destination" is the event, not the location.

My travel bucket-list includes: the pyramids of Giza, Easter Island and the Inca and Aztec monuments of South America. I like basking in what generations who came centuries and millennia before me have accomplished.

The product design I most admire would be: the zipper, plus any machine or technical product that you can operate without first having read the instruction manual.

One of my pet peeves is: street lamps that also send light upward to the sky.



The best advice I've ever received is: "It's not good enough to be right. You also need to be effective." Cyril deGrasse Tyson, 1928-2016.

If money were no object, I would buy: a space launch system to protect Earth from asteroid impacts.

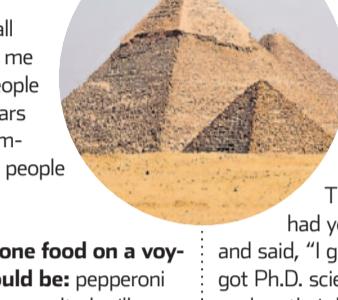
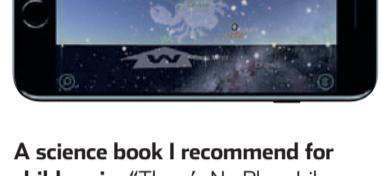
My favorite films of all time are: "The Matrix," "Contact," "The Island," "The Conversation," "Excalibur" and "All That Jazz." These were philosophically deep, insightful, enlightening and entertaining.

A great science-fair experiment is: the volcano concept but manifested in another way: Get a large balloon, funnel in baking soda then a cup of vinegar and quickly tie the thing shut. The balloon will self-inflate, and if you put enough of that stuff in there, it will explode. Then you have a nice mess, which every kid loves.

I'm currently reading: Erwin Schrödinger's "Science and Humanism."



SUPERNERD Clockwise from left: Neil deGrasse Tyson in his office at the American Museum of Natural History, The Rolling Stones' '12 X 5', Mauna Kea Observatories, 'The Big Bang Theory,' 'Star Walk' app, strawberry milkshake, pyramids of Giza. Inset: 'There's No Place Like Space.'



That shows respect for where you're getting your music.

A game-changing TV show is:

"The Big Bang Theory."

Twenty years ago,

had you walked up to a network and said, "I got an idea for a show. It's got Ph.D. scientists in it, and we'll just explore their love life and their social life," no one would make that a show. Now "Big Bang Theory" is the number one comedy on television, and you've got shows—"Scorpion," "Numbers," "CSI"—with scientists who are good looking, who have social lives. That was never previously done.

I collect: fountain pens. If I'm giving a speech, I'll write it in ink first. If you look at memorable speeches of the past, the rhythms happen to be in five- to seven-word pulses. Then you learn that a single dip of a quill got you five or seven words. It may be that the rhythm was shaped by how much ink could sit in the shaft of a quill pen. As I write, I'm conscious of this. When you give a speech you don't want your sentences to be too long.

We instill in children the misconception that: science is memorizing the names of things. That's an aspect of it, but it's not the core. The core is understanding objects. Get that into your 6-year-old, and you've got nothing more to teach them.

If I had a month off, I would: ask the people who gave me a month off why they pulled me away from what I love the most.

—Edited from an interview
by Chris Kornelis

THE WATCH MAN HOROLOGICAL EXPERT MICHAEL CLERIZO ANSWERS YOUR TIMELY QUESTIONS



The Loneliness of the American Watchmaker



MIDDAY AT THE OASIS The American luxury watch isn't entirely a mirage. PS-801-EE Watch, \$11,900, rgmwatches.com

founded in 1998 by vintage-watch restorer Jeff Nashan, 53, specializes in an old-time western look. You can easily picture the elaborate engraving on Mr. Nashan's cases across spurs and gun handles. The watches created by Geoffrey Roth, a 68-year-old professional jeweler and art gallery owner, based in Scottsdale, Ariz., seem to take their cues from the American southwest. Their glowing gold faces often feature an engraved Georgia O'Keeffe-esque nautilus motif. Both



brands' models start around \$5,000.

Fourth-generation watchmaker Richard Paige, meanwhile, sets himself apart by converting antique American pocket watches to wristwatches with art deco-inspired cases and dials of his own design.

The godfather of independent watchmaking in the U.S. is Roland Murphy, 56, who founded RGM Watch Co. in 1992. Based in Mount Joy, Penn., RGM produces 250 watches a year. About a quarter have in-house movements that Mr. Murphy made himself; the rest have reworked Swiss or vintage American movements.

Mr. Murphy's modest goal: to keep fine watchmaking alive in the U.S. Prices for his watches with Swiss movements start at about \$3,000, while those with movements he makes himself range from \$7,500 to \$100,000. In terms of reliability and exclusivity, his watches rival anything produced by European independent brands.

Lest you think that American watchmaking is solely the territory of middle-aged or older gentlemen, consider Keaton Myrick, 35. Mr. Myrick, based in Sisters, Ore., became interested in horology in his 20s. After graduating from watchmaking school in 2007, he spent a

year working at a Rolex U.S.A. service center. When he returned to Oregon, he opened a repair and restoration shop, and completed his first prototype timepiece in 2011. Mr. Myrick has nearly fulfilled his goal of making 30 watches, priced at \$24,000 each, to establish his reputation. He crafts as much of the movement himself as he can.

I'd say the really exceptional thing about the American watch scene is that it's up against fearsome odds when even the Swiss are daunted by the rise of smart-watches. It's not easy to create a luxury-watch brand, but these makers are trying to do just that.

OFF DUTY



Suddenly, That Summer

A walking tour of San Francisco's Haight-Ashbury neighborhood celebrates the 50th anniversary of the city's seminal love-in

BY BOB COOPER

WHEN A KID in a tie-dyed Grateful Dead T-shirt hits you up for change on San Francisco's Haight Street, don't be annoyed. He's only doing his part to keep the spirit of the 1967 Summer of Love alive, a half-century on. Despite the arrival of boutiques selling \$840 sneakers and \$165 hoodies, and the slow fade of almost every shop that lined the street in the 1960s, the Haight-Ashbury neighborhood remains evocatively off-kilter. Old Victorian storefronts and homes, some painted extroverted shades like canary-yellow and indigo, distinguish the district, aka "the Haight" or "the Upper Haight." And scruffy teens still gravitate to the area, asking for change, whether it's the monetary or societal kind.

Unfurling from the eastern border of San Francisco's Golden Gate Park, the Haight served as the epicenter of America's 1960s counterculture movement. "The Haight-Ashbury was the product of teen rebellion against 1950s' regimentation and the Vietnam War," said a guide for the local Flower Power Walking Tour who goes by the name Stannous Flouride. "The anarchic aspect was seen as a threat against the establishment but ultimately had a profound influence on American culture." Cheap rents, more than anything else, drew the first wave of bohemians in the early 1960s. Legions followed, cresting in 1967 when some 100,000 students, musicians and others flocked to San Francisco for a summer of drug-enhanced communing and revelry that horrified parents. This year, to mark the anniversary, events from concerts to art exhibits are being staged throughout the Bay Area (see summeroflove2017.com for details). You can also take an organized walking tour or go it alone. Here, our self-guided stroll through the hippie era's heyday.



IN FULL FLIGHT From top: Jefferson Airplane in 1967 performing in Golden Gate Park; the Summer of Love Experience, a current exhibition at San Francisco's de Young Museum.

ROCK QUARRY

Janis Joplin, Jimi Hendrix, the Dead and Jefferson Airplane all lived in the Haight, and performed often in and around the neighborhood. Hit songs of 1967 included the Airplane's "White Rabbit," "San Franciscan Nights" (inspired by a night Eric Burdon spent with Janis Joplin) and the blissed-out ballad "San Francisco (Be Sure to Wear Flowers in Your Hair.)"

Want to reacquaint yourself with the roots of psychedelic and acid rock? Pop inside cavernous **Amoeba Music** (6) at 1855 Haight, a former bowling alley that carries used CDs, along with endless rows of records and rock-history books and posters. An exhibit at the San Francisco City Hall, running until June 23, displays dozens of rocker photos taken in 1967 by late photographer Jim Marshall.

DRUGGY STORES

The Haight's abundance of marijuana, LSD and other psychedelics was catnip to thousands of teen runaways. These drugs offered routes to new states of consciousness, but also sent dozens of flower children directly to the hospital each week.

Supplying drug paraphernalia were so-called head shops, once pervasive on the street, peddling rolling papers and hookahs, among other accessories. The six in business today include **Pipe Dreams** (4) at 1376 Haight, which opened in 1968, and **Ashbury Tobacco Center** (5) at 1524 Haight, where Jimi Hendrix once lived on the upper level.

GREEN ACRES

In 1967, hippies escaped the district's crushing crowds by decamping to the large city parks that border the Haight on three sides—Golden Gate Park, the Panhandle and Buena Vista Park. They flooded into these green spaces to heed counterculture icon Timothy Leary's call to "Turn on, tune in, drop out." A favorite place for acid-heads to congregate was **Hippie Hill** (7), a grassy slope in Golden Gate Park. George Harrison even dropped by once and sang a few songs. Enter the park at Haight and Stanyan, take the path that angles right past the stoplight until Hippie Hill is visible on your right. From its apex you can see the old carousel at one of America's oldest public playgrounds (1887) and the eucalyptuses that blanket Mount Sutro.

PSYCHEDELIC RELICS

Visual artists also gravitated to



the Haight, designing concert posters that defined a trippy new aesthetic; typography endured distortions, lines swirled, colors skewed fluorescent. To further radicalize these concerts, Haight artists pioneered the multimedia light show—which combined ultraviolet lights, strobes and mind-bending slideshows. At the **de Young Museum** (8), a 10-minute walk from Haight Street, in Golden Gate Park, stop in for "the Summer of Love Experience: Art, Fashion, and Rock & Roll," an exhibit running until Aug. 20. On view: concert posters, hippie fashion, historic photos, films and interactive music-and-light shows—300 works in all.

ON THE FRINGE

Along with long hair on both sexes (blurring the gender divide to the establishment's distress), 1967 fashions included yards of fringe, headbands, love beads, and novel and exotic uses of leather, denim, crochet and embroidery. All were sold at Haight Street shops and still are today in eight vintage emporiums. **Love On Haight** (9) at 1400 Haight, the most colorful, carries only locally produced tie-dye. For more glamorous throwbacks, like Nehru jackets and bell-bottom jumpsuits, check out **Piedmont Boutique** (10) at 1452 Haight.

EASTERN PARADE

Hippies were early and ardent Western adopters of Asian traditions from acupuncture to yoga, as well as the teachings of Buddhism, Hinduism and Hare Krishnas. Of five Haight Street shops that sell Asian objects like healing crystals, prayer flags, Buddhas and Tibetan Singing Bowls, **The Love Of Ganesha** (11) at 1573 Haight is the largest and most inviting. You enter through a veil of hanging scarfs and a haze of incense, and in the back, you can plop onto pillows in the no-cell-phones-allowed tent for a quick self-led meditation session—perhaps to ruminate on the Love Generation that once thrived on a street called Haight.



PEACE OUT A couple in the Haight in 1967.

OFF DUTY

Isle Be Seeing You

When summer beckons yet a chill still lingers, Caribbean stews hit the spot

BY MATTHEW KRONSBERG

MAYBE IT came to you with that first whiff of spring. Whatever the trigger, odds are you're craving not only sunshine but the bright, tropical flavors that are its culinary analogs. And yet, this transitional season can still be blustery and even downright cold.

Such days cry out for the soups, stews and braises of the Caribbean. This substantial fare can see us through the last gasps of cool weather while transporting us to a sunnier place.

'I look at that cooking as my comfort food.'

For Nina Compton of Compère Lapin in New Orleans, that place is her native St. Lucia. The chef has won wide acclaim for her restaurant's sophisticated versions of island classics like goat curry humming with ginger, turmeric and Scotch bonnet peppers. The recipe for pumpkin prawn pepper pot at right takes inspiration from rich pumpkin soups Ms. Compton's mother made for her as a child on the Antillean island. "I look at that cooking as my comfort food," the chef said.

When it comes to comfort, few dishes have garnered the kind of affection across the Caribbean that Jamaican-style brown stew oxtail has. Fallon Seymour, a Trinidadian model turned restaurateur, serves up a fragrant version at her Brooklyn restaurant, Pearl's—named for her grandmother, who taught her to cook. Beneath the stew's all-spice-laced sauce, you'll find spoonfully tender meat waiting to be prized from the bones' nooks and hollows.

Eating a plate of oxtails isn't just fortifying, it's a messy, slightly debauched undertaking if you do it right.

Up in Montreal, where spring is particularly fickle, diners can warm up at Agrikol, a Haitian restaurant owned by restaurateur Jen Agg and her Haitian-born husband, Roland Jean, along with Win Butler and Régine Chassagne of the band Arcade Fire. Their légumes, a traditional stew of beef in a bog of vegetables, served with polenta-like maïs moulu, does the job nicely.

Eggplant cooked to the point of collapse lends the stew body and earthiness. Fresh spinach and a splash of bitter orange juice added just before serving bring verdancy and acidity, in a way that can brighten both body and soul. "Have a drink, hear some Konpa music and eat légumes," said Mr. Jean. "I promise, you won't feel the cold the way you did before."

► Find a recipe for brown stew oxtail (below) at wsj.com/food.



HOT DISH The Haitian stew légumes served with maïs moulu at Agrikol in Montreal.

Légumes

ACTIVE TIME: 45 minutes
TOTAL TIME: 8 hours (includes marinating) SERVES: 6-8

1 medium onion, diced
3 cloves garlic
½ cup diced red bell pepper
½ cup chopped scallions
½ cup chopped Italian parsley
Leaves from 1 sprig thyme
¾ cup chopped celery
1 whole Scotch bonnet pepper, plus ¼ Scotch bonnet pepper, seeded
1 leek, chopped
1½ teaspoons kosher salt
4½ teaspoons white vinegar
¼ cup extra-virgin olive oil
¼ cup plus 1 tablespoon bitter orange juice, or equal parts orange and lime juice
3 tablespoons Maggi seasoning, or equal parts Worcestershire and soy sauce
1½ teaspoons Dijon mustard
2½ pounds first-cut beef brisket
2 tablespoons grapeseed oil
1 large carrot, diced
2 cups chopped cabbage
1 eggplant, cut into 1-inch dice
2 chayote, peeled, seeded and coarsely diced, or 1 large zucchini, coarsely diced
1 quart low sodium beef stock
5 whole black peppercorns
3 whole cloves
½ pound baby spinach

1. Make marinade: In a blender or food processor, combine onions, garlic, bell peppers, scallions, parsley, thyme, ¼ cup celery, ¼ seed Scotch bonnet pepper, half of leeks, salt, vinegar, olive oil, ¼ cup bitter orange juice and mustard. Purée until smooth, 30-40 seconds.

2. Slice brisket across the grain into 1-inch thick strips. Place in

an airtight container along with marinade. Seal, place in refrigerator and let marinate overnight.

3. Remove brisket from marinade and blot dry, reserving marinade. Heat grapeseed oil in a large lidded Dutch oven over medium heat. Sear brisket, turning, until browned, about 10 minutes. Transfer brisket to a plate.

4. Add carrots, cabbage, eggplant, chayote and remaining celery to pot. Cook, stirring, until vegetables soften and release water, 5 minutes. Add marinade and stock, increase heat to high and bring to a boil. Return brisket to pot, push down to submerge and reduce heat to low.

5. Wrap cloves, peppercorns and whole Scotch bonnet pepper in a square of cheesecloth and bind with kitchen twine. Add to pot. Simmer partly covered until brisket is fork-tender, 2-2½ hours.

6. Discard cheesecloth sachet. Use a spoon to break brisket and vegetables into bite-size pieces. Stir in spinach and let wilt. Season with bitter orange juice and Maggi to taste. Serve with rice.

—Adapted from Marc Villanueva, Agrikol, Montreal

Pumpkin Prawn Pepper Pot

Most fishmongers will set aside shrimp shells for you with a little notice. If you can't get them, use the shells from the recipe and replace half the water in the stock with clam broth.

TOTAL TIME: 2 hours

SERVES: 8-10

3 tablespoons grapeseed oil
½ pound shrimp shells
6 ounces shell-on shrimp, cleaned, deveined, and halved, shells reserved
3 onions, julienned

1. Make stock: Heat 1 tablespoon

grapeseed oil in a lidded 5½-quart Dutch oven over medium-

4 cloves garlic, halved
2 tablespoon coriander seeds
2 (3-inch) pieces lemongrass, smashed

4 whole star-anise pods

1 ounce fresh ginger, peeled and minced

2 quarts water

6 ounces grouper or other firm white fish, cut into bite-size pieces

Zest and juice of 1 lemon

Zest and juice of 1 lime

Zest and juice of 1 orange

6 tablespoons olive oil

½ habanero pepper, chopped

2½ pounds pumpkin or butternut squash, peeled and cut into ½-inch dice

2 (13½-ounce) cans coconut milk

2 heads fennel, julienned

5 shallots, julienned

¾ teaspoon kosher salt

½ teaspoon freshly ground black pepper

1 teaspoon Sherry vinegar

1 sprig thyme

Chopped fresh herbs, such as basil, cilantro, mint and fennel fronds

1. Make stock: Heat 1 tablespoon

grapeseed oil in a lidded 5½-quart Dutch oven over medium-

high heat. Toast ½ pound shrimp shells plus reserved shells until they darken, 2-3 minutes.

2. Add a third of onions to pot and sauté until softened, 4-6 minutes. Add garlic, coriander, 1 piece lemongrass, star anise and half of ginger to pan and cook until fragrant, 2-3 minutes. Add 2 quarts water, reduce heat to medium-low and simmer, partly covered, 45 minutes.

3. Meanwhile, toss shrimp and fish with citrus zest and 2 tablespoons olive oil. Refrigerate until ready to use. In a bowl, combine citrus juices and set aside.

4. Once stock has finished cooking, strain, and discard solids. Return pot to medium heat and add remaining grapeseed oil. Once oil is hot, add habanero and remaining ginger, lemongrass and onions, and cook until softened, 4-6 minutes.

Mix in two-thirds of pumpkin and sauté until soft at edges, about 10 minutes. Add stock and coconut milk. Bring liquid to a boil then reduce heat to low and simmer, partly covered, until pumpkin is soft, 30 minutes. Discard lemongrass. Carefully transfer liquid and cooked pumpkin to a food processor or blender. Purée until smooth. Adjust seasoning as necessary.

5. While soup simmers, make escabeche vegetables: Heat 2 tablespoons olive oil in a sauté pan over medium heat. Sauté fennel and shallots until softened, 5-7 minutes. Season with ½ teaspoon salt. Deglaze pan with ½ cup reserved citrus juice and vinegar, scraping up browned bits from bottom. Transfer vegetables to a bowl. Wipe pan clean.

6. Return pan to medium-high heat and add 2 tablespoons olive oil. Add pumpkin to pan along with thyme, and season with ¼ teaspoon each salt and pepper. Sauté until pumpkin is browned and tender, 8-10 minutes. Transfer to a paper-towel-lined plate. Wipe pan clean.

7. Heat remaining olive oil in pan over medium heat. Season shrimp and fish with ½ teaspoon salt and sauté until just cooked through, 1-2 minutes per side.

8. To serve, divide seafood, pumpkin and escabeche vegetables among bowls, then ladle soup over. Garnish with herbs.

—Adapted from Nina Compton of Compère Lapin, New Orleans

ALEX HOBBS FOR THE WALL STREET JOURNAL (PEARLS); DANYON GARDNER FOR THE WALL STREET JOURNAL (COMPÈRE LAPIN); JOCELYN BAUER FOR THE WALL STREET JOURNAL (AGRIKOL)

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OFF DUTY



Roman Graffiti Cushions
by Helen Strevens, about
\$120 each, hmsstudio.com



Madam Mirror,
\$3,200, Justin Van
Breda, 44-20-7349-
7089

Play's the Thing

In a stressful world, whimsical design is increasingly, offering an impish escape

BY TIM GAVAN

WHETHER IT JOINS you at the table in the form of Spanish designer Jaime Hayon's animal-evoking dinnerware or offers you a friendly handshake like the five-fingered doorknobs from London product designer Charles Edwards, whimsicality is leavening interior design.

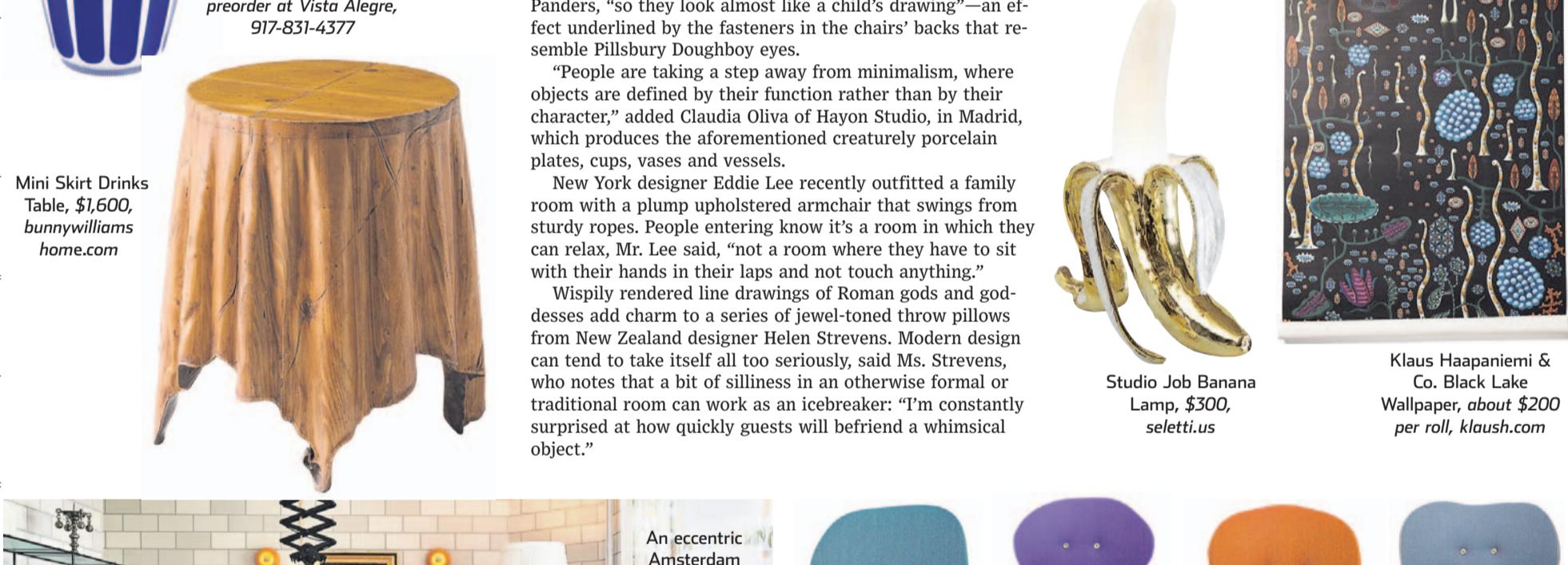
"There's something in the zeitgeist right now that has people looking for an escape from the seriousness of work and politics," said Baker Furniture chief creative officer Tristan Butterfield, who recently papered the company's High Point, N.C., showroom with a hand-painted design of flowers, birds, branches and bugs, to which he pinned a thousand paper butterflies discernible only up close. "Whimsy happens when you have the self-confidence to reconnect with your younger, playful self," said Mr. Butterfield.

From Amsterdam, colorful asymmetrical side chairs by Maarten Baas for Lensvelt will never be mistaken for stodgy seating. "They come in eight different colors and eight uniquely-shaped backs," said Lensvelt spokesperson Jeroen Panders, "so they look almost like a child's drawing"—an effect underlined by the fasteners in the chairs' backs that resemble Pillsbury Doughboy eyes.

"People are taking a step away from minimalism, where objects are defined by their function rather than by their character," added Claudia Oliva of Hayon Studio, in Madrid, which produces the aforementioned creaturely porcelain plates, cups, vases and vessels.

New York designer Eddie Lee recently outfitted a family room with a plump upholstered armchair that swings from sturdy ropes. People entering know it's a room in which they can relax, Mr. Lee said, "not a room where they have to sit with their hands in their laps and not touch anything."

Wispily rendered line drawings of Roman gods and goddesses add charm to a series of jewel-toned throw pillows from New Zealand designer Helen Strevens. Modern design can tend to take itself all too seriously, said Ms. Strevens, who notes that a bit of silliness in an otherwise formal or traditional room can work as an icebreaker: "I'm constantly surprised at how quickly guests will befriend a whimsical object."



FLOWER SCHOOL

GET YOUR MONET'S WORTH

Floral designer Lindsey Taylor takes her cues from the impressionist's feathery brushwork

PARIS PEAKS IN MAY, some say. The gloomy weather lets up, and you might even catch a Parisian smiling. I couldn't make it to France this spring, so I made do by diving into a book on the work of Claude Monet (1840-1926), the quintessential French impressionist who made even lumpy haystacks seem sublime. As the inspiration for this month's flower arrangement, I chose a dreamy canvas he worked on over years, "Morning on the Seine, 1897." To get the light and perspective he wanted, he situated himself in a boat on the famous river in the early morning hours.

I might easily have built up a lush, large bouquet to echo the richness and saturated palette of this canvas—and don't get me wrong, I love a big arrangement—but my mind went to a more intimate grouping, something for a

bedroom or even a bathroom.

Two little boat-like vessels from the early work of ceramic artist Maria Robledo had the sweetness and rich glaze I wanted. To get across the hazy, early-morning calm that Monet captured, I focused on mimicking the color and gestures of his brush strokes. Repetitive florets of muscari and barely opened hyacinths, both from my garden, echoed Monet's myriad touches of blue. Branches of eucalyptus dotted with early berries and swirls. Woolly bush picked up the movement—and the sage greens and white—of the water.

Cutting stems at different lengths gave a rhythmic pacing to the arrangement, letting some shorter pieces break the line of the vessels' rims. I tell students to think about the outline your arrangement would make if you were to draw it.

Is it engaging and dynamic, keeping the eye's interest? As in a painting, the positive and negative spaces are key. Note how the tall curling plume of greenery at the top animates the space around it.



THE INSPIRATION

Repeating florets of muscari and hyacinths (right) suggest the daubs of paint in Claude Monet's 'Morning on the Seine, 1897' (above).

Vessels: designer's own.



THE ARRANGEMENT

OFF DUTY

RUMBLE SEAT DAN NEIL



GTC4Lusso: A Ferrari for the Whole Family

IN 1515, THE GERMAN artist Albrecht Dürer made a famously bad depiction of a rhinoceros, based on reports of an animal that had been brought to Lisbon. Dürer's woodcut demonstrates what psychologists call "schema," the natural tendency to impose patterns of the familiar on the unfamiliar. Having never seen a rhino, but moved by the description of its armor-like skin, Dürer girdled his animal in steel, complete with rivets.

What if you were to ask Americans what a Ferrari is supposed to look like? Red? Sleek? Pointy? Rag-ing egomaniac at the wheel? Like Dürer's rhinoceros, that's close enough.

What they don't imagine, if I may gauge from the vox pop, is this car: the new GTC4Lusso (\$298,000), a graceful, comparatively understated four-seat grand tourer with all-wheel-drive, all-wheel steering, all-knowing stability control and a stupendous, glory-chortling 6.3-liter, 680-hp V12 engine under a hood that leaves little room for doubt, by way of Freudian analysis.

The Lusso is the model successor to the Ferrari FF, which made its debut in 2011 to a polite smattering of enthusiast applause. The alien design is called a "shooting brake"—that is, a three-door variant of a 2+2 coupe, with a long roof and a squared-off hatch.

You may think of the Lusso as Ferrari's counterprogramming to a luxury SUV or crossover, which the company simply and existentially cannot offer. You may also discern a bit of old European tastemaking in the design. This car is rich-funy, poshly weird, contrarian and high concept. Park a Lusso next to a Porsche Panamera and watch the latter disappear in a vacuum of conventionally met expectations.



THE PARENT TRIP

The four-seat 2017 Ferrari GTC4Lusso is available with branded baby seats.

DAN NEIL/THE WALL STREET JOURNAL

And there was precedent. It all started with Enzo Ferrari's wife, Laura, a woman who had every bit the common touch as *Il Commendatore*. Laura's involvement in the company provoked the Palace Revolt of 1961, a board meeting in which Enzo fired his chief engineer, Carlo Chiti, and development designer, Giotto Bizzarrini.

These men promptly joined forces with one of Ferrari's racing rivals and, with panel-pounder Piero Dromo, modified an existing Ferrari with a roofline shaped like a flower box, nearly horizontal, ending in a chopped-off rear end. Thus was born the Ferrari 250 GT SWB

"Breadvan," with its Kammback designed to reduce aero drag and instability. More *vino*?

The recent history involves another managerial spouse. The FF project was approved about the same time that former president Luca Cordero di Montezemolo and his wife were expecting. When I asked Mr. Montezemolo in 2011 about the coincidence of Ferrari building a family tourer right at the moment he happened to be needing one, he only smiled.

The Lusso is available with special Ferrari baby seats. In terms of family planning, giving one of these to your wife would be better than Clomid.

The irony is that Ferrari's most effortless, auto-mode car is also the one most defined by prodigious underpinnings. And in the first giddy minutes behind the button-en-crusted wheel, what comes through is not the perfumed Poltrona Frau saddlery, nor sunbeams from the remarkable glass roof, nor the dank beats from the high-def audio, but the irresistible presence of a walloping chassis, what lies beneath.

Start with the wheels and tires—resplendent, effulgent and huge: 245/35 ZR20s in front, and 295/35s in the rear. Behind them are the vast carbon-ceramic disc brakes, the hubs, CV joints, half-shafts and steering links (four-wheel steering). A respectable amount of unsprung mass, in any case.

The trembling sense-data from these huge rubber rollers never leaves you, flanking you like motorcycle escorts. And this sensation is getting past the Lusso's abundant soundproofing, mechanical isolation and acoustic glass.

The V12 is an aluminum fire god: 680 hp and 516 pound-feet of torque out of a naturally aspirated 6.3 liters, with a sky-high compression ratio of 13.5:1 and a shimmer-

ing redline at 8,250 rpm. Here the equal-length, six-into-one stainless-steel exhaust runners are alive with harmonics, thrilling over-notes that are part of the Ferrari atman—the plash of seared air, the rum-tum-tum of power.

But the Lusso's brand soundtrack has been turned down. The cold-start is 17% quieter than that of the FF's. Yes, there are exhaust bypass valves, and they do dump to mortar-diameter straight pipes. But you have to goose the throttle pretty good or otherwise wind up past 4,250 rpm before it sounds like much. Usually, the engine note is

I can imagine guys riding around in 1st gear, briefly coaxing out the full song between red lights, tears rolling down their cheeks.

just a low drumming, like Washington Square Park heard from a block away.

I can imagine a lot of guys riding around in 1st gear, briefly coaxing out the full song between red lights—*WELLPPPTTT! WELLPPPTTT!*—tears rolling down their cheeks. It's so...beautiful.

The conceptually hard part of "AWD Ferrari" is the combination of all-weather stability with the *instability* that defines its sports cars—the machine's willingness to change direction, the sharp reflexes and agility. Enter the Lusso's unusual solution: A second gearbox bolted to the nose of the crankshaft, ahead of the engine. About 50% lighter than a conventional AWD system, Ferrari says, this two-speed power takeoff unit (PTU) can cover vehicle speeds through 4th gear

(about 135 mph), above which the powertrain reverts to rear-wheel drive.

Again, what's interesting is how chassis-forward the luxury Lusso is, even in dry conditions. The PTU provides torque vectoring-assisted steering—the system can overdrive the outside front wheel to increase steering effect, and by quite a lot. The Lusso can just rage through a 2nd-gear corner, on power, no understeer, like a rhino, if you will, requiring only the lightest touch at the flat-bottomed steering wheel. The rear-steering typically operates in phase with the front wheels, turning in the same direction; but, in moments of high translation, the rear-steering will flick the other way for a few milliseconds, pitching the car into the desired rotation. Meanwhile, at the stern, the seven-speed dual-clutch rear transaxle also provides robust lateral torque vectoring, with what Ferrari calls its E-diff.

That's a lot of hardware and gobs of software to make the big car turn, but turn it does.

If refinement is a sin, the Lusso doubles down on the FF's supposed heresies. Prominent in the stitched-leather landscape are spherical climate vents, like little Keck observatories. The formerly spare driver workspace of Ferraris is transformed into widescreen entertainment, with a 10.25-inch high-definition touch screen and a blazing fast processor.

Ferrari's always bragged about how driver-centric the cabins were, but the Lusso's "Dual Cockpit" design puts a second configurable touch screen in front of the passenger, and all of the cabin controls (climate, audio and touch screen) are equally accessible.

The Lusso has a horn and tail, but what's in between is a very different animal.



2017 FERRARI GTC4LUSSO

Base price \$298,000

Price, as tested \$330,000

Powertrain Mid-front mounted, naturally aspirated, direct-injected 65-degree V12 with variable valve timing and stop/start; seven-speed, dual-clutch rear transaxle with torque vectoring and automatic/manual shift modes; front two-speed mechatronic power takeoff with lateral torque vectoring; part-time all-wheel drive.

Power/torque 680 hp at 8,000 rpm/516 pound-feet at 5,750 rpm

Length/weight 193.8 inches/4,233 pounds

Wheelbase 117.7 inches

0-60 mph <3.4 seconds

Top speed 208 mph

EPA fuel economy 10/16 mpg, city/highway (est)

Cargo capacity 15.9/28 cubic feet, rear seat back up/down

nently, so here's how to make it removable.

First, adhere a small metal plate onto the back of your phone or phone case. These are included with magnetic phone mounts for cars, like the Spigen Kuel A201 (\$13, spigen.com). You can also buy the plates in packs of four for about \$8 (search Amazon for "phone mount plate").

Next, apply strips of magnetic tape to the back of the Softalk phone rest. I used two strips of Extreme Magnetic Tape (\$15 for a 10-foot roll), which is about a half-inch wide.

You'll now be able to easily stick the Softalk rest to your phone and remove it, too. While this solution might still dismay or even outrage an ergonomics expert, it should prevent your phone from slipping accidentally.

Bonus: Because it's easy to reposition the phone rest, you can also use it to prop up your device on a table at the perfect viewing angle, with the screen oriented horizontally or vertically.

Have a lifestyle problem that a gadget might solve? E-mail us: thefixer@wsj.com

THE FIXER MICHAEL HSU



Chatting More Comfortably on a Smartphone

Q I'm one of those people who still uses a smartphone as a telephone, and I sometimes press it up to my ear using my shoulder as I talk. This works, but I always feel the phone slipping. Is there a better solution? By the way, I know a Bluetooth headset would work for this, but I really don't want to wear one.

A Ergonomically, you're better off not straining your shoulder when chatting. (The earbuds that came with your smartphone will let you talk hands-free, since they probably have a built-in microphone.) But if you prefer to cradle your phone next to your ear from time to time, making the device a bit thicker will help.

One strategy: Attach one of those shoulder rests designed for use with the handsets of landline telephones. It turns out that the Mini Softalk Shoulder Rest (about \$10, softalk-products.com), shown in the illustrations at right, is ideally sized for most smartphones.

I'm assuming you don't want to stick this bulky attachment to your smartphone perma-



KIERSTEN ESENPREIS



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THE WALL STREET JOURNAL.

Friday - Sunday, May 19 - 21, 2017 | W9

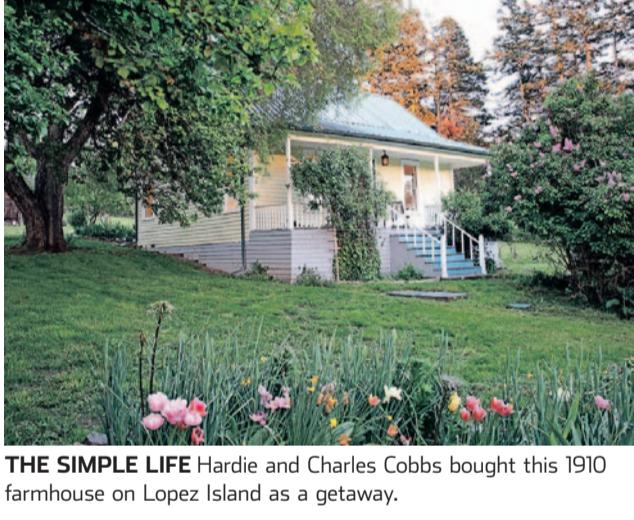
PETER GREENWOOD



Homes on the Water

The Secret of the San Juans

The remote archipelago off the coast of Washington State aims to preserve its simple, low-key character amid rising home prices; farm stands on the honor system.



THE SIMPLE LIFE Hardie and Charles Cobbs bought this 1910 farmhouse on Lopez Island as a getaway.

BY NANCY KEATES

THE SAN JUAN ISLANDS, an archipelago off the coast of Washington State long cherished for its remoteness and simplicity, is now the hottest luxury real-estate market in the country.

The priciest 10% of the area's real-estate market rose faster last year than any other U.S. county, according to Realtor.com. The median home value in San Juan County is now \$444,300, up from \$377,600 in 2014, according to real-estate marketplace Zillow. Right now there are four homes priced at \$15 million or higher for sale, including one for \$20 million.

Former Amazon executive Rick Ayre, the owner of the \$20 million house, says the price reflects the property's distinctiveness. Near San Juan Island's main town of Friday Harbor, it is 8,000 square feet on 98 acres and features 765 feet of waterfront, a runway, three ponds and an indoor pool. Mr. Ayre bought the slightly curved

Please turn to page W10



THE SLOW LANE Ms. Cobbs, seen above with her husband, said the island 'is not trendy, it's not precious. It's authentic.'

FAREWELL, FLAMINGO PINK

Rejecting thatched roofs, tiki bars and hot-pink hues, many affluent home buyers want the laid-back look called tropical modern; agents say the design sells at a premium of as much as 30% compared with other styles.

BY ALINA DIZIK

FORGET THATCHED roofs, flamingo-pink tiles and cheesy wooden carvings. Homeowners in warm-weather climates increasingly want the look of laid-back, low-key luxury.

Tropical modern, as the style is called, combines the clean lines and muted color palette of contemporary design with the exotic woods and stone found in island homes. Many affluent buyers are willing to pay a premium for tropical-modern homes.

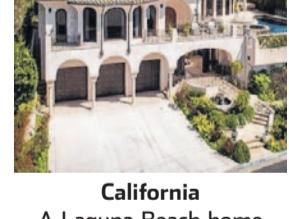
The style "is having quite a big revival," says architect Iain Jackson, a professor at the Liverpool School of Architecture in the U.K. who studies tropical architecture. He says the look is popular in Hawaii, Bali, the Maldives and other high-end destinations, where it has "taken on a much more glamorous and seductive high-end feel." At the same time, he says, the designs "are borrowing from local vernacular traditions."

Homeowners are starting to ask for tropical modern homes by name, says Paul



CALM AND COOL Miami attorney Howard Srebnick spent nearly \$3 million to build a 9,600-square-foot tropical-modern home.

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California
A Laguna Beach home with a recording studio



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An ad executive's Manhattan retreat



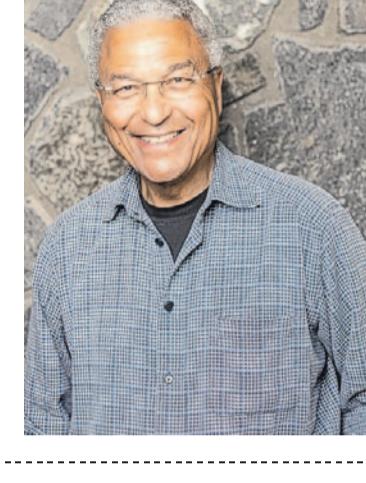
Texas
A ranch near Marfa asks \$17.5 million

FROM TOP: WIQAN ANG FOR THE WALL STREET JOURNAL; DOROTHEE BRAND FOR THE WALL STREET JOURNAL (2)

HALL AND HALL

HOMES ON THE WATER

THE SECRET OF THE SAN JUANS



ALL IN Michael Carter, left, found San Juan Island so beautiful he bought 21 acres, built this guesthouse, far left, and lived in it while embarking on a 10-year, roughly \$19 million project to build a 15,000-square-foot main house. 'I'm a perfectionist,' he says. A lighthouse on San Juan, above.

Continued from page W9

house in 1999 for around \$6.3 million and spent about \$3.5 million renovating it. Even with minimal landscaping ("you can't own the land," is his philosophy) the garden alone cost about \$1 million because of the fencing and irrigation.

Some locals worry that the low key San Juans could become overpriced, overdeveloped and overcrowded. The growth in demand has been fueled in recent years by an influx of high-tech companies to Seattle, where soaring home prices make the San Juans look like a bargain. A 2000 study commissioned by the county's planning department concluded that, due to similarities in size, scale, access, environment and trends, the San Juans could well end up like Nantucket or Aspen, places where the report said wealthy purchasers of vacation homes have changed the character of the communities and placed substantial pressure on residents.

"We're trying to figure out how not to be like that," says Rick Hughes, chair of San Juan County Council.

Others counter that because the Pacific Northwest lacks the density of the Northeast it won't turn into another Nantucket. They say the islands' economy has just started recovering and growth has been gradual. They characterize the mega-pricy listings as anomalies: The priciest sale in the San Juans since 2001 was a property on Orcas that sold for \$11.1 million in 2002, according to Merri Ann Simonson, managing broker at Coldwell Banker San Juan Islands.

Representatives for the four listings say they're priced to sell. "We haven't seen sales go into the top realm yet, but this might be the year that changes," says Moya Skillman, an agent with Team Foster at Avenue Properties who is the sales agent for a \$19.98 million home.

Jennifer Johnsen Cameron, vice president of Brand Development Re-alogics Sotheby's International Realty in Kirkland, is the listing agent for rock musician Steve Miller's house, listed at \$14.8 million; she says the replacement cost of his house is "significantly higher" than the price. Mr. Miller said he picked the island of San Juan because he travels a lot and it has the easiest access. His house has been on and off the market since 2014 for \$20 million and \$17.5 million before settling at its current asking price.

Mr. Miller, 73, bought the multiple parcels in 1996 for \$4.35 million after many years of sailing by the island on his way to Alaska. The property has an 11,686-square-foot, stone-and-wood home on a total of 99.5 acres, with 765 feet of waterfront, a deep water moorage and a 400-foot dock. Mr. Miller rebuilt so he could keep his boat right next to his house and head out any time he wants, he says. "For a guy like me, who does 70 cities a year, I needed somewhere I could get in and out of," he explains.

San Juan County is made up of some 175 islets between Washington state and Vancouver Island, Canada, and is known for its abundance of orca whales and eagles, hiking and kayaking, and breathtaking scenery.

Life on these islands—with a population of 16,339, according to the latest census—can seem like a throwback. Cellphone service is sketchy. There are no chain stores or traffic lights. Jet skis aren't allowed. Almost every restaurant serves locally grown food. There



A DIY VACATION HOME This 1910 farmhouse was purchased by Hardie and Charles Cobbs on Lopez Island, which is flat and rural. Ms. Cobbs, an artist, said she is redoing the house herself, in part because she wasn't able to find any available workers at the time she took ownership of the home.



A WOODSY RETREAT Kathleen Dickinson, above, said it took three years and about \$12 million for her and her late husband, Ron McDowell, to build their house, which was finished in 2007. On 41 acres on Orcas Island, it first went onto market in April 2016 for \$11.6 million, and was reduced last year to \$10 million.

are still farms that plow with horses and run their farm stands on the honor system. The ferry can get stormed out and the sole hospital has no birthing facility.

The lack of development is a reflection of the area's remoteness. Only four of the islands are accessible by ferry: San Juan, the largest and most touristy, with the sole airport; Orcas, known for attracting artists and Californians; Lopez, which is flat and rural; and Shaw, which has no restaurants or hotels (and where Bill Gates owns property).

Hardie and Charles Cobbs bought a 1910 farmhouse earlier this year on Lopez Island as a getaway from their main home on Mercer Island. "Lopez is not trendy, it's not precious. It's authentic," says Ms. Cobbs, an artist. She is redoing her house herself in part because she wasn't able to find any available workers at the time she took ownership of the house.

Until two years ago the ferries didn't take reservations, which meant people had to get to the dock hours ahead to ensure a place in line. When that changed, "it turned what was a nerve-racking experience into something easy," says Mark Jenks, 56, an aerospace executive who lives in Kirkland.

As a result, in September Mr. Jenks and his wife Ducksoon Hwang, who had been going to Orcas Island for vacation for many years, bought a four-bedroom,



2,950-square-foot house on 1.9 acres on the water with a private cove for \$1.1 million on Orcas. They picked the San Juans because they wanted somewhere "organic and

authentic," says Ms. Hwang. Michael Carter, 74, an attorney and corporate executive, was living in Malibu when he vacationed on San Juan Island; he found it so beautiful he bought two parcels totaling 21 acres in 1999 for \$550,000. In 2002 he built a 1,000-square-foot guesthouse where he lived while he embarked on a 10-year, around \$19 million project to build a 15,000-square-foot house.

"I'm a perfectionist," he explains. Though he built it as a spec house, Mr. Carter has been living there for the past four years. His house first listed in 2015 for \$25 million, and last year was reduced

to \$19.98 million. It took three years and about \$12 million for Kathleen Dickinson and her late husband Ron McDowell to build their house, which was finished in 2007. On 41 acres on Orcas, it is filled with reclaimed wood and intricate architectural details. It first went on to the market in April 2016 for \$11.6 million, and was reduced last year to \$10 million, a price she says is under the cost of construction.

As is usually the case with islands, building a home in the San Juans is expensive. Susan Stoltz and David Kau of Stoltz Kau Architects on Orcas say the cost of construction can be as high as 30% more than on the mainland and finding available full-time workers can be tough. One problem is the growing lack of affordable rentals for seasonal workers.

There is an effort under way to preserve land from development. The county's Land Bank Tax, created in 1990, taxes 1% of real-estate sales for buying up land to preserve the natural heritage, while nonprofits like the San Juan Preservation Trust raise funds to acquire and preserve land.

It's still possible to build a house for under a million dollars: Peg O'Hara and her husband built a house for \$600,000 in 2014 on Orcas on 9½ acres they bought for \$400,000 in 2006. "We just kept it really simple," she says of the 1,400-square-foot house.



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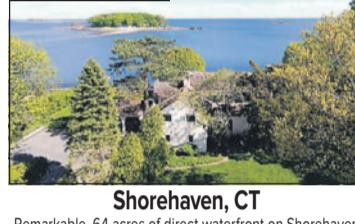
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HOMES ON THE WATER

SAY FAREWELL TO FLAMINGO PINK

Continued from page W9

Fischman, partner at Choeff Levy Fischman, a Miami-based architecture firm that specializes in the style. Mr. Fischman brings exterior materials such as limestone inside for a more cohesive look between indoor and outdoor living. Colors are cool whites or beige. The designs are the opposite of the colorful Art Deco homes once popular in the city, he says. "There's no flamingo pink," he adds.

In Miami, attorney Howard Srebnick was inspired by Balinese architecture to build a tropical-modern home in place of a rundown Mediterranean-style home that had been on the property. To maximize the views of Biscayne Bay, Mr. Srebnick worked with architects at Choeff Levy Fischman to design a home where the "emphasis was on the outside," he says. Mr. Srebnick, 54, spent nearly \$3 million to build the five-bedroom, 9,600-square-foot home, where he lives with his wife, Sharon, and two school-age children. Wall-length sliding doors open to the outdoor terraces and an infinity-edge pool with a shallow splash area. A concrete staircase, interior stone and recessed lighting replace a flashier look.

But he didn't get everything on his wish list. Mindful of South Florida hurricanes, Mr. Srebnick opted for plenty of impact-resistant glass and concrete on the exterior instead of Balinese-inspired exterior dark wood features that he originally wanted. "We felt like it was more important to be living in a bunker," he says.

At the home of life coach Alejandra Llamas and real-estate developer Genaro Diaz in Miami's Coconut Grove neighborhood, a magnolia tree is planted inside the home's partially covered entrance as a tropical nod to visitors, but the interiors are intentionally muted. A guesthouse with a gym, maid's quarters, additional covered porches and a separate massage area contribute to a soothing spa feel. "I wanted to give it a sense of visiting a resort," says Ms. Llamas, 46, who is listing the two-year-old home for \$11.9 million because her



ALEXIA LOFRE FOR THE WALL STREET JOURNAL (2)

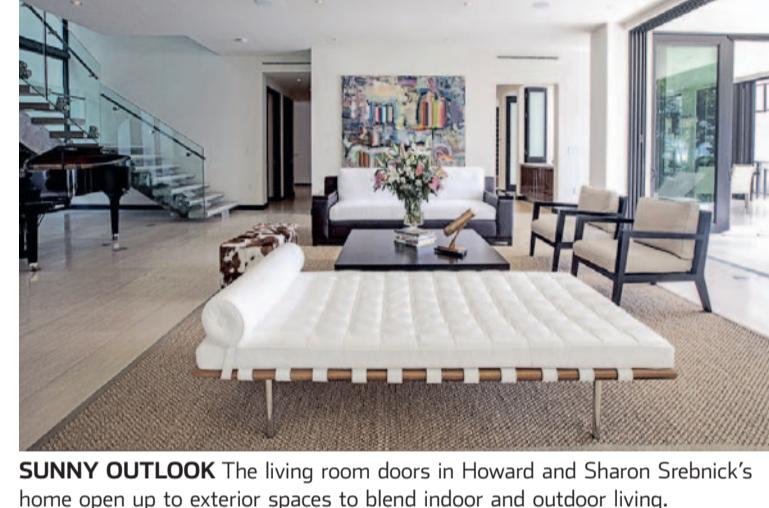
A TREE GROWS The tropical-modern home of Alejandra Llamas and Genaro Diaz in Miami's Coconut Grove is currently listed for \$11.9 million. The living room overlooks a patio with a magnolia tree planted in the center.

two teenage children will soon be off to college and she wants to downsize.

Agents say luxury buyers are demanding modern homes with an island vibe and forgoing more traditional Mediterranean-style homes. In recent years, tropical-modern homes have been selling at a premium of as much as 30% compared with other styles, estimates Susy Dunand, a real-estate agent with One Sotheby's International Realty in Miami. "Tropical modern is what it is now—everybody is looking for something like that," says Ms. Dunand.

Avoiding a strict adherence to modern architecture gives tropical-modern homes a more timeless look, says Lourdes Alatriste, another Sotheby's agent.

"If you are too modern, in 15 years that's going to be dated," she says. "This is a younger look and it's more attractive to the eye." Ms. Alatriste adds that homes range from \$6 million to \$12 million in the area and is working with Ms. Llamas in the



SUNNY OUTLOOK The living room doors in Howard and Sharon Srebnick's home open up to exterior spaces to blend indoor and outdoor living.

sale of her home.

When Jennie Wilson, who volunteers with nonprofits, and her husband, Bruce, a commercial real-estate investor, built a tropical-modern home near Hawaii's Kona coast, they worked with San Francisco architect Shay Zak to keep some of the traditional materials

found in Hawaiian homes. For example, verandas are supported by columns carved from local Ohia wood. The master bathroom features a Zen-like lava rock wall and an outdoor shower. "There are nods to Hawaii, but you wouldn't look at it and say 'It's so Hawaii,'" she says. "I don't think [Mr. Zak] would have

built us a house if we wanted waterfalls," says Ms. Wilson, who paid nearly \$8 million to acquire the land and build the home in 2007.

Still, the couple couldn't resist the appeal of a tiki bar, but it has a modern, live-edge-wood top on it. The bar is located in the 'ohana, a kind of guesthouse in Hawaii.

The trick is to infuse a tropical environment with a modern, urban aesthetic, says Mr. Zak, author of "New Tropical Classics," a book that features photos and site plans of his designs. Mr. Zak's designs often include traditional hip roofs or gable roofs commonly seen in Hawaii, rather than the flat or steeply angled roofs typically seen on Mid-century Modern homes.

"When people go to Hawaii, they don't want a box," he says. "They want something to blend in with the Hawaiian feel when having a mai-tai."

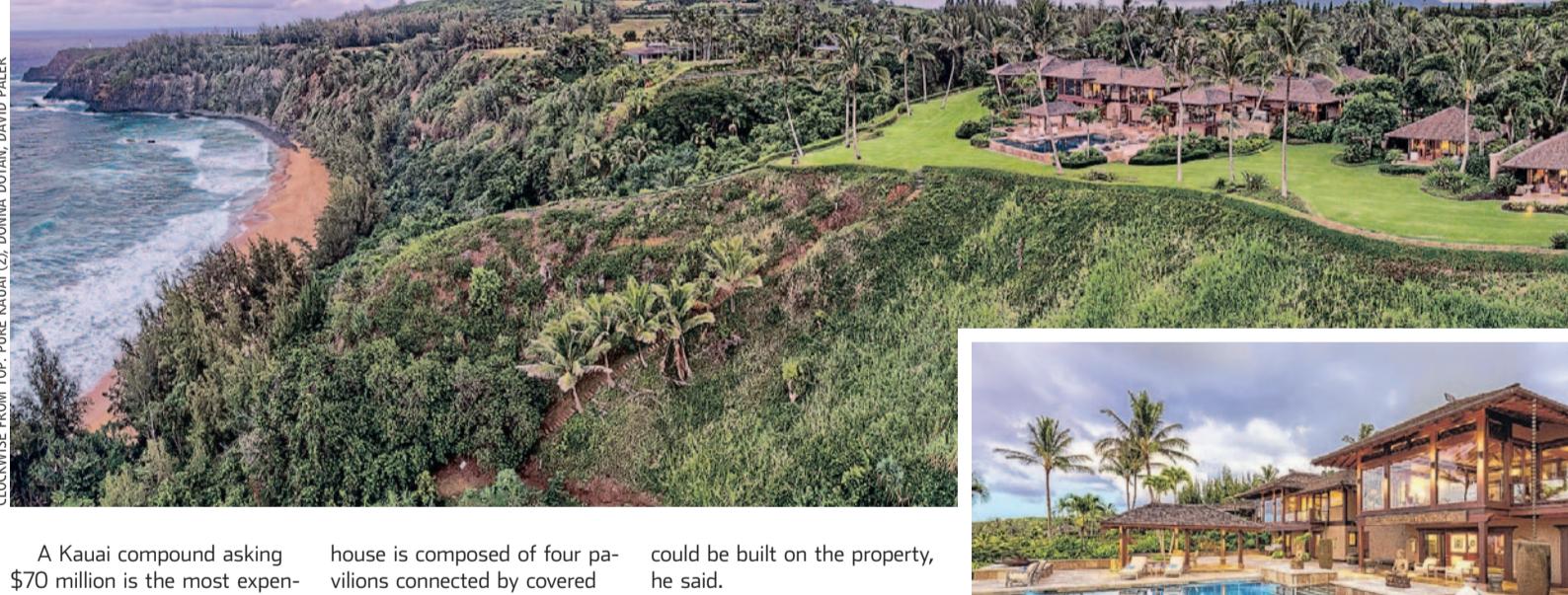
Tropical modernism likely emerged in parts of Asia in the 1940s and '50s, Mr. Jackson says, when modern architects adapted designs popular during the British Empire to build practical and affordable homes. Heavy furnishings and window treatments were replaced with louvered walls and windows to facilitate cross ventilation and breezy interiors. Ornate tilework was replaced with poured-concrete foundations and walls. Initially, "it was austere and done pragmatically to save money" on cooling and building costs, he explains.

Mr. Zak advises clients to use just one or two types of wood, stone or other natural material. Many of his homes use walls of glass as pocket doors that fold away to create covered terraces. "We try to design each house in a way that gets away from the Mainland trends," he says.

Interiors have only hints of the tropics, says Dara Rosenfeld, San Francisco-based interior design who has worked on dozens of tropical-modern homes in Hawaii. For Ms. Wilson, she designed sofas with a mix of steel and bamboo, and featured abstract art made with oyster shells. "It was a play on Hawaiana, but more subtle," says Ms. Rosenfeld.

PRIVATE PROPERTIES | CANDACE TAYLOR

Kauai Estate Seeks \$70 million



A Kauai compound asking \$70 million is the most expensive home listing currently on the market in the state of Hawaii, according to listing agent Neal Norman of Hawaii Life Real Estate Brokers.

Located on the North Shore near the small town of Kilauea, the roughly 15-acre property known as Hale 'Ae Kai sits on a bluff overlooking the Pacific, with a private path leading down to Secret Beach.

The Balinese-inspired main

house is composed of four pavilions connected by covered walkways. One contains the living areas, including a media room and gym; a roughly 1,100-square-foot pavilion contains the master bedroom, which has indoor and outdoor showers. Two other pavilions contain bedrooms.

The property also includes a swimming pool, a caretaker's house and a farm that grows palm, coconut and citrus trees, Mr. Norman said. More houses

could be built on the property, he said.

The property is owned by a trust created by financier William H. Strong and his wife, Sandi, according to public records. Mr. Strong was previously co-CEO of Morgan Stanley's Asia Pacific region, and in 2014 he became chairman of Chicago-based Longford Capital, an investment company that specializes in litigation finance, according to Longford's website.

Mr. Norman said the owners built the house, completing it in 2006, and in recent years have rented it out, charging about \$10,000 per night. He said they are selling because they aren't using it as much as they anticipated.

In 2014, Facebook's Mark Zuckerberg paid more than

\$100 million for roughly 700

acres on Kauai, according to

people with knowledge of the

transaction.

Park Avenue, she said, but moved to this unit after their three children left for college.

A duplex spanning the 12th and 13th floors of the building, the apartment has three bedrooms and measures about 3,300 square feet, according to listing agent Pamela D'Arc of Stribling & Associates.

The large living room has roughly 17-foot ceilings and double-height windows, said Ms. D'Arc. Joy Javits said she remembers her father working

for hours at a desk in the living room. There is also a glass-walled sitting room off the living room which Sen. Javits used to talk business and smoke cigars, his daughter said.

Joy Javits said she had her wedding with about 150 guests in the apartment, and added that her parents frequently threw parties there. Guests at the apartment included Henry Kissinger and Truman Capote, she said.

A SOHO PENTHOUSE ASKS NEARLY \$30 MILLION

A multilevel Soho penthouse with a rooftop hot tub is going on the market for \$29.95 million.

The sellers are Jon Venetos, who last year was replaced as the longtime head of Surveyor Capital, a unit of hedge-fund giant Citadel, and his wife, Ashley. Mr. Venetos founded Dallas-based Lurin Capital last year, according to the company's website. The couple is selling because they are relocating to Texas, said listing agent Mark Jovanovic of Compass, adding that Ms. Venetos recently left her job at Pershing Square Capital Management due to the relocation.

The penthouse has about 7,500 square feet of interior space spread over three levels. There are four bedrooms and two offices, one of which is in the master suite, according to Mr. Jovanovic, who has the listing with Scott Hustis.

The top level, with an onyx-backed bar, opens to a limestone terrace with an outdoor kitchen and wood-burning fireplace.

The couple combined two units to create the spread. They purchased the first unit in 2010 for \$4.5 million, according to property records, then in 2012 bought the floor above for \$4.75 million. They then added the rooftop terrace, according to Mr. Jovanovic.



THE LONGTIME MANHATTAN HOME OF JACOB JAVITS GOES ON THE MARKET



The longtime home of the late Jacob Javits, the influential politician who served as a U.S. senator from New York for more than 20 years, will list for \$5.195 million.

The East 57th Street apartment is being sold by the children of Sen. Javits and his late wife, Marian, who died earlier this year. The couple bought the prewar co-op in the early 1970s, said their daughter Joy Javits. They had previously lived in a larger apartment on

MANSION

INSIDE STORY

High Line Living, in Translation

An architect's New York condo-building design, inspired by his Singapore home

BY KRISTIANO ANG

WHEN ARCHITECT Soo K. Chan moves into his own condo in the 31-unit development he is designing alongside New York's High Line elevated park, it's going to feel like home in more ways than one.

His unit includes many of the touches—private pool, tropical-modernist design, warm woods—that are in his primary residence in Singapore. In fact, all the condos in the Soori High Line building are basically "a compressed version" of his Singapore home, says Mr. Chan, 55, founding principal of SCDA Architects.

He bought the Singapore property more than a decade ago. It included a dilapidated two-story villa with a fish pond resting on just under 1½ acres of land near Singapore's Central Business District.

He carved the lot into three parcels, developed and sold residences on two, and kept about a third of an acre for himself. Although the value of his share of the parcel is unclear, he says he spent \$4 million to build his new home. A property of similar size and location would be valued at about \$18 million in the current market, says Alan Cheong, senior director of research at Savills Singapore.

After tearing down the old building, he decided to create a residence that would be "a composite of everything I like."

The old house was on a sunken lot, so Mr. Chan first had the property elevated to where "the ground floor today is where the second level used to be," he says.

Mr. Chan lives in the completed 9,000-square-foot, seven-bed-

room, seven-bathroom modern mansion with his wife, Ling Fu, an Indonesian handbag designer. The couple moved into the two-story home in late 2008, about two years after they first acquired the land. They mostly live there alone; their six sons are at boarding school or in college.

The entryway to his home is a foliage-lined path by a swimming pool that is nearly the length of the residence. The pool is separated from the home by a veranda of black balau wood and granite. An oversized, Buddhist-inspired bronze sculpture from the artist Li Chen is en plein air. "I created the scenery to wash out the neighbors and divert attention," says Mr. Chan.

The architect designed

a U-shaped home with floor-to-ceiling glass walls overlooking the pool. The orientation toward the water is reflected in Mr. Chan's High Line project, where some of the homes have in-unit pools.

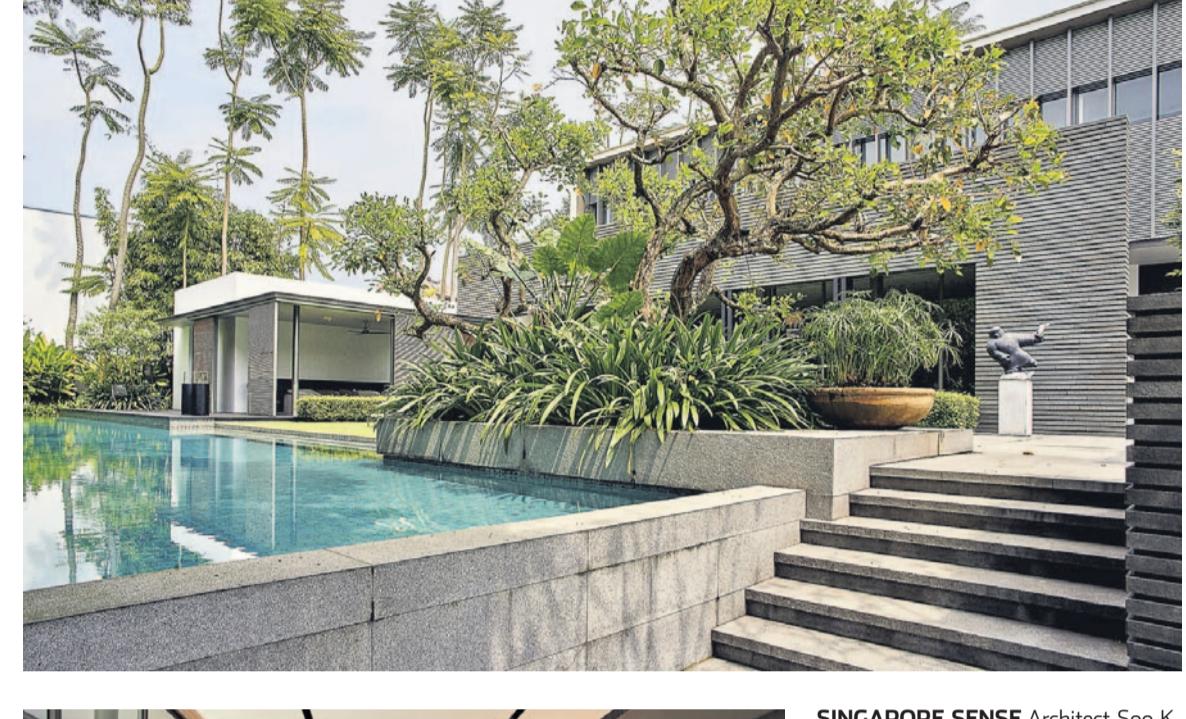
Directly inside the Singapore home is an open-plan living and dining area. Mr. Chan designed several pieces in the interior, including a large, low table surrounded by sofas in a seating area, and a black brass light fixture hanging over a dining table.

A large trompe-l'oeil ink painting by Korean artist Lee Jung Woong hangs over the couches.

Candleholders and ceramic vessels from Thailand and Indonesia sit on a shelf with orange-silk backing. He also has works by Roy Lichtenstein and Frank Stella.

"Architecture is the mother of art," Mr. Chan says. "Without architecture, art would be static."

Down a narrow corridor, a bath-



SINGAPORE SENSE Architect Soo K. Chan, far left. His two-story villa in Singapore, above, and a seating area with furniture that he designed, left. Below, a model unit in Soori High Line.



room features an egg-shape tub made of resin. On the opposite side of the hall is a study with a minibar. Sliding panels at one end of the room hide a bedroom. It, too, overlooks the swimming pool.

Mr. Chan has the most fun on the lower level, he says. It has a fitness space, a family room with

foosball and pool tables, and what he calls his man cave: a password-protected wine cellar.

Mr. Chan was born in Penang, Malaysia, and grew up on a 19th-century family compound, with a temple on the grounds, that is now a Unesco World Heritage Site. He studied fine art at Washington Uni-

versity in St. Louis before training as an architect at Yale University and working in New York. He returned to Southeast Asia in the 1990s.

The architect has several projects in Manhattan. Soori High Line homeowners are set to move into the development later this year.

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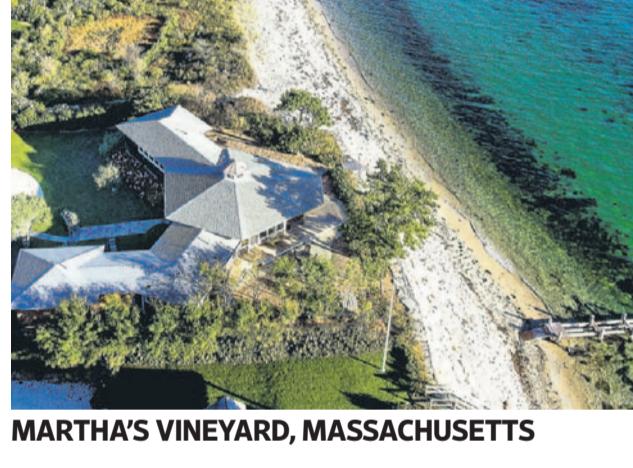


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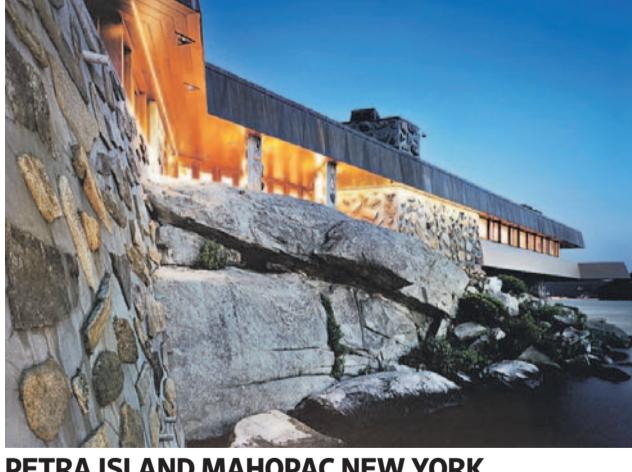


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