

THE WALL STREET JOURNAL.

The Sorry State Of Home Wi-Fi

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Gerald F. Seib
The GOP Under Donald Trump

CAPITAL JOURNAL | A2

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What's News

Business & Finance

IHS and Markit said they would merge to create a \$13 billion data firm based in London in a deal that would lower the combined company's tax rate. A1

◆ **Valeant began** a search for a new CEO and accused the ex-CFO of improper conduct that contributed to misstated earnings. **A1**

◆ **Ineos plans** to accept the first shipment of a type of American shale gas to Europe as U.S. energy firms seek out new markets. **B1**

◆ **Starwood said** it agreed to a sweetened \$13.6 billion deal from Marriott. **B1**

◆ **Dalian Wanda** is stepping in as a major FIFA sponsor even as other firms keep their distance. **B1**

◆ **The IMF is pressing** China's central bank to release more data on its holdings of currency derivatives. **B5**

◆ **AXA's CEO** will step down and be succeeded by the insurer's top official in Germany amid a strategy shift. **B5**

◆ **Telecom Italia's CEO** resigned after clashing with Vivendi over strategy. **B1**

◆ **Apple introduced** a smaller iPhone, setting the lowest starting price ever for the phone, and cut the price of its watch. **B1**

◆ **The U.S. Supreme Court** will hear Samsung's appeal in a battle with Apple. **B3**

World-Wide

◆ **Cameron defended** his economic policies amid a deepening rift in the Conservative Party over U.K. membership in the EU. **A1**

◆ **Prosecutors are seeking** a Belgian fugitive in connection with the Paris attacks, saying he was involved in an Islamic State recruitment network. **A4**

◆ **A Marine's death** in Iraq signals U.S. involvement in ground combat against Islamic State. **A4**

◆ **Islamic State militants** killed 26 Syrian commandos as Assad's regime fought to recapture Palmyra. **A4**

◆ **Many of Yemen's** remaining Jews were airlifted to Israel over the weekend, ending a half-century of organized emigration. **A4**

◆ **Obama expressed** hope about U.S.-Cuba relations but also acknowledged serious differences at a news conference with Raúl Castro. **A3**

◆ **The U.S. Supreme Court** rejected an effort to void Colorado's legalization of marijuana. **A7**

◆ **The GOP chairman** raised the prospect of a contested convention, setting the stage for a showdown over front-runner Trump's candidacy. **A7**

◆ **Germany's migrant** population reached a record last year. **A5**

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A Historic Handshake in Havana



GREETINGS: Raúl Castro and Barack Obama met Monday during the first visit by a sitting U.S. president to Cuba since 1928. Mr. Obama declared a 'new day' in relations but acknowledged 'serious differences.' **A3**

TROUBLED PLANE DIMS CHINA'S AVIATION DREAM

Beijing aims new jetliners at the global runway, but MA60 mishaps haunt it

In June 2013, Myanma Airways Flight 309 veered off a runway in Kawthaung, Myanmar, with 60 passengers aboard and hit a wall. Myanmar's investigation concluded the brakes and steering failed after a hydraulic-pressure drop.

*By Daniel Stacey
in Kawthaung, Myanmar,
and Chun Han Wong in Beijing*

Myanmar that year banned the plane, a Chinese-made Modern Ark 60 turboprop, from its airspace. Flight 309's hulk still sits by the runway.

The day of that incident, another MA60 crash-landed in Kupang, Indonesia, injuring five. Bolivia, the Philippines and others have had MA60 accidents and grounded planes. Tonga grounded its MA60 after pressure from

New Zealand, which warned its citizens not to fly in it.

China hopes soon to start exporting two new jetliners, part of its goal of securing a bigger place in global aviation and competing with giants such as Boeing Co. and Bombardier Inc. Looming over its plan is the turboprop that was supposed to be a steppingstone into foreign markets, the MA60, seating up to 60.

A Wall Street Journal examination of the MA60, the first Chinese-built airliner with sizable overseas sales, found a pattern of safety problems involving landing-gear malfunctions, braking failures and steering loss, and a track record of multiple other mishaps. Some caused injuries; one killed 25.

Fewer than half of the MA60s exported since 2005 appear to be still flying abroad, according to the Journal examination of acci-

Please see PLANE page A6

Cameron Is Fighting To Hold On To Authority

By JENNY GROSS
AND NICHOLAS WINNING

LONDON—Prime Minister David Cameron sought Monday to fend off one of the most serious challenges to his authority since taking office, after the resignation of a top cabinet minister exposed a deepening rift in his Conservative Party.

Mr. Cameron's comments in Parliament—defending his economic policies and stressing his commitment to helping the poor—came amid what many in the British media have dubbed a civil war in the party, largely over the U.K.'s continued membership in the European Union.

The tumultuous events of recent days also raise questions about the government's cost-cutting agenda and its key

Please see U.K. page A5

In Springtime, Hot Pants, Turtle And Ketchup Hit the Trail

* * *

Hikers in the Appalachians take on nicknames for the trek; Mushroom, Moose

By SCOTT CALVERT

Jared Hill got a letter last fall from the Appalachian Trail Conservancy congratulating him on his 2,189-mile trek from Georgia to Maine.

"Dear Hot Pants," it began.

Mr. Hill, 25 years old, went by Jared at the start of his hike. By the time he raised his arms in triumph atop Maine's Mount Katahdin roughly five months later, he was known up and down the East Coast as Hot Pants, the nickname he acquired in North Carolina.

"In the beginning it was a little weird," he said. Then he saw the beauty of his nom de trail: "I'm Hot Pants, not Jared. I can leave all my problems be-

hind."

Once rare, nicknames are as much a fixture of the Appalachian Trail experience as the blisters, vistas and camaraderie. They reinforce the idea hikers are on leave from their regular lives, and on equal footing with one another regardless of wealth, education or social status.

As a new hiking season gears up, the nonprofit trail conservancy expects a record number of hikers hoping to hoof the entire trail thanks to last year's movie, "A Walk in the Woods," based on Bill Bryson's memoir about his quest to hike the trail with a friend.

That means the ever-growing roster of trail names—de-

Please see TRAIL page A6

IHS, Markit To Merge as A U.K. Firm

U.S. information and analytics provider IHS Inc. and U.K.-based market-data company Markit Ltd. said they will com-

*By Shayndi Raice,
Sarah Krouse
and Anne Steele*

bine to create a \$13 billion company based in London.

By moving to the U.K., IHS will be able to take advantage of the country's lower corporate-tax rate through what is known as a tax inversion, a way for U.S. companies to

avoid paying taxes at home. The new company, to be called IHS Markit, is expecting a corporate-tax rate in the low- to mid-20% range, compared with the 35% U.S. firms pay.

Monday's deal values Markit at about \$5.8 billion, or \$31.13 a share, a slight 5.6% premium to Friday's close.

After Monday's deal, shareholders of IHS, which has a market value of about \$7.5 bil-

Please see DEAL page A2

◆ **Heard on the Street:** Markit sells itself short..... B8

Valeant Searches For a New CEO

By TESS STYNES
AND JONATHAN D. ROCKOFF

Valeant Pharmaceuticals International Inc. said Monday that it has begun a search for a new chief executive to succeed Michael Pearson as the drugmaker alleged improper conduct by its top financial officers—accusations that the former financial chief denied.

The company also named William Ackman to its board. Mr. Ackman's firm, Pershing Square Capital Management LP, has a 9% stake in Valeant.

The moves followed a turbulent week for Valeant in which the company lost more than half of its market value. Valeant last week reduced its earnings guidance, warned about a potential debt default and held a contentious call that turned off analysts.

The disclosures Monday suggest disagreement at the highest levels of the drugmaker and adds to the challenges for a company that also is trying to mend relationships with investors, doctors and in-

Please see VALEANT page A2

Apple Recharges the iPhone



ON THE LINE: Apple introduced a new iPhone with a 4-inch display on Monday. CEO Tim Cook, above, also said the company won't relent on its stance to keep data on customers' iPhones secure. **B1**

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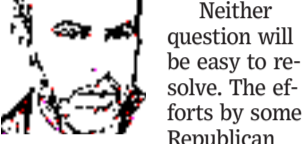
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WORLD NEWS

Trump Bid Changing Philosophy of the GOP



While attention shifts to whether Donald Trump can sew up the Republican nomination by the party convention in July, less attention is being devoted to a potentially bigger question: What will the party that gathers then actually stand for?



Neither question will be easy to resolve. The efforts by some Republican leaders to block Mr. Trump continue apace, and he could fall short of winning enough delegates to claim the nomination by convention time. That would produce the much-discussed, potentially raucous contested convention.

Yet the charge by Mr. Trump and his supporters isn't merely an attempt to win the nomination; it's also an effort to change what the party is about. It represents an attempt at a hostile takeover that, if successful, would change not only who leads the GOP, but also what it means to be a Republican.

How, for example, would a party that traditionally has stood for free trade alter its

position if its nominee has espoused punitive tariffs on imports from China? How does a party whose members have declared religious liberty a core issue square that belief with a nominee who has called for surveillance of mosques?

And how does a party whose business wing has called for expanded use of H-1B visas for skilled workers square that position with a nominee who has called for reducing the program?

These positions would require re-evaluation of some basic Republican doctrines. They represent changes that, as Mr. Trump has been saying, could draw new members into the Republican Party—but also could drive away some Republicans who can't abide the new direction.

The tension was on display Monday in Washington, as Mr. Trump met privately to woo a group of Republican officials. One way to grasp the significance of the moment is to stack Trump positions of today alongside those contained in the party platform that was approved at the Republicans convention four years ago.

Party platforms aren't documents that people pay a lot of close attention to once they are written and approved. Still, they provide a useful baseline for the positions that define a national party, and a way to track changes in a party's DNA over time.

For example, Mr. Trump has in GOP debates emphatically defended the



The nomination of Donald Trump has the potential to change what it means to be a Republican.

use of eminent domain—the practice by which governments can forcibly take over private property to clear the way for public or private development projects. Indeed, he has defended his own real-estate firm's use of the practice.

Conservatives dislike the idea, though, and it will be hard to square fulsome support for eminent domain with this passage from the 2012 Republican platform:

"The Takings Clause of the Fifth Amendment—'nor shall private property be taken for public use without just compensation'—is a bulwark against tyranny; for without

property rights, individual rights are diminished. That is why we deplore the Supreme Court's *Kelo v. New London* decision, allowing local governments to seize a person's home or land, not for vital public use, but for transfer to private developers."

Four years ago, the party stood foursquare behind what was then the proposed Trans-Pacific Partnership trade deal with Pacific Rim nations: "A Republican President will complete negotiations for a Trans-Pacific Partnership to open rapidly developing Asian markets to U.S. products. Beyond that,

we envision a world-wide multilateral agreement among nations committed to the principles of open markets, what has been called a 'Reagan Economic Zone,' in which free trade will truly be fair trade for all concerned."

Today, Mr. Trump, along with some other GOP presidential contenders, has rejected the trade deal President Barack Obama completed, arguing that the U.S. has been taken to the cleaners not just in that deal but in other free-trade agreements as well.

The platform also is peppered with references to the importance of freedom of re-

ligion. In its opening section, for example, it says Republicans "ask all to join us in rejecting the forces of hatred and bigotry and in denouncing all who practice or promote racism, anti-Semitism, ethnic prejudice, or religious intolerance" and refers to "our reverence for the religious freedom envisioned by the Founding Fathers of our nation and of our party."

That's a position that stands in juxtaposition with Mr. Trump's plan for a temporary ban on Muslims entering the country, his call for surveillance of some mosques in the U.S., and his statement that he would "strongly consider" shutting down some mosques.

Mr. Trump has argued that, in an age of Islamic terrorism, positions and practices have to change—and his many supporters emphatically agree. In other areas, such as abortion, Mr. Trump has adjusted his views to how to Republican orthodoxy.

More broadly, though, his positions on questions such as his call for expelling millions of illegal immigrants envision a powerful central government, in a party that has traditionally favored limiting federal powers.

As such positions suggest, a Trump nomination would represent not just a change in leadership, but also a change in Republican philosophy.

♦ GOP chief sees long fight over Trump..... A7

DEAL

Continued from Page One
lion as of Friday's close, will own about 57% of the combined company. Shareholders of London-based Markit will own about 43% of the firm. Although it will be based in London, the new company will have "certain key operations" in Colorado.

Started in a barn more than a decade ago by former TD Securities credit-trading executive Lance Uggla, Markit aggregates information from major bond dealers that is used for research, valuation, trading and reporting about derivatives, bonds, loans and currencies. The London-based company has become an important provider of data to Wall Street and was initially backed by a dozen large lenders, including Bank of America Corp., Goldman Sachs Group Inc., Deutsche Bank AG and J.P. Morgan Chase & Co.

Jerry Stead, chief executive of IHS, will become CEO of the combined firm until his retirement on Dec. 31, 2017. He will also be chairman. Mr. Uggla, who will be president and a member of the board of direc-

tors, will take over as CEO after Mr. Stead's departure.

The two executives, who have been involved in more than 100 mergers and acquisitions over the past decade, discussed merging over breakfast in December after being connected by an investor in both companies, they said. By early January, the deal was progressing with a March 21 deadline.

Messrs. Stead and Uggla said the deal was attractive because their customer bases don't overlap and it represents an opportunity to marry corporate and financial data. IHS serves more corporate customers and Markit provides data to Wall Street banks and asset managers.

"We use content in slightly different ways," Mr. Uggla said.

Englewood, Colo.-based IHS provides analytics for businesses and governments in more than 140 countries. Founded in 1959, it went public in 2005 and has about 9,000 employees in 32 countries.

The firm has been on an acquisition spree in recent years, pursuing a growth strategy by snapping up data providers and rival analytics firms. It completed four deals in 2015 and earlier this year acquired price-



Markit CEO Lance Uggla will be president and a board member for the new combined company.

reporting agency Oil Price Information Service.

IHS sponsors one of the most important global energy conferences every year, IHS CERAWeek and retains some of the industry's top authorities, including Daniel Yergin, the Pulitzer-Prize winning author and economic researcher. Mr. Uggla said IHS's energy data was particularly valuable to Wall Street investors trying to size up debt and equity in-

vestment opportunities.

IHS and Markit posted a combined \$3.3 billion in revenue and \$1.2 billion in adjusted earnings before interest, taxes, depreciation and amortization in fiscal 2015. They also said they had identified cost savings of \$125 million and revenue opportunities of \$100 million by 2019.

Corporate tax inversions fell out of favor in 2014 after the U.S. Treasury Department insti-

tuted a series of rules that made them less profitable for companies to move overseas. The Obama administration portrayed companies leaving the U.S. as bad corporate citizens.

The government's move at that time managed to kill several deals, including a more than \$50 billion acquisition by U.S. pharmaceutical firm AbbVie Inc. of Irish drug company Shire PLC.

Still, tax-inversion deals have

continued. More recently, the inversion issue has come up in the U.S. presidential election. Last week, presidential candidate Bernie Sanders sent a letter to Treasury Secretary Jack Lew asking him to make it harder for U.S. companies to invert overseas. He specifically called out Pfizer Inc.'s proposed merger with Allergan PLC.

Candidate Hillary Clinton has called out companies such as Johnson Controls Inc., a Milwaukee-based auto-parts provider that is in the process of merging with Tyco International PLC that will see its legal domicile moved to Ireland, which has a much lower corporate-tax rate.

One person involved in the deal said IHS and Markit don't expect the tax aspect of the deal to raise too many eyebrows in Washington. The merger is nearly a 50/50 deal and the U.K. company's chief executive will ultimately be leading the combined firm, the person said. Those facts suggest the deal is being pursued for strategic reasons and not simply to avoid paying U.S. taxes, the person said.

—Anne Steele and Sarah Kent contributed to this article.

VALEANT

Continued from Page One
surers.

Mr. Pearson, who last week returned from a two-month sick leave, will remain CEO and a director until his successor is appointed. Valeant said Mr. Ackman would join the board immediately, sitting along side Pershing's vice chairman, Stephen Fraidin, on the board.

To make room for Mr. Ackman on the board, Valeant said it had requested that former chief financial officer Howard Schiller tender his resignation as a director, but Mr. Schiller didn't do so. Mr. Schiller, after serving as financial chief and departing the company last year, had returned as interim CEO in January when Mr. Pearson was on medical leave.

Because Valeant's board is fixed at 14 directors, Katharine B. Stevenson voluntarily resigned from the board to create a vacancy to permit Mr. Ackman's appointment.

Valeant on Monday said "improper conduct" of its former chief financial officer and controller contributed to a misstatement of its results. Valeant added that the push to show growth may have contributed to the actions.

"The company has determined that the tone at the top of the organization and the performance-based environment at the company, where challenging targets were set and achieving those targets was a key performance expect-



Michael Pearson will remain CEO until his successor is appointed.

tation, may have been contributing factors resulting in the company's improper revenue recognition," Valeant said in a news release Monday.

Mr. Schiller, in a statement released through his law firm, denied engaging in any improper conduct and said he didn't provide any incorrect information to the company's audit committee and its outside auditors.

Valeant said it concluded that for the past couple of years, one or more material weaknesses existed in the company's internal control over financial reporting.

The company added that based on a review of the company's relationship with a mail-order pharmacy, Philidor Rx Services LLC, the company has preliminarily determined that about \$58 million in revenue linked to Philidor shouldn't have been recorded in the second half of 2014.

Mr. Schiller said the Philidor transactions were "the result of a careful and reasoned accounting decision made by the company's corporate controller" at the time. He added that the former corporate controller told him that outside auditors had reviewed the transactions.

"The accounting decision was not my decision," Mr. Schiller said in the prepared statement, "but I was advised of the decision and the rationale behind the decision by the corporate controller, and I agreed with the decision."

Shares of Valeant rose 7.4% Monday in New York. Through Friday's close, the stock has dropped 90% from its August record.

Valeant faces the continuing task of improving relationships with doctors, who could start prescribing more drugs made by rival companies, as well as with the health insurers and

drug-benefit managers that pay for company drugs. Some payers took action to restrict reimbursement of certain products after revelations came out about the aggressive tactics of Philidor.

Adding to the company's difficulties, Valeant can't rely on its prior playbook of acquisitions and price increases for help. Valeant has committed to reducing its debt, which means it can't do the kind of big deals it had done, and the company has said it won't buy rights to underpriced drugs, then increase their cost.

Instead, Valeant may have to count on the kinds of traditional industry practices that the company had long shunned, including bringing to market new drugs—like a psoriasis treatment in development—that can generate added sales.

As a result of the Philidor restatement, Valeant said its financial reports for the fourth quarter of 2014 and the first three quarters of 2015 shouldn't be considered reliable. The company plans to restate the results, which are expected to reduce its 2014 per-share earnings by roughly \$33 million, or nine cents a share.

Valeant expects the restatement of its results for the first quarter of 2015, which consist mostly of reversing the impacts of issues in 2014, will reduce revenue by roughly \$21 million but raise net income by \$24 million, or about seven cents a share.

The company said the restated results will be included

in 2015 financial filings with U.S. and Canadian securities regulators.

The first crack came in the summer, when representatives on Capitol Hill started asking about the price increases, followed by the Justice Department, which subpoenaed the company about those and other issues.

Then, in October, long-simmering questions about the company's accounting gained traction as a short seller, Andrew Left, issued a scathing report that sunk the stock, leading it to be halted at the time.

Valeant stood by its accounting but also created a board committee to look at its relationship with Philidor, a

CORRECTIONS & AMPLIFICATIONS

The first name of Byung Choi, co-head of the finance group at law firm Ropes & Gray LLP, was misspelled as Byong in a Page One article Monday about banks retreating from backing debt-heavy buyouts.

The name of bath-products company Mr. Steam, of Long Island City, N.Y., was incorrectly given as Mr. Stream in a Mansion article in the Friday-Sunday edition about wall-mounted towel warmers.

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

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WORLD NEWS

Obama Meets Castro on Historic Cuba Trip

U.S. leader declares 'new day' in relations, Castro notes differences 'that will not go away'

By CAROL E. LEE

HAVANA—President Barack Obama declared a “new day” in U.S.-Cuban relations, but acknowledged “serious differences” exist between the two countries in remarks at a news conference with Cuban President Raúl Castro during an ice-breaking visit here.

Mr. Castro, speaking alongside Mr. Obama after a meeting between the leaders in Havana, said the longtime U.S. economic embargo and the continuing American presence at the U.S. naval station at Guantánamo Bay, Cuba, remain impediments to fully normalized ties.

“There are profound differences between our countries that will not go away,” Mr. Castro said

Mr. Obama criticized Cuba over its democracy and human-rights record. “That’s something that I have to speak out on,” Mr. Obama said. At the same time, Mr. Obama said it was legitimate for Mr. Castro to point out the U.S.’s shortcomings.

Mr. Castro pushed back on U.S. pressure over human rights, saying Cuba believes civil, political, economic, social and cultural rights are universal. Agreeing to take questions from reporters, a gesture sought by the White House, Mr.



U.S. President Barack Obama reacted to Cuban President Raúl Castro’s response to questions from U.S. media on Monday in Havana.

PABLO MARTINEZ MONSIVAIS/ASSOCIATED PRESS

Castro denied Cuba holds prisoners for political reasons. “Give me a list...and I will release them immediately,” he said.

Mr. Castro dodged a question on whether he favored Republican presidential hopeful Donald Trump over Democrat Hillary Clinton, saying he doesn’t vote in the U.S.

The fact that Mr. Castro agreed at all to take a question at a joint news conference is seen by the White House as a

victory. White House and Cuban officials had been negotiating over a joint news conference for weeks, with Mr. Castro only agreeing Monday to answer one question.

Separately, Mr. Obama, in an interview with ABC News that aired after his arrival Sunday in Havana, said expanding Internet access for Cubans is key to changing the country.

“One of the things that we’ll be announcing here is that Google has a deal to start set-

ting up more Wi-Fi access and broadband access on the island,” Mr. Obama said. “Change is going to happen here, and I think Raúl Castro understands that.”

Google parent **Alphabet Inc.** said Monday it would provide laptops and virtual-reality headsets at a Havana museum as part of a program to provide free Internet access there. The Internet connection would come from state-owned telecommunications firm Etesca.

Alphabet didn’t immediately respond to a question of whether Internet access at the museum would be censored.

A person familiar with the company’s plans said Alphabet was considering laying fiber-optic cables in Cuba, but plans are still nascent.

On Monday, **Western Union Co.** said it would expand in Cuba following the Obama administration’s moves to further loosen regulations on financial transactions.

A sliver of Cubans have access to the Internet and service in the country is spotty at best. A deal has eluded Google since Mr. Obama announced in December 2014 that the U.S. and Cuba would normalize relations. Building economic ties is a key U.S. objective for Mr. Obama’s trip.

The U.S. also wants Cuba to relax policies restricting foreign firms from hiring their own Cuban employees.

Mr. Obama met Mr. Castro on Monday morning at the start of a full day of official events marking his historic state visit.

The two leaders shook hands inside the Palace of the Revolution just before 11 a.m., entering from separate doors and exchanging pleasantries through an interpreter.

Mr. Obama told Mr. Castro about his time so far in Havana. “We had a great tour yesterday,” Mr. Obama said. “Enjoyed it.”

“And we had a great dinner,” he added.

Outside the room were the U.S. and Cuban delegations and a formation of Cuban troops to participate in a formal arrival ceremony.

Mr. Castro was to host Mr. Obama for a state dinner Monday night.

On Tuesday, Mr. Obama is scheduled to meet with political dissidents and attend a baseball game in Havana between the Cuban National Team and the Tampa Bay Rays before flying to Argentina.

—Jack Nicas
contributed to this article.

Harsh Realities Block Wary Quest for Foreign Funding

By DUDLEY ALTHAUS

President Barack Obama’s trip to Cuba is bolstering hopes that a flood of investment and tourists across the Florida Straits will extend prosperity and freedom to those living on the Communist-ruled island.

But entrepreneurs and consultants who have spent years trying to achieve the same goals say such plans may founder on the island’s hard realities, despite the Cuban government’s wary quest for foreign funding.

One obstacle is the revolutionary DNA of Cuba’s Communist leaders, who harbor suspicion of—and at times open hostility toward—profit-making enterprise. Equally important is the U.S. trade embargo, which despite Washington’s whittling over the past 15 months, continues enforcing strict limits on American trade and investment.

Many U.S. executives who

have taken a look at the island amid the first steps toward normalization between the two Cold War foes intend to sit on their hands for now, according to a survey of 437 business executives recently conducted by the U.S.-Cuba Trade and Economic Council, which advocates an end to the embargo.

“It’s not only the bureaucracy. It’s the Cuban government’s view of its economic, social and political system,” said John Kavulich, the president of the New York-based advocacy group. “The Cubans are less than enthusiastic.”

Cuban officials say they hope to attract some \$2 billion annually in foreign investment in coming years.

Starwood Hotels & Resorts Worldwide Inc. on Saturday said it had landed a multimillion-dollar deal to manage two upscale Havana hotels and signed a letter of intent to assume management of a third.

Yet, despite the crush of pitchmen pouring into Havana, only three dozen foreign-investment projects have been approved since a new investment law was adopted in 2014, Cuban officials say, out of a total of 200 on the island.

“This is not about doing whatever project that interests whichever foreign investor,” Deborah Rivas, the Cuban official charged with coordinating foreign investment, recently told Granma, the Communist Party’s newspaper. “We aren’t in the process of accelerating the privatization of the Cuban economy.”

That reticence clashes with the deal seekers crowding Havana’s upscale hotels and restaurants, said Mark Entwistle, who was Canada’s ambassador in the 1990s.

Few of the scores of Canadian companies that led the charge into Cuba in the 1990s remained a decade later, said Mr. Ent-



Patrons at a rooftop restaurant in the Old Havana neighborhood

CHIP SOMODEVILLA/GETTY IMAGES

wistle, whose Toronto-based firm, Acasta Capital, advises investors on entering Cuba.

Some well-connected foreigners with long experience on the island have been convicted on charges they say were fabricated.

Speaking to reporters in Havana on Thursday, Foreign Minister Bruno Rodríguez said the government’s attitude and policies toward for-

eign investors are transforming dramatically.

“Cuba is a constantly changing country, in constant transformation,” he added. “Where is it heading? Toward a more competitive, more productive economy.”

Most deals that would profit Cuban government-controlled entities remain prohibited under the U.S. embargo.

In announcing the further easing of embargo restrictions this past week, the U.S. Commerce Department said it would decide exemptions to that general prohibition on a case-by-case basis.

A pair of septuagenarians plan to make history by becoming the first American businessmen to set up a manufacturing plant in Cuba in more than half a century.

Saul Berenthal, a 71-year-old who fled Fidel Castro’s revolution as a teen, and Horace Clemmons, a 72-year-old retired U.S. Marine from rural Alabama, got the U.S. green light in February to eventually assemble 1,000 mall tractors annually at a plant outside Havana for sale to private Cuban farmers. They are awaiting final Cuban approval.

“We are an expert example of Americans and Cubans working together,” Mr. Berenthal said.

—José de Córdoba
contributed to this article.

AN ICON JUST GOT LARGER



THE NAVITIMER 46 mm

WORLD NEWS

Marine's Death Shows Wider Iraq Role

U.S. troops served at an outpost near the front lines of fighting with Islamic State

By BEN KESLING

BAGHDAD—The death of a Marine in northern Iraq occurred during an unannounced deployment of U.S. artillery troops to an area where Islamic State militants are active, a sign that American forces have become involved in ground combat against the extremist group.

Staff Sgt. Louis F. Cardin, from Temecula, Calif., was killed on Saturday when rockets hit his unit in an outpost in the town of Makhmour, 70 miles southeast of Mosul, the Pentagon said.

A U.S. military spokesman said on Monday that Sgt. Cardin was part of a detachment of artillery troops sent to provide support to Iraqi army troops and their coalition advisers near Makhmour. The deployment of U.S. troops to the outpost, Firebase Bell, began two weeks ago but was only announced on Sunday, said the spokesman, Col. Steve Warren.

Col. Warren said the notification of the unit's deployment had been planned for a month and the announcement a day after the Marine was killed was an "unfortunate coincidence."



CLIFF OWEN/ASSOCIATED PRESS

A Marine Corps carry team in Delaware on Monday moved the remains of Staff Sgt. Louis F. Cardin, who was killed in Iraq on Saturday.

The Iraqi military's Joint Operations Command denied on Monday that Marines were involved in combat in Iraq.

At a news briefing on Monday, Col. Warren said the deployment of the Marines doesn't signal greater involvement in the Iraq conflict.

U.S. Special Operations

forces have been carrying out missions in Iraq against Islamic State for months, some of them in support of the U.S.-led air campaign against the group that President Barack Obama launched in September. The transfer of a regular Marine unit into a combat zone marks stepped-up efforts by

the U.S. to combat the group.

Sgt. Cardin had been assigned to the 2nd Battalion, 6th Marine Regiment, and was deployed as part of the 26 Marine Expeditionary Unit from Camp Lejeune in North Carolina.

The Marines in Makhmour set up an outpost a few hun-

dred yards away from an Iraqi army camp, Col. Warren said. The U.S. deployment was fully coordinated with Iraqi officials, he added.

Iraqi commanders said the Marines' position near Makhmour was close to the front lines of fighting with Islamic State.

Fugitive Said to Help Recruit for Islamic State

BRUSSELS—Prosecutors said a Belgian fugitive being sought for his connection to the Paris attacks played a critical role in an Islamic State network recruiting men to train and fight in Syria.

By *Valentina Pop, Julian E. Barnes and Matthew Dalton*

Prosecutors called for help from the public in searching for 24-year-old Najim Laachraoui, who was previously identified only by an alias, Soufiane Kayal, used on forged documents.

The call was put out three days after the capture of Salah Abdeslam, one of the alleged Paris attackers, who had been at large for four months as he hid in the Belgian capital.

Officials said DNA from Mr. Laachraoui was found in the Schaerbeek apartment that Belgian prosecutors believe was used to assemble suicide vests before the Nov. 13 attacks on Paris and as a hideout for Mr. Abdeslam afterward. Authorities haven't said whether they believe Mr. Laachraoui was the person who assembled the vests or whether he was directly trained in explosive making while in Syria.

Mr. Laachraoui's DNA was also found in a safe house

used by the attackers before the attacks in the southern Belgian town of Auvelais.

Prosecutors have said Mr. Laachraoui left for Syria from Brussels in February 2013. He is at least the third person implicated in the Paris attacks from a Brussels-based network of radical Islamists that was prosecuted by the Belgian authorities last year.

The network shuttled radicalized Muslims from Belgium to Syria beginning in January 2013, according to court documents, and many of those ultimately trained and fought with Islamic State forces in Syria. A Brussels court last year convicted 30 people of belonging to the network, many in absentia because they were believed to still be fighting with Islamic State in Syria.

Among those charged and convicted by Belgian courts were Abdelhamid Abaaoud, leader of the group that attacked Paris, and Chakib Akrouh, another gunman in the Paris attacks who left for Syria at the beginning of 2013. Messrs. Abaaoud and Akrouh were killed during a raid in a northern suburb of Paris, days after the Nov. 13 attacks.

Belgian prosecutors have documented that a number of the men traveling from Brussels to Syria ultimately joined the ranks of Islamic State. In-



BELGIAN FEDERAL POLICE/ASSOCIATED PRESS

A photo provided by Belgian police of Najim Laachraoui.

vestigators believe key members of the Brussels-based network returned from Syria to Europe to participate in the planning and preparation of terror attacks, including the Paris attacks.

Officials asked for the public's help as they hunt for a man they say aided Abdeslam.

In a continuing court trial connected to the terror network, prosecutors requested last month that Mr. Laachraoui—charged in absentia of escorting would-be fighters as they arrived in Syria from Belgium—be convicted and sentenced to 15 years in prison. Authorities believe Mr.

Laachraoui is one of at least three Syrian-trained fighters who worked with Mr. Abdeslam before and after the Paris attacks.

Mr. Laachraoui's name appears on a watch list of Belgian foreign terrorist fighters who are considered a threat compiled by the Belgian Organization for Threat Coordination and Analysis, a government official said.

According to Belgian officials, Mr. Abdeslam told investigators that he backed out of the Paris attacks at the last moment and so didn't join the Nov. 13 suicide assault on the Stade de France. They said that he has divulged that he was planning follow up strikes.

The police presence was exceptionally heavy in Brussels over the weekend, as authori-

ties beefed up patrols at train stations and in shopping and tourist areas.

Mr. Abdeslam was arrested Friday with another Syrian-trained fighter, known by the alias Amine Choukry. Mr. Choukry hasn't been cooperating with investigators, officials said.

Mr. Laachraoui was registered in the Brussels district of Schaerbeek with his family but his name was purged from the commune's records in February 2015 because the police found he was no longer living there, said Marc Weber, an official at the Schaerbeek mayor's office.

In 2009, he graduated from a Roman Catholic high school in Schaerbeek, studying electro-mechanic engineering. "He did well; he succeeded," said Veronica Pellegrini, the school director.

In the months before the Nov. 13 attacks, Mr. Abdeslam traveled to Hungary to pick up Mr. Laachraoui and another Syrian trained fighter in Budapest, according to officials. Prosecutors said that Mr. Abdeslam was stopped on the Hungarian-Austrian border Sept. 9. He was traveling with two people using fake Belgian identity cards, one of whom was Mr. Laachraoui, they said.

In addition to Mr. Laachraoui, Belgian and French authorities are looking for Mohamed Abrini, a 31-year-old Belgian national, who was caught on video with Mr. Abdeslam at a gas station on the road to Paris two days before the November attacks.

—*Mathias Verbergt and Natalia Drozdiak contributed to this article.*

The base is roughly 9 to 12 miles from Islamic State positions, Col. Warren said, but the base is still subject to rocket attacks. And on Monday, a squad of Islamic State ground troops came within a few hundred yards of the base before being repelled.

The Marine artillery unit provides what is known as counterbattery fire, which calls for locating Islamic State rocket-launching positions and firing on them. It also provides support fire for Iraqi troops, as well as coalition troops advising Iraqi forces.

Sgt. Cardin came from a family of six children, said his brother, Vince Cardin, who said he had once been an Army infantryman himself and has spoken with his younger brother about the dangers of deployment.

"I'm numb," Mr. Cardin said by phone on Sunday from Hemet, Calif., describing his feelings after hearing of his brother's death. "But me and Louie talked about this stuff before he enlisted. It is just one of those things."

Vince Cardin, who said he had spoken with another Marine wounded in the same rocket attack, said his brother rushed to get junior Marines to cover before protecting himself. He was then mortally wounded by a rocket.

—*Felicia Schwartz in Washington contributed to this article.*

Paris Victims' Groups Call For More Help

PARIS—Representatives of victims of the Paris attacks asked President François Hollande on Monday to improve support and compensation processes.

The meeting with seven victims' associations was an opportunity for Mr. Hollande to listen to concerns regarding the support that families of the 130 people killed in the attacks, as well as survivors of the terror spree, have received from the government, an adviser to the president said.

Some representatives have complained of a lack of coordination among administrative bodies and said that not all survivors had been made aware of the services available to them. "It is no longer the time for empathy and compassion. The victims expect concrete action," Stéphane Gicquel, a representative of the Fenvac victims association, said on French television.

Mr. Hollande told the groups that he would meet with them again before the summer.

"He said what his intentions are, but we are waiting to see the concrete results," said Georges Salines, head of the victims' group known as "13 Novembre: Fraternité et Vérité."

—*William Horobin*

Syria Fights to Dislodge Militants

By DANA BALLOUT

BEIRUT—Islamic State militants killed 26 Syrian naval commandos on the outskirts of Palmyra on Monday as the regime fought to recapture the ancient city from the extremist group, Syrian opposition activists and a monitoring group said.

Islamic State captured Palmyra, a Unesco World Heritage site, in May and has since destroyed and damaged much of the 2,000-year-old, monumental ruins. Over the past few weeks, antigovernment activists have reported that the regime, backed by heavy Russian airstrikes, had escalated a military campaign and was close to retaking the city.

The government forces are also aided in the battle by Shiite Muslim militias from other countries, mainly Hezbollah from Lebanon.

Islamic State claimed responsibility for the deaths. It said on Twitter that a truck bomb killed the government forces, and wound giving a number, and wounded around 70. It also warned regime and Russian forces of more "dark days" ahead.

Recapturing Palmyra has been a goal for the Russian forces since it intervened in the war in support of Presi-



ISLAMIC STATE/ASSOCIATED PRESS

A photo from Aug. 25 said to show the Temple of Bel's destruction.

dent Bashar al-Assad in September. Russian warplanes continued to strike the city even as Moscow announced the start of its withdrawal from Syria last week.

"I hope this treasure of the world civilization, or whatever is left of it after the bandits got there, would be returned to the people of Syria and the whole world," Russian President Vladimir Putin said Thursday.

The cease-fire that took effect last month allows for continued attacks against terrorist groups, namely Islamic State and Nusra Front, al Qaeda's

Syrian franchise.

Russia's Foreign Ministry said Monday it was satisfied with cooperation with the U.S. on the cease-fire agreement, but that it was taking too long to agree to a joint position on rules of engagement in response to violations.

It wasn't clear what Moscow was referring to. A U.S. official said "these issues have been discussed at length already, and continue to be discussed, in a constructive manner."

The U.K.-based Syrian Observatory for Human Rights, a monitoring group, said at least

25 regime commandos were killed fighting in the desert.

Islamic State moved fighters from Raqqa, the group's de facto capital in Syria, to Palmyra to help push back regime and Hezbollah forces, the observatory said.

Airstrikes have caused heavy destruction to civilian areas of Palmyra and forced thousands to flee, according to an activist from the city who said he fled Islamic State last month. He said he is now in Turkey but communicates daily with people in Palmyra.

"The infrastructure has been completely destroyed. There is no medicine, no water, no electricity," he said via Skype.

Most of those killed by airstrikes were civilians, according to the Coordination Committee of Palmyra, an antigovernment and anti-ISIS group.

Islamic State has actively destroyed the ancient ruins of Palmyra, which the group claims promote idolatry at the expense of its strict interpretation of Islam. In August, militants blew up the Temple of Bel, one of the most significant religious buildings of the first century, according to the United Nations cultural agency.

The regime and its allies also escalated attacks on Raqqa over the weekend.

Jews Secretly Flown To Israel From Yemen

Many of Yemen's last remaining Jews were airlifted secretly to Israel over the weekend, Israeli officials said on Monday, ending more than a half-century of organized emigration from the Arabian Peninsula country.

By *Rory Jones in Tel Aviv and Asa Fitch in Dubai*

Nineteen Yemeni Jews arrived in Israel on Sunday, in what the Jewish Agency described as a "complex covert operation," disclosing no details. Only 50 Jews remain in Yemen after deciding to stay in the country, the agency said.

The Jewish Agency, a non-governmental organization that oversees immigration of Jews to Israel, said it has helped more than 200 Jews leave Yemen and resettle in Israel in recent years, including dozens in recent months.

Anti-Semitic violence in Yemen rose sharply after the 2008 killing of a Jewish teacher, the agency said, and has worsened further with the country's yearlong civil war, in which nearly 2,800 civilians have been killed, ac-

cording to the United Nations.

At least 51,000 members of Yemen's Jewish community have immigrated to Israel in efforts sponsored by the agency, most in 1949-50 during what was known as Operation Magic Carpet. The organization has been aided in these undertakings by the Israeli military and foreign governments.

"Today we bring that historic mission to a close," said the agency's chairman, Natan Sharansky.

The group of Yemeni Jews who arrived in Israel on Sunday include a family of five from the capital San'a and 14 Jews from the southern town of Raida, the agency said. The Raida contingent included the community's rabbi, who carried with him a Torah scroll believed to be 500-600 years old.

Jews are believed to have reached what is now Yemen from ancient Israel more than 2,500 years ago as traders under the reign of King Solomon. Since then, hundreds of thousands of Jews of Yemeni descent have immigrated to modern-day Israel.

WORLD NEWS

Mongolia: A Land of Lost Opportunities

Vast mining reserves appeared to guarantee a bright future—before the commodity slump

By RHIANNON HOYLE

ULAANBAATAR, Mongolia—Six years ago, nomadic farmer Ankhbayar Garamdagva followed many others to this city on the fringe of the Gobi Desert, hoping to share the riches promised to Mongolia by the global commodities boom.

The 29-year-old father of two sold off all his livestock and borrowed money from a local bank to set up a stall selling jeans at a market in the city, sheltered only by sheets of plastic from temperatures that sometimes fall below minus 30 degrees Fahrenheit.

But customers are scarce these days. The boom times in Ulaanbaatar have come and gone along with the rise and fall in commodities prices.

Now in his mid-30s, Mr. Garamdagva—along with many of his fellow countrymen—regrets what he left behind and faces an uncertain future laden with debt.

“My sheep, goats, cows, horses...I sold everything, I can’t go back,” he said. “I moved here for a good life but, this year, we see no future.”

Few developing countries have seen their hopes dashed more by the slump in global commodity prices than Mongolia, a country of three million people that is almost four times the size of California.



RHIANNON HOYLE/THE WALL STREET JOURNAL

The view from Ulaanbaatar’s Blue Sky Hotel is dominated by a stalled building project, emblematic of the country’s damped hopes.

With its vast unexploited reserves of copper, coal and other minerals once estimated to be worth more than \$1 trillion, and a neighbor—China—going through a belated industrial revolution, Mongolia looked to have won a ticket into the modern world.

The country became known as “Minegolia” as thousands of promising mining sites were identified. Mongolia’s leaders envisaged riches from part-owning mines such as Oyu

Tolgoi, the world’s largest underdeveloped reserve of copper. Global companies including **Rio Tinto PLC** and banks such as **Goldman Sachs Group Inc.** pursued mining rights and stakes in local lenders.

In 2011, Mongolia was the world’s fastest-growing economy, expanding by more than 17%. Its former leader, Sukhbaatar Batbold, in 2012 forecast the country could grow at that rate for a decade.

It was hoped the mining

boom would enrich this nation of nomadic herders enough to enable it to invest in infrastructure, along with reliable water and electricity supplies.

Yet Mongolia failed to make progress on key projects before the commodities boom subsided. Oyu Tolgoi, now controlled by Rio Tinto, still awaits full development. At \$5,000 a metric ton, copper prices are roughly back at 2005 levels, having surged to more than \$10,000 between

then and now.

Mongolia’s economy is still eking out some growth, unlike countries such as Brazil, which tipped into recession as the mining boom faded.

But between 2013 and 2015, the only mineral-rich developing countries that recorded a sharper economic slowdown were those ravaged by conflict or epidemics: South Sudan, Sierra Leone and Ukraine. In January, the World Bank cut its Mongolia’s growth forecast

this year to just 0.8%. Two years ago, it forecast growth of 7.7% for 2016.

Mongolians like Mr. Garamdagva have been left in a worse position than when the mining go-go years began.

“We missed the big time; the free ride that we were given,” said Ganhuyag Chuluun Hutagt, Mongolia’s vice minister of finance from 2010 to 2012. “No matter what happens to China, I thought, we will still find something to sell to them...which was not true, obviously.”

On the steppes outside Ulaanbaatar stands an enormous 131-foot-high statue of the warrior Genghis Khan on horseback, built by one of the country’s richest men during the boom years to symbolize the return to greatness of a people that 800 years ago ruled an empire stretching from the Pacific to Turkey.

The statue stands in contrast to the situation now in the city, known locally as UB, where essential infrastructure was either never built or was poorly developed.

Mr. Garamdagva, the former farmer, fears the long, harsh winter isn’t over for Mongolia and his family. He has had to borrow from fellow stall owners to help cover monthly debt repayments.

“We can’t pay it back,” Mr. Garamdagva said, taking a swig of local tea. “We will for sure have to take more loans on...but individuals don’t have any money anymore so I don’t know who we will get a loan from next time.”

World Watch

GERMANY

Migrant Population Hit Record in 2015

Germany’s migrant population reached a record last year, according to official statistics, but uncertainty surrounding the exact figure illustrates how the country’s authorities have yet to address last year’s massive influx of people.

About 9.1 million foreigners lived in Germany last year, almost one million more than in 2014, the federal statistics office said. It is the highest number registered in Germany since records began in 1967 and the biggest-ever jump in registrations.

—Nina Adam

RUSSIA

Court Verdict Nears For Ukraine Pilot

A Russian court began reading the verdict in the case of a Ukrainian military pilot that has been condemned by Ukraine and the West as a show trial.

Prosecutors have called for 23 years in jail for Lt. Nadiya Savchenko for allegedly guiding a mortar attack that killed two Russian TV journalists and later illegally crossing the border into Russia.



AGENCE FRANCE-PRESSE/GETTY IMAGES

A Russian court began reading the verdict in the high-profile case against Ukrainian pilot Lt. Nadiya Savchenko, center, for allegedly guiding a mortar attack that killed two Russian journalists.

The 34-year-old denies the accusations, but has said she expects to receive a guilty verdict.

She was fighting as a volunteer against pro-Russia separatists in the east of the country when rebel forces captured her in July 2014.

She says she was forcibly transferred across the border, while Russian authorities say she traveled voluntarily.

—Laura Mills

EUROZONE

Consumer Sentiment Weakens Further

Consumer confidence weakened for the third straight month in March, amid worries

about weaker growth prospects for the global economy that have prompted the European Central Bank to announce fresh stimulus measures.

If sustained, the draining of optimism from households threatens to stunt the currency area’s modest recovery, for which consumer spending has been a main support since the return to growth in mid-2013.

The European Commission on Monday said its monthly measure of consumer sentiment across the 19 countries that use the euro fell to minus 9.7 from minus 8.8 in February, bringing it to its lowest level since December 2014. Economists surveyed by The Wall Street Journal last

week had expected a pickup in confidence.

—Paul Hannon

PORTUGAL

Arrested Man Linked To Petrobras Probe

Portuguese police arrested a man in Lisbon in connection with a massive corruption investigation into Brazil’s state run oil company **Petróleo Brasileiro SA**, or Petrobras, Brazilian prosecutors said.

Raul Schmidt Felipe Junior, who has dual citizenship in Brazil and Portugal, is being investigated for allegedly paying bribes to former Petrobras directors, said prosecutors, who are working with Portuguese authorities.

Mr. Felipe Junior left Brazil after an arrest warrant was issued for him in July 2015, the prosecutors said.

Representatives for Mr. Felipe Junior weren’t available to comment. His lawyer has previously denied his client committed any wrongdoing, local media reported.

—Rogerio Jelmayer

MYANMAR

No Official Role for Suu Kyi, Party Says

The soon-to-be ruling party played down speculation that its leader, Aung San Suu Kyi, would assume an official role in the government, while newly elected lawmakers voted to slash the number of ministries in a money-saving move.

A spokesman for Ms. Suu Kyi’s National League for Democracy said she was unlikely to take a cabinet post, but that “as the leader of our party, she will lead the government.”

The spokesman, Zaw Myint Maung, underscored Ms. Suu Kyi’s assertion that she will lead from behind the scenes because the constitution prevents her from being president.

The new parliament, dominated by her NLD party following elections in November, chose a confidant of Ms. Suu Kyi, Htin Kyaw, as president last week.

His election as Myanmar’s first leader in half a century without military ties opened a new era of politics in this Southeast Asian country.

—Shibani Mahtani

Malaysian Leader Says He Is No ‘Crook’

By YANTOULTRA NGUI AND CELINE FERNANDEZ

KUALA LUMPUR, Malaysia—Prime Minister Najib Razak told supporters he isn’t “a crook,” amid continuing fallout from investigations into state investment fund **1Malaysia Development Bhd.**, or 1MDB.

Pressure has grown on Mr. Najib since The Wall Street Journal reported last year that government investigators found that hundreds of millions of dollars entered his personal bank accounts via banks, companies and other entities linked to 1MDB, whose advisory board he heads up.

The government probe didn’t name the source of the money or specify what happened to it. Investigators in other countries said deposits totaling more than \$1 billion—hundreds of millions more than the Malaysian investigators identified—have flowed into Mr. Najib’s personal accounts, people familiar with the matter said this month.

Mr. Najib has denied wrongdoing or taking money for personal gain, a stance he reiterated Saturday in a talk to more than 5,000 supporters and leaders of the ruling party, the United Malays National Organization, in his home state of Pahang.

“If I had wanted to rob, I would have robbed the forest here long ago,” Mr. Najib was quoted as saying by the national news agency, Bernama. “I didn’t even take an inch, I didn’t take a single tree in Pahang, I didn’t take the bauxite mine, I didn’t take anything.”

“I have not changed my stand when I became prime minister,” Mr. Najib was quoted as saying. “I will not take the people’s property. Don’t think I am a crook, don’t think I steal the people’s property. I am the prime minister for the people.”

The 1MDB fund has denied wrongdoing and said it is cooperating with investigations. Malaysia’s Attorney General Mohamed Apandi Ali has said \$681 million deposited to Mr. Najib’s account was a legal political donation from Saudi Arabia and that most of the money was returned.

Investigators in two other countries agreed that most of the \$681 million ultimately was returned, according to people familiar with the probes.

U.K.

Continued from Page One architect, Treasury chief George Osborne, Mr. Cameron’s No. 2, who has been considered a strong contender to take over as party leader one day.

Iain Duncan Smith resigned on Friday as work and pensions minister, accusing the government of taking its long-term belt-tightening too far and calling planned cuts in support for disabled people indefensible.

Mr. Duncan Smith also was one of six of ministers to break ranks with the prime minister over Britain’s future in Europe, ahead of a referendum set for late June. Mr. Cameron is campaigning for Britain to stay in the EU, while many of his fellow Conservatives want out.

Mr. Cameron on Monday expressed regret over the resignation and defended his economic strategy, saying the U.K. needed to reduce its debts. He also described his government as compassionate and committed to improving the general welfare.

The government confirmed Monday it will scrap



ZUMA PRESS

Mr. Cameron defended his government in Parliament on Monday.

the planned changes to support for disabled people. The prime minister declined to say how the government would make up the budget gap, which totals £4.4 billion (\$6.3 billion) over the next five fiscal years.

In Parliament on Monday, Mr. Cameron also defended his Treasury chief, saying Mr. Osborne had been critical in turning the British economy around.

Mr. Osborne had faced a barrage of criticism from op-

position lawmakers for what they said was a budget in chaos and for not appearing in Parliament himself to explain it.

In January, Mr. Cameron, under pressure from so-called euroskeptics in his party, said he would allow his ministers to campaign in favor of a U.K. exit from the EU, if they wanted to, without jeopardizing their jobs.

While the move was intended to defuse party ten-

sions, it has also left the prime minister in a precarious position where he is being openly challenged by his ministers.

Such tensions flared ahead of a similar referendum in 1975, when Britons ultimately chose to remain in the EU’s precursor.

Mr. Cameron became the leader of the Conservative Party in 2005 vowing to shed the party’s reputation for protecting the interests of the wealthiest at the expense of the less well-off, and to focus the party instead on improving conditions for the most vulnerable in society.

Mr. Duncan Smith’s move is considered to be particularly damaging to Mr. Cameron, who became prime minister in 2010, because he was attacking those central tenets, said Tony Travers, politics professor at the London School of Economics.

Mr. Travers added that the infighting within the Conservative Party could intensify if others feel emboldened to speak out.

Already the criticism of the prime minister has prompted public spats between other ministers, with one criticizing Mr. Duncan Smith for “wanting to do maximum damage to the

party leadership in order to further his campaign to try to get Britain to leave the EU,” while others leapt to his defense.

The pro-EU campaign got a boost Monday in a report from one of the U.K.’s most influential business groups, the Confederation of British Industry, which said leaving the bloc could cost the U.K. economy up to £100 billion in lost income by 2020 and almost one million jobs.

Separately, the Association for Financial Markets in Europe, a lobby group, warned that Britain’s financial sector could “be significantly and adversely affected by new restrictions on cross-border business” in the event of so-called Brexit.

The reports bolstered Mr. Cameron’s arguments that the U.K. would be better off economically if it remained in the EU.

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FROM PAGE ONE

PLANE

Continued from Page One
dent reports and databases, airline and government statements, media accounts, and interviews with regulators and operators.

Of the 57 MA60s the manufacturer said it had exported as of January, at least 26 were put in storage after safety concerns, maintenance problems or other performance issues, the Journal calculated. Six others were deemed damaged beyond repair, or 11% of the foreign MA60 fleet.

A comparable plane, the European-made ATR-72—Myanmar and Tonga switched to it from their MA60s—has seen 3% of its fleet of 835 damaged beyond repair in its 26 years in service, the Journal calculated.

Xi'an Aircraft Industry (Group) Co., the MA60's maker, referred queries to its parent, state-owned Aviation Industry Corp. of China, or AVIC, which didn't respond to inquiries.

China has soared into markets from steel to smartphones, often selling low-cost products in poorer nations before moving upmarket. Its aviation ambitions are having trouble following that path, showing the limits of China's state-sponsored approach to a global market that presents high technological and regulatory hurdles.

The Journal examination found the regulator, the Civil Aviation Administration of China, may not have conveyed certain MA60 safety information to some importing countries despite bilateral agreements requiring it do so. The CAAC doesn't always make domestic accident data readily available, a problem for a global industry that depends on such data to hone safety measures, and abroad has played down safety concerns around the MA60.

In a written response to the Journal, the CAAC said the MA60 has no design flaws compromising safety. Overseas accidents in recent years "weren't directly caused by factors related to the aircraft's design and manufacture," it said. "These accidents have no direct relation with the aircraft's safety." It said it sends safety information in line with bilateral agreements.

Tevita Palu, chief executive of Tonga's national carrier, to which China gave an MA60 as a gift, said CAAC officials told him the accidents were "only caused by pilot error."

Inside China, the CAAC has been more vocal about MA60 problems. In 2014, it issued Chinese-language notices on its website warning about parts of the plane after domestic incidents involving landing-gear problems. A Xi'an official in 2014 told state media the landing-gear system had reliability issues.

The CAAC said it uses "stern administrative measures" to oversee aviation and cites China's record of few recent domestic air fatalities: "This is sufficient for giving the public confidence in the overall safety of Chinese civil aviation." It didn't respond to subsequent inquiries.

China's new jets

China will need confidence in its regulator when it markets



The MA60 has suffered multiple mishaps, like this crash landing in Kupang, Indonesia, that injured five in 2013. China's aviation regulator says the plane has no design flaws compromising safety.

Flight Path | China's efforts to break into civil aviation

1966 China's state-owned Xi'an Aircraft starts developing the Y-7, a turboprop seating up to 52. It is removed from commercial service after a 2000 crash kills 49.

1970 China launches plans for a jetliner, the Y-10. It later abandons the program after deeming the jet uneconomical.

1988 Xi'an starts work on the Y-7-200A, an upgraded version of the Y-7.

1995 The U.S. Federal Aviation Administration certifies China's Y-12 utility turboprop transport. About 200 Y-12s, seating 17 to 19, are in service mainly in China and developing countries.

1995 China submits the Y-7-200A for FAA approval. The process ends in 1996 without certification.

1999 Xi'an improves the Y-7-200A, renaming it the MA60. China's aviation regulator certifies it the next year.

2002 China approves plans to develop the ARJ21, a regional jet seating up to 90.

its new jets. Neither jet has U.S. or European certification, so China can't sell them in much of the developed world. It must persuade operators elsewhere its CAAC can provide oversight of the planes.

One is China's first home-made commercial jetliner, the ARJ21 seating up to 90, slated for commercial debut this year. The other, the C919 seating up to 174, is at least two years from delivery. Both are built by state-owned Commercial Aircraft Corp. of China, or Comac, of which AVIC is a major shareholder. The jets are expected to have lower price tags than Western rivals'.

The CAAC certified the smaller jet in 2014, a process the U.S. Federal Aviation Administration observed. The FAA last year said it never intended to certify the ARJ21 as part of the process and would consider approving it after Comac upgraded it to Western standards, adding that Comac planned a derivative model complying with FAA standards.

The CAAC has said it also plans to seek FAA certification for the larger jet.

"The CAAC adopts a serious, strict and meticulous attitude in examining the development

2008 China begins developing the C919, a jetliner seating up to 174 that could compete with some Boeing and Airbus planes.

2014 China certifies the ARJ21. Like the C919, it is built by state-owned Commercial Aircraft Corp. of China, or Comac.

Y-7



ARJ21



and production of Chinese-made civil aircraft," Comac said. "They must also be put through all sorts of tests, examinations and regulatory assessment, in line with international standards and requirements that are integrated with or equivalent to the FAA's." The MA60 and the jets, Comac said, "are independent of each other, and don't affect one another."

The MA60, too, doesn't have FAA approval. In developing nations where its exports concentrated, authorities have signed agreements with China that typically let the planes fly on the proviso the CAAC monitors aircraft problems and keeps local regulators abreast of safety issues.

In marketing materials, Xi'an touts the MA60 as inexpensive and fuel-efficient with a "precisely-designed landing-gear system." The MA60's lineage harks to 1966, when Xi'an started developing the Y-7, a variant of a Soviet turboprop.

China's global-aviation efforts since have been mixed. China in 1970 began developing a jetliner seating up to 178, later abandoning the program after deeming the jet uneconomical. A small utility turboprop developed in the 1980s

won FAA approval and flies in a number of countries. China removed the Y-7 from commercial service after a crash in 2000 killed 49. In 1988, Xi'an started developing a new Y-7 variant. The FAA in 1995 agreed to evaluate the CAAC's certification process of that plane, a step toward potential U.S. approval. The FAA said that "this evaluation was stopped in mid-1996 after the applicant terminated the Y-7 certification program after design deficiencies were identified."

That plane later evolved into the MA60, which Xi'an started delivering to Chinese carriers in 2000. In 2002, one operated by state-owned Wuhan Airlines belly-landed after its crew forgot to lower its gear, state-run Xinhua News Agency reported last year.

After the crash, Wuhan and other Chinese customers stopped operating the MA60 and canceled orders, with one of them citing the MA60's subpar performance and poor profitability, Xinhua reported. China Eastern Airlines, Wuhan's parent, didn't respond to inquiries.

The MA60 wouldn't operate commercially in China again until 2008, when Beijing-based Okay Airways deployed the

plane. Instead, China exported the MA60, starting with Zimbabwe in 2005.

In 2009, a Philippines MA60 operator suffered two runway overruns, writing off one plane, according to air-safety archive Aviation Herald, an independent accident database used by the United Nations. One was blamed on pilot inexperience with the craft, said Philippine authorities, who didn't comment on the second. AirAsia Philippines, which bought the operator in 2013, said it didn't acquire the MA60s in the deal and doesn't know their whereabouts; fleet-tracking websites list them as stored in Manila.

In Bolivia, an MA60 operated by TAM, a military-run airline, belly-landed after the gear failed in 2011 and had another landing-gear failure 10 months later, according to Aviation Herald. TAM officials didn't respond to inquiries.

Bolivian Defense Minister Reymí Ferreira said in a February local-radio interview the government had begun an investigation into the purchase of two MA60s for TAM. He said the planes were grounded for lack of parts and "technically, they haven't given results." A ministry spokeswoman confirmed the investigation.

Myanma Airways, which began buying MA60s in 2010, experienced three accidents, including Flight 309's. Capt. Than Tun, managing director of the airline, now Myanmar National Airlines, said at least two related to low hydraulic pressure and, in one, pilots also erred by not going around for another landing and engaging a backup system.

Airworthiness

Several years earlier, China had begun flagging problems with the MA60's hydraulics.

In February 2008, the CAAC issued two "airworthiness directives"—notifications detailing mandatory safety actions—regarding a malfunctioning low-pressure warning in the hydraulics system, as well as endemic braking and landing-gear failures. A review of the CAAC's database shows it posted more than 40 directives related to MA60 safety risks.

Some English translations in the database contain discrepancies. An April 2010 airworthiness directive in Chinese, for example, identifies safety issues with the MA60's hydraulic-oil tank; the translation describes wing-flap malfunctions.

Under bilateral agreements, the CAAC must send relevant airworthiness directives in English to foreign counterparts signing the pacts. Myanmar's head of airworthiness at the time of the 2013 Kawthaung accident, Mya Thant, said his department received only about four such directives from the CAAC during the years it operated the MA60. A review of China's database suggests Myanmar should have received about 20.

Myanmar in 2013 permanently grounded its three MA60 planes for "public safety," said Mr. Mya Thant, recently retired.

Indonesian authorities said they received only three directives. Indonesia's Merpati Nusantara Airlines from 2007 accumulated 14 MA60s. The planes suffered six accidents before Merpati grounded them

in 2013, Indonesian officials said. One crashed into the sea in 2011, killing 25. Indonesian investigators blamed pilot confusion and poor training, according to a 2012 report, and requested Xi'an revise its operating manuals into standard aviation English—renewing the request after another accident, according to a 2014 report. The reports said Xi'an promised to revise the manuals.

The 2014 report quoted senior airline managers saying a safety stop on a power-control lever frequently malfunctioned, making the plane hard to halt. It also said the lever didn't resemble operating-manual illustrations. The CAAC acknowledged the power-lever problem in a letter to Indonesian investigators, the report said.

The CAAC addressed the power-lever problem in 2015 after a state-owned Joy Air MA60 crash-landed in China, injuring five. The regulator posted a notice on its website about efforts to respond to the issue. A foreign-airline executive said Xi'an issued a so-called service bulletin, a nonbinding notification. The Journal couldn't locate a related airworthiness directive in the CAAC's database.

In 2013, New Zealand issued a travel warning about the MA60 in Tonga, popular with New Zealand tourists. With so many accidents, it said, "travelers utilizing the MA-60 do so at their own risk." New Zealand suspended millions of dollars in aid to Tonga to protest the aircraft's use.

Mr. Palu, the Tongan carrier's CEO, said CAAC officials told him the plane was safe. He said the airline received all relevant airworthiness directives. Tonga in 2015 grounded its MA60, saying it was adopting New Zealand's aviation code. New Zealand officials declined to comment.

In 2014, after China's Joy and Okay airlines reported MA60 landing-gear troubles, a Chinese-language notice on the CAAC's website said there were "inherent problems with the aircraft's design and reliability." Joy and Okay didn't respond to safety-related inquiries.

Xi'an has delivered 101 MA60s, an AVIC executive told Xinhua in January. Xi'an has developed an improved version, the MA600. It hasn't reported new MA60 orders since August 2014 but has continued deliveries.

The CAAC published reports on domestic safety incidents from 2008 to 2010 in an archive on its website, but this archive disappeared in 2014, said Aviation Herald editor Simon Hradecky. The CAAC occasionally posts domestic-accident information on its website, such as notices on the 2014 and 2015 MA60 incidents.

The CAAC, without commenting on whether it removed the archive, said in its written response that in providing data to learn from accidents, "it's more helpful to share with the industry than to share with the public."

—Anita Rachman and Patrick McGroarty contributed to this article.

VIDEO



See video about China's efforts in the aerospace industry at wsj.com/pageone.

TRAIL

Continued from Page One
scriptive, aspirational, clever, quirky, bizarre—is primed for its biggest expansion yet.

If history is a guide, the vast majority will be unique, like Guitarzan, Abominably Slow Man, Spirit Hawk of Love, Sweaty Yeti and Belch. About 80% of the 10,390 nicknames listed in conservancy files are one of a kind, a Wall Street Journal analysis of the trail records found.

Topping the all-time list at 21 is Doc, not counting variations like Dawg Doc and Doctor Space Monkey 5000. Other favorites include Sunshine (19), Turtle (18), Stretch (18), Moose (17) and Strider (15).

Odds are decent somebody this year will answer to a commodity. In past years, Ketchup, Mustard, Mayo, Hot Sauce and Relish have all traipsed through the woods.

"The trail name is really like saying you're willing to abandon your previous experience of who you are to really become what the trail allows you to be," said William Ketterer, a Vermont clinical psychologist

whose dissertation explored the emotional benefits of hiking the trail, which crosses 14 states. He hiked the trail in 1995 as Otter, so named by a friend who thought he was "overly playful" and wasn't serious.

Nicknames confer a sense of equality and belonging, said Jack Glazier, an emeritus anthropology professor at Oberlin College. "Everybody's the same on the Appalachian Trail, right? If you've hiked through, you're one of us, part of this community of achievement," he said.

The variety and quirkiness make it hard to draw conclusions about the names' meaning, without knowing the back story for each, said Michael Adams, an English professor at Indiana University who has studied nicknames. "All of this is really idiosyncratic," he said while scanning the list. "Why would six different people be called Mushroom?"

Many choose their own names. David Miller, author of books about the Appalachian Trail, gave himself the name "Awol," after quitting his job to follow the trail in 2003. But handles are often bestowed by fellow travelers. Some hikers reject or modify their names mid-trek.

Alexis Aton, a 30-year-old physical therapist from Grapevine, Texas, became Doc after hikers kept asking for help with aches during her 2014 hike. She went all in on the name. "You don't think of yourself as anybody else," she said.

That same year, Stephanie O'Brien's plodding pace got her tagged as Turtle. The 29-year-old from Oakville, Conn., readily accepted her new identity. "I kind of am Turtle in the real world life as well," she said. "I take my time and embrace life as it comes."

Hikers typically introduce themselves by their trail name and jot them in trail-shelter logs. So pervasive is the nickname culture that hikers often don't know the actual name of someone they've trudged beside for weeks.

"You talk to them all the time and call them 'Ghostbuster' and you go, 'Wait, what's your real name?'" said Ms. O'Brien, who hopes to become a mail carrier.

Ron Tipton, executive director of the conservancy, traces the rise of the nicknames to 1978, when he hiked the trail. After a hulking man from Maine dubbed himself Bigfoot, others assumed foot-themed names.



Physical therapist Alexis Aton, on the Appalachian Trail in 2014, picked up the nickname 'Doc' from fellow hikers.

"I adopted one midway through: Turkey Foot—a stupid name, I have to say," Mr. Tipton said.

Still, only 7% of "through-hikers"—those who walk the entire trail—had nicknames in 1978, conservancy records show. Turkey Foot isn't listed, indicating an undercount. It wasn't until 1986 that more than half of through-hikers reported a trail name. By the

early 1990s, more than 80% did. Since 2000, the percentage has been at least 97%.

The number of through-hikers has also climbed—from 640 in 2000 to 941 last year, including those who complete sections of the trail over years. Last year a record 3,000 tried, and he expects even more this year given the attention from "A Walk in the Woods," which starred Robert Redford and

Nick Nolte.

Mr. Tipton signs each hiker's congratulations letter and certificate. The nickname he sees isn't always a hiker's first.

Christiana Bush named herself Tortoise in 2014. But somewhere in Virginia, after she had lost weight, a hiker renamed her Tortaleany, emphasis on "lean." "The new trail name really solidified how much I changed throughout the trail," said Ms. Bush, 22, who lives near Boston.

Then there is Mr. Hill, from Fort Walton Beach, Fla. He said when he began the hike last year with his now-fiancée, "I wanted the trail to provide me a name." It did, in a way, after he joined others for a chilly swim. As he stood by a campfire warming up, the wet tights he was wearing started to steam.

"Look at those hot pants," he recalls someone saying. "Hot Pants—that's his trail name!" someone else said. "It kind of stuck," Mr. Hill said. It may lack profound meaning, but he liked that it was unusual.

Mr. Hill is just Jared again. But he is considering the idea of hiking the Pacific Crest Trail. If that happens, he said, Hot Pants will be back.

U.S. NEWS

GOP Chief Sees Long Fight Over Trump

By JOSH MITCHELL
AND BYRON TAU

The head of the Republican National Committee braced the party faithful Sunday for what could be the first contested nominating convention in generations, suggesting increasing odds of a showdown this summer over Donald Trump's candidacy.

While Mr. Trump has a big lead in convention delegates, many party elders and strategists, alarmed over his ascent, are redoubling efforts to deny him the nomination. At the least, they are seeking to force a battle at the July convention in Cleveland. In multiple television interviews Sunday, Reince Priebus, chairman of the RNC, raised the prospect of a protracted convention fight with multiple rounds of voting needed to determine the winner.

"We're preparing for that possibility," Mr. Priebus said on ABC. That marks a shift from earlier this month, when Mr. Priebus told a gathering of conservatives that a contested convention was "highly, highly unlikely."

The GOP chairman acknowledged a convention fight could lead to the selection of a nominee who fell well short in the primary voting, but he stressed there is "nothing nefarious" about that. Mr. Trump has warned against efforts to deny him the nomination.

Mr. Priebus's efforts to tamp down unease over a convention fight come as the campaign moves into a much slower and more grueling phase. Voters will weigh in Tuesday in Arizona and Utah,



CARLO ALLEGRI/REUTERS

Republican National Committee Chairman Reince Priebus says a contested party convention this summer, a rare event, is possible.

and on April 5 in Wisconsin, but then the campaign will wait two weeks until the New York primary.

Of the three remaining Republican candidates, only Mr. Trump has a feasible path to winning the nomination outright. And even that is a tough road. The New Yorker needs to win 57% of the remaining delegates to accrue the 1,237 needed for the nomination. Texas Sen. Ted Cruz must take 83% of remaining delegates, while it is mathematically im-

possible for Ohio Gov. John Kasich to clear the threshold.

Through Sunday, Mr. Trump had 678 delegates. Mr. Cruz stood in second place with 423, and Mr. Kasich had 143.

The front-runner will need to perform far better than he has so far in states that award delegates proportionally or become winner-take-all if a candidate wins 50% or more of the vote. Mr. Trump said Sunday he was confident he could win the nomination outright, but said his support-

ers were key to the party's chances of winning in November.

"The biggest story in all of politics are the millions of people that are coming out to vote for me," including Democrats and independents, he said on ABC. Should another candidate win the nomination, he said, "you're going to have a lot of very unhappy people. And I think, frankly, for the Republicans to disenfranchise all those people, because if that happens, they're not vot-

ing and the Republicans lose."

Mr. Cruz said Sunday that Mr. Trump likely wouldn't pull in more than 40% of the vote in the remaining primaries and caucuses. He expressed confidence he could win enough of the remaining contests to clinch the nomination before the convention, despite trailing in delegate count.

The GOP last had a contested convention in 1976, when President Gerald Ford defeated Ronald Reagan on the first ballot. The last time the

party needed multiple ballots to select a nominee was 1948, when New York Gov. Thomas E. Dewey prevailed.

It remains far from clear whether the myriad campaigns among some conservatives to stop Mr. Trump will gather sufficient momentum. Several super PACs and independent groups are running paid anti-Trump ads and are in regular communication, though there are scant signs so far of significant coordination.

About two dozen operatives, elected officials, donors and Republican activists met in Washington last week to discuss how best to stop Mr. Trump. The group also considered the possibility of a third-party bid, though a person in the meeting said the consensus was to first try to stop him at the convention. Some officials believe a third-party candidate would only clear a path for the Democrat to win by splitting the GOP vote.

The path for a new third-party conservative bid is exceedingly narrow: Any group would face a steep challenge to get on 50 state ballots at this point.

Both Messrs. Kasich and Cruz, meanwhile, are building their strategy around the possibility of a fight in Cleveland.

Mr. Kasich said a contested convention would help the party choose the nominee best positioned to win in November. The governor said that of the three main GOP candidates remaining, he would be the likeliest to defeat Hillary Clinton, who leads the race for the Democratic nomination.

—Reid J. Epstein
contributed to this article.

High Court Rejects Challenge To Colorado Pot Legalization

By JESS BRAVIN

WASHINGTON—The Supreme Court on Monday rejected an effort to void Colorado's legalization of marijuana, declining to hear Nebraska and Oklahoma's claim that the 2012 voter initiative harmed them by increasing drug trafficking across their borders.

The court has the power to hear disputes between states,

which typically involve boundary questions or water rights. The Nebraska-Oklahoma lawsuit was a far more ambitious claim—that one state's power over its own criminal laws was limited by their alleged impact on other states.

The court's order was unsigned. Justice Clarence Thomas, joined by Justice Samuel Alito, filed a dissent arguing the court should have heard the case, if only to clarify the

circumstances under which it would entertain state vs. state lawsuits.

The Obama administration, asked by the court for its opinion, had recommended the lawsuit be dismissed.

Colorado legalized recreational use and individual possession of an ounce or less of marijuana, which the state taxes and regulates. Nebraska and Oklahoma's December 2014 suit alleged the voter initiative had created a "cross-border nuisance" by increasing the supply of marijuana flowing through the region.

"Colorado marijuana continues to flow into Oklahoma, in direct violation of federal and state law. Colorado should do the right thing and stop refusing to take reasonable steps to prevent the flow of marijuana outside of its border," Oklahoma Attorney General Scott Pruitt, a Republican, said in a written statement.

Colorado Attorney General Cynthia Coffman, a Republican, said in a written statement, "I continue to believe that this lawsuit was not the way to properly address the challenges posed by legalized marijuana."

Alaska, Oregon, Washington state and the District of Columbia also have legalized the recreational use of marijuana. In addition, about half of the states have authorized medical use of marijuana or reduced penalties for its possession—among them Nebraska, which treats a first-time offense as an infraction punishable by a \$300 fine.



Marijuana is grown in a dispensary in Denver. Nebraska and Oklahoma challenged Colorado's move to legalize the drug.

POLITICS COUNTS

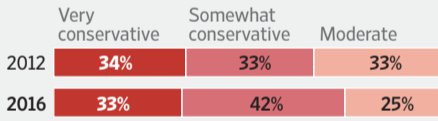
How Parties Have Changed

Partisanship is up. Voting by independents, less so. Those insights come from a look at the primary-election voter pools in the states that have held contests through March 15. The Democratic comparisons are to 2008, the party's last competitive primary season.

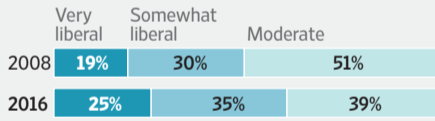
IDEOLOGY

More Republicans rate themselves as conservative. Among Democrats, more call themselves 'very liberal.'

Republicans



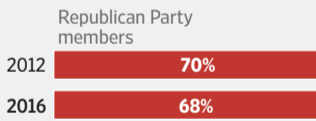
Democrats



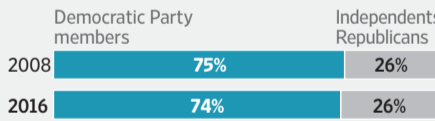
INDEPENDENTS

Despite talk of Donald Trump and Bernie Sanders drawing independents to the parties, the share of non-party members voting in each party's primary has been stable.

Republicans



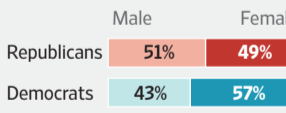
Democrats



DIFFERENCES BETWEEN THE TWO PARTIES

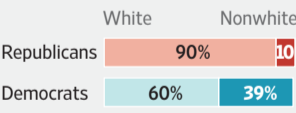
Gender

A larger share of Democratic primary voters than GOP voters are women.



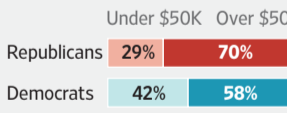
Race

The Democratic Party is more racially diverse.



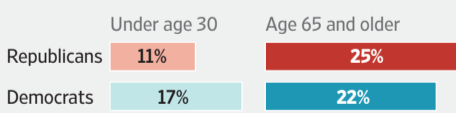
Income

The GOP voting pool skews higher-income.



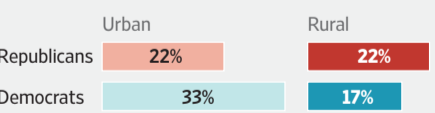
Age

The Republican voting pool skews older than the Democratic electorate.



Geography

A larger share of Republicans live in rural areas; Democrats are more likely to live in cities.



Note: Numbers are for contests through March 15 and for the same set of states in prior years. Percentages may not add up to 100 due to rounding
Source: Public Opinion Strategies analysis of exit polls in selected states voting through March 15
THE WALL STREET JOURNAL

U.S. Watch

REAL ESTATE

Home Buyers Have Trouble Moving Up

The widening gap between the middle and upper tiers of home prices is making it harder for people to trade up, tightening inventories and pressuring prices, according to a study.

The analysis, by real estate tracker Trulia, found that fewer midrange, or trade-up, homes came onto the market over the past four years in metro areas where prices of high-end homes

rose the most.

Midrange homeowners are less likely to try to sell if premium homes are out of their reach. That reduces inventory of such homes, leading to sales stagnation and higher prices.

"People may be in a good spot to sell their homes, but if they can't find another home to buy they're going to be more likely to stay put," said Ralph McLaughlin, Trulia's chief economist. "It's really a gridlock, a traffic jam that's playing out in the housing market."

Trulia divides the entire stock of single-family homes and condominiums in a metropolitan area into three tiers: starter, trade-up and premium.

Among the top 100 U.S. metro areas, the study found a high correlation between lower inventory of trade-up homes and

the price gap between these homes and premium ones.

The lower supply of trade-up homes affects prospective buyers down the chain, Mr. McLaughlin said. Those living in starter homes have to compete more aggressively for fewer midtier homes, meaning some of those homeowners may also stay put.

—Chris Kirkham

EDUCATION

Colleges Troubled by Unionization Moves

Recent moves by adjunct professors to unionize at Duke University, the University of Chicago and the University of Minnesota are heightening a debate over how much such steps will cost schools and whether the moves could radi-

cally shrink the jobs available to the low-level professors.

U.S. universities' costs could rise to a total of \$24 billion from \$4.3 billion for courses currently taught by adjuncts if

union targets for higher pay are met, according to a paper co-written by Georgetown University business school professor Jason Brennan.

In addition, the consolidation

of courses to provide "good jobs," meaning a full-time course load and benefits to adjuncts, would mean that roughly 500,000 part-time adjunct positions would be lost, or about two-thirds of the 750,000 now in existence, the study found.

"The money is going to have to come from somewhere; there will be some uncomfortable trade-offs," Mr. Brennan said.

Celia Morris, president of the Boston higher education chapter of the Service Employees International Union and an adjunct professor at Lesley University in Cambridge, Mass., said: "What we are trying to do is raise the bar and get people to understand that half the faculty in the country is not being treated fairly."

—Douglas Belkin



MATTHEW CAVANAUGH/GETTY IMAGES

Snow hit New England Monday, including Plymouth, Mass., above.

PERSONAL JOURNAL.



Tony Iero, right, with his longtime partner, Paul Myers, who died in May of Alzheimer’s-related pneumonia. ‘When I think of him, I call his name out loud,’ Mr. Iero says.



Corrine Sylvia with her husband, Donald Nye, who is in the middle stages of Alzheimer’s. ‘It’s going faster than I thought,’ Mr. Nye says. ‘I have difficulty with some words when I need them.’

When You Care for Someone With Alzheimer’s

One year later, caregivers discuss how the disease has changed their lives

By SUMATHI REDDY

The past year has been one of grieving and loss for Tony Iero, whose longtime partner, Paul Myers, passed away in May of Alzheimer’s-related pneumonia, his body failing him years after his mind. His ashes are enclosed in a box on a bookshelf in Mr. Iero’s Philadelphia home.

And for Corrine Sylvia, it has been a year of transitions. Her husband, Donald Nye, is in the middle stages of Alzheimer’s. He can still carry on a conversation

though words increasingly escape him. He now needs an escort on the short walks he takes in his neighborhood, outings he did by himself just a year ago. Last week he got lost in his coop building in Philadelphia while taking the trash out.

Mr. Iero and Ms. Sylvia attend an Alzheimer’s-caregivers-support group at the University of Pennsylvania’s Penn Memory Center. A year ago they allowed us to get a glimpse into their daily lives caring for a loved one with the disease. One year later, they shared their stories again.

Corrine Sylvia and Donald Nye

Ms. Sylvia, 67-years-old, is one of the more fortunate ones. Her husband, Don, 70, can still carry on a conversation. They banter back and forth. His sense of humor is still strong. So is hers.

“He still watches TV, he loves Downton Abbey,” says Ms. Sylvia. “We can go back and watch season 3 now because he doesn’t remember.”

Mr. Nye has taken up a new hobby: watercolor painting. He needed to find something to occupy his hands, as he began to hurt himself by digging into his skin—part of the obsessive-compulsive traits that can come with Alzheimer’s, Ms. Sylvia says. He attended an Alzheimer’s Associa-

tion-sponsored watercolor-painting class in the fall and has been painting ever since.

“It’s just easier because his ability to learn is severely impacted,” she says. “This is a way for him to use his hands and still express himself.”

Mr. Nye, who was diagnosed with Alzheimer’s about 1½ years ago, can still microwave food and feed and clothe himself but it has gotten much harder, says Ms. Sylvia. “Many days the clothes are on backward or inside out or both,” she says.

Ms. Sylvia, who runs a non-profit consulting business from home, can no longer leave her husband home alone for more than an hour or two, which has affected her business.

Mr. Nye is aware of what’s happening to him. “It’s going faster than I thought,” he says about his Alzheimer’s. “I have a lisp now that I didn’t have and I have difficulty with some words that I can’t find when I need them.”

“I wish I didn’t have the dis-, the Alzheimer’s,” he says. “You

want it?” he asks, with a laugh.

Tony Iero and Paul Myers

On May 1 Paul Myers passed away at age 71, ending a long bout with Alzheimer’s. For the last 18 months of his life, he lived in a full-time care facility for dementia patients in Yardley, Pa. His longtime partner, Mr. Iero, 61, visited him three times a week, bringing a multiple-course dinner every time.

Mr. Iero had a Catholic service at a church in Philadelphia where Mr. Myers had been an altar boy and went to school. He gave a eulogy about their 34 years together.

Mr. Myers was cremated and his ashes remain in a box at home on Mr. Iero’s bookshelf, which has become a small memorial to Mr. Myers. There is a flag he was given when he served in the U.S. Air Force. A shamrock representing his Irish heritage. Rosary beads. A picture of them from when they first met.

“When I think of him, I call his name out loud,” Mr. Iero says.

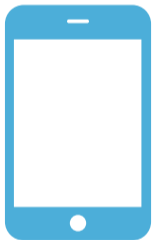
Though Mr. Myers’s death has provided some closure, Mr. Iero

says his memories of him have been marred by the disease. “I don’t see him a healthy Paul like I did when I first met him. I see him the last nine years. I need to overcome that.”

He still attends the caregivers-support group at Penn Memory Center. “If I can help them out in any way, I want to,” Mr. Iero says.

In some ways it is a relief, he says, not having to drive 40 minutes each way to the nursing home, preparing dinners ahead of time, and having to leaving Mr. Myers at night. “I did it out of necessity” Mr. Iero says. “It’s behind me now and it’s a relief even though I would have continued to do it forever if I had to.”

Mr. Iero, who works in the information-technology department of a hospital, had to cut into his retirement savings to help pay the \$7,100-a-month cost of the nursing home. “Although caring for someone you love with Alzheimer’s disease is very time consuming and expensive, I don’t regret any of it nor would I have done anything differently,” he says.



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THE CAMPAIGN FOR LATE-NIGHT SUPREMACY



CAMPAIGN COMEDY
Far left, Tina Fey, Kate McKinnon and Amy Poehler in an 'SNL' skit; below, John Oliver.

BY JOHN JURGENSEN
AND ELLEN GAMERMAN

SINCE THE LAST U.S. presidential race there has been a radical changing of the guard among America's late-night talk shows. Of the 10 shows that regularly weigh in on politics after primetime hours, eight of them either have new hosts or are entirely new to the schedule since the 2012 election.

Gone are Jay Leno and David Letterman, the first late-night hosts to serve as influential job interviewers for candidates. It's also the first presidential scrum without Jon Stewart since before 2000, when he put "The Daily Show" on the map with his coverage of the Bush vs. Gore battle.

Election season is a high-pressure proving ground for the late-night newcomers. The stakes are financial—with revenue from campaign ads pouring in—and cultural, providing a chance for hosts to rise above competitors and become part of the daily national conversation. Relative newcomers Samantha Bee and John Oliver have already made headway, even as the network triad of Jimmy Fallon, Jimmy Kimmel and Stephen Colbert lead in the ratings.

There is, of course, no shortage of material. Water-cooler buzz about this election is high. Despite a glut of debates, ratings are strong, even sometimes record-breaking. The challenge for comics is how to compete with the real-life behavior. "We're in a really interesting spot right now where politics are more vicious than comedy," says Mike Still, artistic director of the Upright Citizens Brigade Theatre in Los Angeles, which has sent many alums to late-night shows. "Everything feels flipped on its head."

With a team of research assistants, Robert Lichter, director of the Center for Media and Public Affairs at George Mason University, tallied one-liners on the three broadcast shows (Colbert, Fallon, Kimmel) plus "The Daily Show with Trevor Noah." They project 5,500 jokes about the 2016 presidential race. The last two elections boasted even more jokes, especially the 13,000 punchlines produced by the 2008 drama.



What continues to grow is online viewers, an audience that has flocked to HBO's Mr. Oliver. There have been 82.2 million total views of the political clips uploaded by "Last Week Tonight" this year so far, according to video intelligence firm Tubular Labs. A 22-minute segment on Republican presidential candidate Donald Trump, which culminated with a derisive play on the businessman's ancestral family name, "Drumpf," drew 22 million views on YouTube alone, making it the election season's biggest single breakout hit. And the tally for Mr. Oliver's campaign-related videos, which includes views on YouTube, Facebook, Instagram, Twitter and other platforms, tops that of shows with larger Nielsen ratings, including Jimmy Fallon (62.7 million total views), Stephen Colbert (30.7 million) and Jimmy Kimmel (23.6 million). That's particularly impressive given that Mr. Oliver's typical live TV audience on Sunday nights is a quarter of the nearly 4 million total viewers that Mr. Fallon has averaged this season.

Each comic is putting their distinctive stamp on election coverage. Jimmy Kimmel likes exposing the cluelessness of constituents: In a recent installment of his "Lie Witness News" segment, people on the street in Los Angeles opined on their voting experience—though the California primary isn't un-

til June. Stephen Colbert, who took over for Mr. Letterman in September, delights in theatrical flair. He dresses up as a character from "The Hunger Games" to pay campy tribute to every candidate eliminated from the running.

Below are some key battlegrounds for late-night comics.

IMPRESSIONS

"Saturday Night Live" so dominates the impressions business that its sketches are a regular part of Sunday's sober political shows.

"SNL" head writer Rob Klein says the staff never cracked the code when it came to a consistent Barack Obama impression, but this election presents no such problems. Early in the "SNL" season, cast member Taran Killam played Mr. Trump with a lower-teeth-baring pout. Mr. Killam soon saw the role go to Darrell Hammond after the show ran

out of actors for a debate sketch. For that episode and onward, Mr. Killam was reassigned to Ted Cruz—a politician "SNL" writers figured would outlast Mr. Trump, Mr. Klein says.

Larry David's Bernie Sanders seemed inevitable. Online observers had noticed the Vermont senator sounded like the George Steinbrenner character voiced by Mr. David on "Seinfeld." After the first Democratic debate in October, "SNL" creator Lorne Michaels was inundated with emails urging him to get Mr. David to play the candidate, Mr. Klein says. Then Mr. David's agent left a message for Mr. Michaels saying the actor had a great idea—he should play Mr. Sanders. The impression debuted days after the debate.

OUTSIDE POINTS OF VIEW

Late-night has long been criticized as being too white and too male, which gives some current late-night hosts opportunities.

During his first week on the air last September as the new host of "The Daily Show," South Africa native Trevor Noah set up a campaign bit with the words, "For me, as an African..." That phrase, says executive producer Steve Bodow, "signaled to everyone that this guy is not going to come at [presidential politics] from the same place as anyone else." With Mr. Stewart's shoes to fill,

Mr. Noah has yet to break through. He has been criticized not just for stumbling over words but presenting a show that comedy site Splitsider in December knocked for "disappointing shallowness."

Larry Wilmore, the former "senior black correspondent" on "The Daily Show," frequently focuses on racially charged topics. Last spring, he started presenting all coverage of candidates trying to succeed the first African-American president under the headline, "Blacklash 2016: The Unblackening." As the only African-American host in late-night, "Larry has an authority [on the subject] that nobody else has, and that's a huge advantage for us," says "Nightly Show" executive producer Rory Albanese.

Samantha Bee's "Full Frontal," the newest arrival to late night, is no ratings leader, but it has garnered some early good reviews. One of the show's most viral clips on YouTube features Ms. Bee, a product of "The Daily Show," skewering a Texas lawmaker in an interview about abortion. Ms. Bee will soon have company: Comedian Chelsea Handler just announced plans for her own late-night-style show, launching three times a week on Netflix this May. She promises to leverage the election.

WONKS

In a race where candidates are routinely accused of ignoring facts and peddling hype, research-heavy shows like those hosted by Ms. Bee, Mr. Oliver and Mr. Noah can play a powerful role.

Each week on Ms. Bee's show, a fact-checker creates a chart with color-coding around every statement in the script—green for correct, yellow for somewhat correct and red for wrong. After last week's in-the-field piece in which Ms. Bee interviewed Trump voters, she struggled to counter their arguments with research. "Ugh, how do you fact-check bluster?" she asked before giving up.

With weekly shows, Ms. Bee and Mr. Oliver have the time to dig deeper into their research. Mr. Oliver doesn't even have to contend with commercial breaks.

Some of the analyses skew psychological. On "Late Night with Seth Meyers" last week, the host went on a long rant: Though protesting Mr. Trump is justified, he said, the thing that really gets to him is being mocked. "Calling him a racist or a fascist is important, but it doesn't seem to rattle him," said Mr. Meyers. "So at his rallies I suggest passive-aggressive signs that chip away at his ego." One possibility: "Have you gained weight?"

PHOTO ILLUSTRATION BY STEPHEN WEBSTER; TBS (2); CBS (2); COMEDY CENTRAL (2); NBC (2); ABC; HBO; HULTON ARCHIVE/GETTY IMAGES (TWIN); COLUMBIA PICTURES (MIRACLES FROM HEAVEN)

MOVIES

Hollywood's Holy Season

BY ERICH SCHWARTZEL

HOLLYWOOD HAS

gotten religion. A pack of movies with religious themes is hitting theaters this Easter season after years of the genre being relegated to DVD shelves at big-box stores. Producers are hoping their migration to the multiplex will be helped by Lenten enthusiasm and guerrilla marketing by church leaders.

The year's releases have already included the modest performer "Risen," starring Joseph Fiennes, and disappointing "The Young Messiah," about a 7-year-old Jesus. "Miracles from Heaven," starring Jennifer Garner, opened solidly last week in the U.S., followed by "God's Not Dead 2," a sequel to a surprise hit from 2014 about Christian students who feel persecuted at a liberal-arts college.

None of the titles appear likely to replicate the blockbuster success of "The Passion of the Christ," which grossed \$370.8 million in 2004 and seemingly created a genre overnight. But they are all made for tiny budgets and follow a tested marketing playbook that helps create a profit. At least 13 faith-inspired movies are on the docket for release in the U.S. this year to a huge potential audience: About 70% of Americans called themselves Christian in 2014, according to the Pew Research Center.

It's not a coincidence that "Miracles from Heaven" is being advertised during the GOP presidential debates, said Rich Peluso, senior vice president of Affirm Films, a Sony Pictures Entertainment division specializing in faith-inspired features. Affirm has released "Risen" and "Miracles from Heaven" so far this year. Affirm's marketing team often targets voters in particular parts of the country or through television stations that draw more conservative or religious audiences, he said.

Affirm and other studios market these movies to churches and their congregations. They buy billboards near churches and backchannel with pastors to incorporate the movie's themes into sermons—and then suggest a congregation outing to the theater.

"Miracles from Heaven" is the highest-profile religious release of the season. Ms. Garner plays Christy Beam, a Texas mother whose life is thrown into tumult when her daughter Anna becomes ill with a life-threatening digestive disorder. Just as doctors are giving up hope, Anna falls from a tree, and awakens cured of her disorder and talking about a trip to heaven.

The movie, with a budget of \$13 million, is based on the best-selling 2015 memoir of the same name by the real Christy Beam. It opened at \$1.9 million on Wednesday. It also received a rare "A+" rating from audiences, according to



RELIGIOUS STUDIES 'Miracles from Heaven' and, right, 'God's Not Dead 2.'

the CinemaScore market-research firm. The film is a sequel of sorts to "Heaven Is for Real," the 2010 true-life memoir about a boy who has a near-death experience. Released by Sony in 2014, the film adaptation grossed \$91 million.

Drawing from real-life events separates the movies from "those Sunday school films that don't deal with reality," said T.D. Jakes, the bishop of the Potter's House, a nondenominational megachurch with more than 30,000 members, who was a producer on both films. Religiously oriented movies have grown beyond strict biblical retellings to include contemporary comedies, family dramas and even thrillers, said Mr. Peluso. Getting away from the swords-and-sandals biblical stories was welcomed by several moviegoers at an early screening of "Miracles from Heaven" in Los Angeles last week.

Hollywood needs to get out of Egypt, said Ercilia Hernandez, a 28-year-old who works with the homeless. "Miracles from Heaven" doesn't shy away from the faith of its characters.

The Beam family is in church within 10 minutes of the movie starting, singing along to the Christian rock band Third Day. But the movie's director, Patricia Rigen, said she wanted to avoid dogma and heightened a theme of everyday gestures of kindness that can be interpreted as their own "miracles."

It's a risky undertaking. Producers of faith-based features have a tightrope to walk that's more intense than fanboys making sure their comic-book heroes are wearing the right cape. Some believers balk at the slightest change to scripture, as seen in the controversy surrounding Darren Aronofsky's "Noah" in 2014. A few Christian leaders encouraged followers to skip the retelling of the story, saying it deviated from the Bible in offensive ways. The movie grossed a lukewarm \$101 million.

More overt titles like "God's Not Dead 2," though, can turn out the faithful. The original "God's Not Dead" opened in limited release in 2014 but went on to gross \$60.8 million—massive revenue on a movie that cost \$1.5



million to produce. Its sequel cost about \$5 million and has better advance-ticket sales than the original, said Michael Scott, a partner at the movie's production company, Pure Flix Entertainment.

In the original "God's Not Dead," a Christian college student argues with an atheist philosophy professor. The sequel stars Melissa Joan Hart as a junior-high teacher who heads to court after answering a student's question about Jesus. The films have struck a chord with Christians who feel like they've been punished for minor expressions of faith, said Mr. Scott. "You get a lot of people who feel like their voices are being quelled," he said, whether it's by Supreme Court decisions or everyday things like the debate on whether saying "Merry Christmas" is politically incorrect.

OPINION

REVIEW & OUTLOOK

The U.S. Senate Takes On Iran

The Iranian nuclear deal is barely six months old and already Tehran has repeatedly tested ballistic missiles capable of delivering atomic warheads. So it's encouraging to see that U.S. Senate Republicans have introduced legislation designed to confront Iran on its belligerent behavior.

Republicans move to sanction Tehran for its ballistic-missile tests.

The Iran Ballistic Missile Sanctions Act of 2016 would impose new sanctions on the Islamic Republic's ballistic-missile developers. The Senate bill, introduced late last week by New Hampshire Republican Kelly Ayotte, targets firms that help Tehran acquire dual-use technologies or otherwise support its missile program.

As the Foundation for Defense of Democracies notes in a recent report, Tehran's ballistic-missile program is deeply intertwined with Iran's legitimate economy, including the automotive, energy, construction and mining industries. Countering the missiles, the FDD says, requires "economic sanctions against all sectors involved in their development."

Ms. Ayotte's unilateral U.S. sanctions are a good start, since the path to international sanctions is closed for now. Iranian negotiators succeeded in excluding limits on ballistic missiles from the nuclear deal itself, but United Nations Security Council Resolution 2231 "calls upon" Tehran not to build or test missiles for eight years.

Iran has used that weak language as a legal

loophole, and Russia has made it clear that it takes Tehran's side. Russia has a veto on the Council, and all the Obama Administration has done so far is to sanction a handful of people and entities in response to an earlier round of Iranian missile tests.

A parallel bill sponsored by Sen. Mark Kirk and 15 other Republicans, including Majority Leader Mitch McConnell, targets Iran's destabilizing actions in the region and human-rights violations at home. The bill would impose U.S. sanctions on any business in which the Iranian Revolutionary Guard Corps holds a 25% or larger stake, as well as the directors of such firms. The bill specifically targets Mahan Air, an Iranian passenger airline that provides logistical assistance to the Revolutionary Guards and Hezbollah in Syria, according to the U.S. Treasury.

Mr. Obama will likely oppose the measures. Maryland's Ben Cardin, the ranking Democrat on the Senate Foreign Relations Committee, and Committee Chairman Bob Corker of Tennessee said in a joint statement on Friday that they're working on bipartisan sanctions. The Ayotte-Kirk measures should be the starting point. Unilateral U.S. sanctions are a weak substitute for binding international sanctions. But the effort sends a message that not everyone is as forgiving of the Iranians as Mr. Obama.

Judge Garland's Inconsistent Deference

Is Supreme Court nominee Merrick Garland a judicial progressive or a moderate? One way to judge is to look at his many opinions that defer to administrative agencies and that are a hallmark of his jurisprudence during his nearly 20 years on the D.C. Circuit Court of Appeals. In disputes over union power, his opinions nearly always benefit unions.

According to the onlabor.org website, which is run by Harvard Law professors Benjamin Sachs and Jack Goldsmith, Judge Garland wrote the majority opinion in 22 cases that considered appeals of decisions made by the National Labor Relations Board. In 18 of these decisions, Judge Garland sided with the NLRB's judgment against a company for unfair labor practices. In all of those cases, the blog notes, "deference to the NLRB has had favorable consequences for labor and unions."

In 2006 in *Ceridian Corp v. NLRB*, the labor board ruled that the company improperly declined to meet with a union bargaining committee during nonbusiness hours. Ceridian appealed on grounds that the NLRB had contradicted its own precedent, but Judge Garland deferred to the contradiction. "As we have repeatedly held in considering this kind of challenge, an 'agency's interpretation of its own precedent is entitled to deference,'" he wrote.

Fair enough, you might say, if Judge Garland's deference were consistent. But it isn't. In two of the four cases in which Judge Garland did not defer to the NLRB, he overturned only parts of the NLRB decisions that were unfavorable to the unions. (See *Carpenters and Millwrights, Local Union 2471 v. NLRB* in 2007.)

He defers to a federal labor board when it helps unions.

In one case in which he rejected the NLRB ruling, *United Food and Commercial Workers International Union Local 400 v. NLRB* in 2000, he granted the union's appeal that a grocery-store company committed unfair labor practices. In only one case did his ruling benefit an employer more than a union.

In its 1988 *Beck* decision, the Supreme Court held that employees don't have to pay for union politics, but unions have made its implementation onerous. In 2000 Judge Garland joined a majority opinion (*Thomas v. NLRB*) written by liberal judge Harry Edwards that carved a hole in *Beck* by saying employees don't have the right to inspect local union finances. This was at odds with other circuit-court rulings.

All of this suggests that Judge Garland's deference to regulation has a decidedly progressive tilt. It also matters given that the current High Court has been moving to uphold the rights of workers not to fund union speech they oppose. The Justices heard oral argument this year in *Friedrichs v. California Teachers Association* that concerns whether unions can command dues payments in public workplaces. If Judge Garland is on the Court, the individual workers are likely to lose, 5-4.

It is therefore no surprise that Lee Saunders, the president of the state and county public-workers union, issued a statement supporting Judge Garland because he would bring "balance to the highest Court in the land." AFL-CIO President Richard Trumka called Judge Garland's credentials "impeccable." They appear to have read his opinions.

Government by Google

Anyone who doubts the miracle of market innovation should watch a movie on a computer tablet: Americans can queue up thousands of programs thanks to services like Netflix and Amazon Prime, and in recent years many have ripped out the clunky old cable box. In response to this nonproblem, the government is rolling out rules for television "competition" that would mainly help the paupers running Google.

The Federal Communications Commission has proposed rules that would force television providers to create a universal cable-box adapter. This would hand over shows to companies—TiVo, Google—that could peddle programming as their own. The proposal, dubbed "unlock the box," would allegedly allow competition for cable boxes that "a majority of consumers must lease today," as the FCC puts it.

One irony is that the commission's efforts to liberate consumers from a cable box will require an entirely new box, as providers say installing hardware in homes might be the only way to carry out the requirements. Consumers will pay for that and network overhauls. Also rich is FCC squawking about how much consumers shell out for cable boxes, as the commission micromanages the industry and scrapes up billions in additional fees.

The new rule amounts to government-sponsored piracy in allowing TiVo and Google to broadcast programs that providers pay to distribute. Google wouldn't have to abide by carriage agreements or pay licensing fees, which is one reason content creators are pushing back. The stealing would no doubt violate copyright. Some 30 members of the Congressional Black Caucus sent a letter to

A new U.S. rule on cable boxes violates copyright for no consumer gain.

FCC Chairman Tom Wheeler saying the rule would relegate minority programming to channels rarely visited by viewers.

Google prodded the supposedly independent FCC in 2014 to bust open cable boxes, and Chairman Wheeler followed orders. The tech giant wants to sell ads against poached content, mowing over cable commercials and crushing

advertising competitors. Two days after the commission dropped vague news of a forthcoming proposal, Google invited folks on Capitol Hill to tinker with a compliant box—and how nice that the commission offered the company advance tips on what to build. Searching the FCC for favors isn't new; last year the commission decided to exempt Google from net-neutrality rules a week before the proposal was completed.

There are other problems: Cable providers are legally required to protect privacy, but Google is free to mine your habits, and a universal adapter would be vulnerable to hacking. Rand Paul supporters, here's your new cause. The rules won't hit for another two years or longer, and by then the technology will be obsolete—at best a market for equipment no one wants. Google's media streamer, Chromecast, didn't even exist three years ago, as Republican FCC Commissioner Ajit Pai points out.

The FCC rejected a similar proposal in 2010, but now the Democratic majority seems committed to ramming it through before President Obama leaves office. Mr. Wheeler has already done great harm to his reputation by taking dictation from the White House to regulate the Internet. He'll do even more damage if he does the cable-box bidding of Google.



INFORMATION AGE
By L. Gordon Crovitz

Two years after President Obama decided to give up U.S. protection of the open Internet, his administration is now considering how to give away power to other governments, most of which want a closed, censored Internet.

In 2014 the administration asked the engineers and developers who run the Internet to come up with a plan to keep it open without U.S. protection. The plan was supposed to ensure that U.S. control could never be replaced "with a government-led or intergovernmental organization solution."

Yet what the U.S. Commerce Department has come up with does precisely that, giving foreign governments new powers over the Internet Corporation for Assigned Names and Numbers, or Icann, and a path to full control. They would get a say in removing or appointing Icann board members, in violation of Icann's articles of incorporation. The Icann board would have to muster 60% of its members to reject advice from governments, up from the current 50%. The Icann board would also be able to launch "accountability" reviews of all stakeholder groups—except the government group.

Robin Gross, former head of the Icann group representing nonprofit stakeholders, filed a dissent with Icann against upgrading the government role "from an advisory to a decisional role over Icann's policies, operations and corporate governance matters." She noted this change was especially surprising considering that the U.S. government, including Congress, has "sent a number of clear signals that government influence should not be expanded."

The main risk of government control is to the root zone of the Internet, currently protected by the U.S. government through its contract with Icann. If authoritarian governments can get access to the underlying website names and addresses, they could disable sites they don't like, and not just in their own countries.

In secret planning discussions last year leaked to me, the Russian representative told other authoritarian governments that full government control over Internet stakeholders is a topic that "needs to be further examined" only after the U.S. withdraws, creating a vacuum of power.

Icann already has been kowtowing to

Behind Obama's Visit to Havana



AMERICAS
By Mary Anastasia O'Grady

President Obama is in Havana this week to extract concessions, not from Communist Cuba, but from the U.S. Congress. Get ready for what Ed Sullivan might have called "a really big shew."

Keep in mind some foreigners who have been critical of the regime, including this columnist, are barred from reporting from the island. On Dec. 17, 2014, Mr. Obama announced that he would normalize relations between the U.S. and Cuba. He also said that the U.S. embargo—which prohibits foreign direct investment in Cuba by Americans, credit for Cuba from U.S. financial institutions, and Cuban sales of goods to the U. S.—should be lifted.

The dictatorship loves the idea. But Congress believes that before there are American investments in Cuba the regime ought to pay for the property it stole after the 1959 revolution and ensure basic human rights for Cubans. Since Congress still passes the laws in America, Mr. Obama's capitalism for the Castros remains uncertain until U.S. lawmakers capitulate.

The regime-choreographed spectacle, in which Mr. Obama will play the lead role, is designed to make Americans comfortable with underwriting the masters of the plantation—and to make Congress appear unreasonable.

Deputy National Security Adviser Ben Rhodes says the aim of the trip is to make the Obama administration's Cuba policies "irreversible." On Cuba's part there is nothing to reverse. Since Mr. Obama launched his détente, the regime has doubled down on its long-standing practices of denying employment to dissidents as well as beating, torturing and jailing them.

The Obama administration boasts that it negotiated the liberation of 53 political prisoners in 2014. But more than half of those have been rearrested, and four who received multiyear sentences were exiled last week. In 2015 there were more than 8,600 political detainees, and in the first two months of this year there were 2,555, according to the Cuban Commission for Human Rights and National Reconciliation.

The regime will turn out plenty of

authoritarian regimes. Its CEO, Fadi Chehade, shocked stakeholders in December by agreeing to become a senior adviser to China's World Internet Conference, a new organization Beijing created to compete with Icann and its multistakeholder system. Its goal is to replace the open Internet with full government control and global censorship.

"We all need to give a big hug to China," Mr. Chehade said. "And China typically hugs back." Mr. Chehade had earlier announced he would step down from his position at Icann.

The Icann board refused to disavow Mr. Chehade's move after what one board member called "somewhat heated discussion." Washington Internet Daily quoted a board member: "The view eventually prevailed that no reactive action should be taken lest China lose face."

It's up to Congress to block a surrender that could give control to authoritarian rulers.

Senators, including Ted Cruz, asked whether this participation in China's version of Internet governance "makes Icann complicit in the Chinese censorship regime." Mr. Chehade's reply was that if Congress retains U.S. oversight of the Internet, this "would have grave repercussions on the U.S."

Philip Corwin, an Internet governance lawyer, noted on the CircleID website that this "less than complete and somewhat argumentative response may have implications for congressional review" of the plan to hand over oversight of Icann.

Congress has used budget bills to defund any action by the Obama administration to end the U.S. contract with Icann, at least through September. There is a good constitutional argument that Congress must approve any transfer of the Icann contract, as valuable property belonging to the U.S. A new president should decide the wisdom of abandoning the Internet before it is given up with no chance of return.

The Obama administration doesn't like to acknowledge American exceptionalism, but the open Internet reflects the American values of free speech and open innovation. The Internet as we know it won't survive if other governments get their way. At least until there is a new president, it's up to Congress to insist that the U.S. remains the essential steward of Internet freedom.

compliant Cubans who will tell reporters that the embargo is the source of Cuban poverty. Mr. Obama has invited some dissidents to the U.S. Embassy but over the weekend the dictatorship warned them not to attend. Yet even if there is a U.S. nod to the opposition, there also will be a wink, as the president poses with the dictator along with members of the Colombian terrorist group FARC—invited by Mr. Obama—at a baseball game and pushes for U.S. policies that will finance the totalitarian apparatus.

The big lie will be that by legalizing commercial and banking relations with Cuba, the U.S. will empower the Cuban people. The opposite is true.

Raúl Castro legalized a narrow number of economic activities for the purpose of putting to work millions of Cubans the bankrupt state can no longer "employ." But these businesses, such as selling fruit and shining shoes, aren't allowed to hire employees, and they are only legal as long as they remain the urban equivalent of subsistence farming.

If there is a great capital infusion from the U.S., it can flow only to state-owned monopolies. U.S. hotel chains, for example, will become minority partners with the Cuban military, which owns the tourism industry.

Visitors to the island are charged in hard currency, but Cubans who work in tourism are hired and paid by the state in all-but-worthless pesos. They can't form independent unions. The big profits go to the Castro mafia, which uses some of the money to run the repressive intelligence network necessary to contain rebellion and keeps the rest for personal gain. Last week Mr. Obama stepped up to help the Castros move these profits around the international banking system by lifting the U.S. ban on facilitating their dollar transactions.

None of this will liberate Cubans, who are voting on the matter with their feet. Some 51,011 undocumented Cubans arrived in the U.S. in 2015, an 84% increase over the previous year. An additional 20,000 entered the country with visas.

As the first U.S. presidential visit to Cuba in 88 years, the Obama journey will be historic. But if he doesn't call out the racist, Marxist dictatorship and call for the liberation of the Cuban people it will live in infamy. We can all hope.

OPINION

The War of All Against Turkey

By **Soner Cagaptay**

Five of the six worst terror attacks in Turkey's history have taken place in the past three years. These attacks, which together have killed at least 250 people and wounded more than 800, are all the fallout of the war in Syria. It's now not a question of if but when terror will strike again. Indeed, on Saturday Islamic State bombed Istanbul, killing four people and wounding another 36.

Misguided policy has put Ankara in the unenviable position of being hated by all the actors in Syria.

Ankara's Syria policy is so poorly conceived that Turkey is hated by all the major actors in the conflict, from the Assad regime and Russia to Islamic State (ISIS), the Kurdish Party for Democratic Unity (PYD) and the PYD's Turkish affiliate, the Kurdistan Workers' Party (PKK). Fighting four enemies simultaneously could bring Turkey to ruin.

The Assad regime, which Ankara has tried in vain to oust since 2011, has already been connected to the Reyhanli bombing in May 2013 that killed 52 people. That attack was carried out by Turks with links to

Assad's intelligence units.

Russia, meanwhile, upset with Turkey's policy toward Assad and livid that one of its military planes was shot down by a Turkish jet fighter in November, threw its strength behind the PYD to defeat Ankara-backed, anti-Assad rebels in Syria. In return, Turkey has shelled PYD positions. Yet the PYD continues to hold large swaths of territory in northern Syria, including Rojava, which enrages Turkey's President Recep Tayyip Erdogan.

Since the collapse of peace talks with the Ankara government last summer, the PKK has launched a number of attacks inside Turkey, including the Feb. 17 bombing in Ankara that killed 30 people. The Kurdistan Freedom Falcons (TAK), an offshoot of the PKK, claimed responsibility for that bombing. The government has responded by going after PKK strongholds in cities in south-eastern Turkey, shutting down entire neighborhoods for weeks in the hopes of crushing the PKK's base.

Ankara's war with the PKK is a retaliatory battle that will only escalate. Every time the government targets the PKK, the group hits a target in western Turkey, as they did with the most recent bombing in Ankara.

Yet the PKK isn't even the biggest of Turkey's concerns. Ankara must also contend with Islamic State. After Turkey agreed in October 2014 to cooperate with the U.S. against Islamic State, the group hit Turkey in



The scene after a suicide bombing in Istanbul Saturday.

too, would exploit Turkey's divisions to undermine Mr. Erdogan. Following November's shooting down of the Russian aircraft, President Vladimir Putin criticized Mr. Erdogan personally. He thus curried favor with the anti-Erdogan Turks, at least some of whom will embrace Mr. Putin as their savior from Mr. Erdogan.

Given Mr. Erdogan's authoritarian agenda to revise his country's constitution and become an executive president, a deeply polarized Turkey overwhelmed by terror attacks and exposed to manipulation by Mr. Putin and Islamic State will only crumble. The Turkish leader himself further fuels the divide, demonizing and violently cracking down on groups that won't vote for him. These include leftists, secularists, social democrats, liberals, Alevis, Kurds, Jews, Armenians and moderates. It's a strategy that allows Mr. Erdogan to build a winning right-wing coalition at the expense of national unity.

What Turkey needs is a unifying politician to help the country survive the terror tsunami and avoid descending further into chaos. Mr. Erdogan could be that man, if only he could resist the temptation to crown himself executive president. Otherwise, he may go down in history as the leader who broke Turkey while trying to become a king.

Mr. Cagaptay is a senior fellow at the Washington Institute for Near East Policy.

ObamaCare vs. Little Sisters of the Poor

By **John Garvey**

On Wednesday the U.S. Supreme Court will hear oral arguments in *Little Sisters of the Poor v. Burwell*, a landmark case challenging the Health and Human Services Department's contraceptive mandate under the Affordable Care Act.

In addition to the Little Sisters of the Poor, an order of Catholic nuns whose mission is to "offer the neediest elderly of every race and religion a home where they will be welcomed as Christ," the objecting parties include the university I head, the Catholic University of America, the Archdiocese of Washington, and a host of other religious institutions.

When the Affordable Care Act was passed in 2010, President Obama vowed that he wouldn't let it be used for federal funding of abortions. That promise was necessary to get the law passed. Bart Stupak, a congressman at the time, and a small group of pro-life Democrats provided the necessary votes. In reg-

ulations implementing the act, HHS has chosen a different, and more offensive, way to fund abortions: It makes Catholic and other religious employers pay for them.

The Catholic Church has taught the immorality of abortion and contraceptive use for millennia. Yet the regulations in question force our institutions to pay for insurance that covers abortifacients like Ella and Plan B, plus prescription contraceptives and surgical sterilizations.

Some people defend these regulations by pointing out that they don't make anyone get an abortion or use contraceptives. The regulations only require employers to provide insurance, leaving decisions about reproductive health up to individual employees. But we believe it is wrong to cooperate with evil acts, even if we are not the primary actor.

The government has offered to solve the problem by moving employers one step further away from the wrongful act. HHS proposes that instead of paying for abortions (and

other objectionable services) ourselves, we can opt out, and the government will direct our insurance company to pay. The regulations add that the payments can't come out of our premiums.

The Supreme Court will decide what could be a landmark case for or against religious liberty.

So where does the money come from? HHS suggests that insurers should front the money themselves, and it says that they will actually save money by offering free abortions and "preventive services." Because the mandated services reduce childbirths, insurers can recoup their costs "from reduced pregnancy-related expenses and other health care costs."

There isn't much empirical evi-

dence for this, but let us suppose it is true. In that case, the premiums that Catholic University pays once again cover the costs of abortifacients, contraceptives and sterilizations. Our insurance company simply moves the change around in its pockets so the objectionable services don't get posted to our account. But we pay the insurer enough to cover the bills.

What the insurance company should do in future years, if HHS's hypothesis is true, is lower our premiums to take account of the "reduced pregnancy-related expenses and other health care costs." But in that case we have another moral dilemma. Then we are sharing in the financial rewards produced by giving our employees free early-term abortions and other "preventive services."

The Affordable Care Act requires employers like Catholic University to carry health insurance. The problem we are trying to solve arises because HHS has imposed a further obligation to cover "preventive services,"

and insisted that either we or our agent (the insurance company) pay for them. A more tolerant solution would be for the federal government to fund "preventive services." But President Obama had to promise not to do that to get the law passed. A still more tolerant solution would be to exempt religious organizations like ours from a duty to pay for services that go against the fundamental tenets of our faith.

The United States was founded on the concept of religious freedom. The First Amendment says clearly that "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

The Little Sisters of the Poor, the university I represent, and countless other religious institutions across the country ask that the Supreme Court recognize our religious beliefs and strike down those regulations that would force us to violate them.

Mr. Garvey is president of the Catholic University of America.

U.N. Secretary-General Ban Ki-moon Fails Again

By **Ahmed Charai**

Casablanca, Morocco

When United Nations Secretary-General Ban Ki-moon leaves office late this year, it will end an era of incompetence and malfeasance excessive even by U.N. standards. Meanwhile, he's doing damage to my country, Morocco. His actions have set back efforts to broker a resolution to a long dispute in the Sahara, and triggered Thursday's expulsion of some members of the U.N.'s peacekeeping mission in response to Mr. Ban's politicized meddling.

Since Mr. Ban became secretary-general in 2006, his tenure has been pockmarked by failures both institutional and personal. U.N. peacekeeping forces now are more likely to stir fear than confidence, given their record of sexual predation in the Central African Republic over the past two years. The Ebola epidemic in Africa was made worse by the bungling of the U.N.'s World Health Organization. Mr. Ban himself was excoriated by five U.N. human-rights experts for trying to deny the world body's responsibility for a disastrous cholera outbreak in Haiti in 2010. The secretary-general's "opaque" hiring practices were denounced in

2011 by an internal U.N. report.

The man regarded as the world's top diplomat also has a habit of pouring gasoline on burning conflicts. In January, as a stabbing spree by Palestinian terrorists beset Israel, Mr. Ban remarked that it is "human nature to react to occupation."

Two weeks ago, Mr. Ban waded into a less well-known conflict in Morocco. For background: A leftist militia called the Polisario, based in and backed by the military establishment of neighboring Algeria, lays claim to half the territory of Morocco—the country's Saharan south. Polisario waged a guerrilla war in the 1970s which never formally ended. Morocco's monarch, Mohammed VI, has since invested billions into the development of the Sahara, so that it features glistening ports and infrastructure, decent housing and good schools. In the neighboring territory the Polisario patrols, the militia's people still live in huts without running water or electricity, despite decades of generous international aid money from the U.N. and numerous charitable organizations.

The monarch's plan for decentralization of governance kingdom-wide would grant Saharans self-rule. He also offers amnesty to militia members who agree to lay

down their weapons. Such overtures have won formal appreciation by the U.N. Security Council, and have been deemed "serious, realistic, and credible" by the Obama administration. The Polisario, offering no peace plan of its own, calls for continued "resistance."

Enter Mr. Ban. On March 5 he visited Algeria and the Polisario camps in his official capacity and threw off the mantle of peace broker to become a party to the conflict. He declared Morocco a "colonizer" and an "occupier," and flashed a "V" sign with the guerrilla fighters—which they understandably interpreted as a show of U.N. solidarity.

Mr. Ban's actions shouldn't be surprising. He has taken a neutral stance as Syria's Bashar Assad killed nearly 500,000 of his own people. He stood on the sidelines as Russia's

Vladimir Putin invaded and annexed Ukraine's Crimea. He oversaw toothless peace talks in Libya as the country collapsed into a failed state of multiple civil wars. Yet in Morocco, a conflict for which the U.N. itself has recognized the merits of a comprehensive settlement, he has effectively encouraged the perpetuation of armed struggle.

After Mr. Ban's "occupation" remarks, Moroccan Saharans took to the streets of the southern provincial capital of Laayoune. Some 180,000 people marched in peaceful protest to the headquarters of the U.N. Mission for the Referendum of the Western Sahara (Minurso). The government denounced Mr. Ban's actions and announced plans to reduce Minurso staff and pull Moroccan peacekeepers out of U.N. missions world-wide.

According to a U.N. statement, Mr. Ban "expressed his deep disappointment and anger regarding the demonstration" saying it was "disrespectful to him and to the United Nations." This was a remarkable condemnation of a peaceful protest.

By stoking passions instead of acting as a peacemaker, Mr. Ban has undermined the credibility of the institution which Moroccans had accepted as a venue for peace talks, and in which they had placed their hopes. He has also further exposed his habitual betrayal of the U.N.'s founding charter.

Mr. Charai, the publisher of the Moroccan news magazine L'Observateur, is on the board of directors of the Atlantic Council and an international councilor of the Center for Strategic and International Studies.

Trump and Sanders's Zero-Sum Worlds

By **Paul H. Rubin**

Donald Trump and Bernie Sanders might seem unlikely economic soul mates, but they share a mistaken reliance on zero-sum thinking and long-discredited economic policies.

Mr. Trump's anti-immigration and antitrade positions make him essentially a disciple of mercantilism—a protectionist economic theory refuted by Adam Smith in 1776. Mr. Sanders proudly calls himself a socialist and advocates vast increases in taxes and government power. The history of the past century, from the Soviet Union's fall to the impending collapse of Venezuela, amply shows that a socialist economy isn't only "rigged"—to borrow one of Mr. Sanders's favorite words—it doesn't work.

Messrs. Trump and Sanders have been led astray by zero-sum thinking, or the assumption that economic magnitudes are fixed when they are in fact variable.

If the world is zero-sum, then the number of jobs is fixed, as is gross domestic product. In Mr. Trump's mind, if there are more Mexican workers in the U.S., then

American workers must lose their jobs. In reality, where Mr. Trump doesn't live, Mexican workers also consume, thus increasing GDP and creating new jobs.

The reason that firms hire immigrant workers is to lower costs. This leads to lower prices for consumers, allowing them to purchase additional goods and adding new jobs to the economy. In a fixed world prices don't change, so this effect is ignored.

Similar arguments apply to Mr. Trump's analysis of Chinese imports. In a world of fixed GDP and prices, imports from China merely replace goods that otherwise would have been produced by American workers. In the real world, imports reduce prices and increase GDP, so workers, who are also consumers, benefit from imports of lower-cost goods and increase their consumption of other goods.

Mr. Sanders's economics is also zero-sum, although he emphasizes a different aspect of the fallacy. In a zero-sum world, taxes don't matter much because people work the same amount anyway, so there are no losses from reduced effort in response to higher taxes. Similarly, in

a zero-sum world methods of production are given, so there are no responses to changing prices—higher minimum wages don't lead to layoffs, for example. In the Sanders universe, the size of the economy is fixed so there is plenty to redistribute no matter how misguidedly the economic policies.

Zero-sum thinking persists because it is superficially appealing. Mr. Trump's policies would in theory benefit Americans and increase jobs. Mr. Sanders's policies would make the poor better off. In the actual, positive-sum world we live in, their policies—building a fence along the Mexican border, disrupting labor markets by deporting millions of productive workers, huge tariffs on imported goods, much higher income taxes and minimum wages—would, if adopted, lead to an economic depression that would make the 1930s look prosperous.

Mr. Rubin, an economics professor at Emory University and a senior fellow at the Classical Liberal Institute at New York University, is the author of "Darwinian Politics: The Evolutionary Origin of Freedom" (Rutgers Press, 2002).

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ESSAY

The Healing Power Of Forgiveness

Things we’ve done—and things done to us—carry tremendous weight. Let them go.

BY DIANE COLE

TO FORGIVE, or not to forgive? It is a question that we ask ourselves more, and that becomes more salient, as years pass.

As we grow older, it is “very, very common to review your life,” says Berit Ingersoll-Dayton, professor and director of the joint doctoral program in social work and social science at the University of Michigan School of Social Work. It’s a process that inevitably will bring up “things that we feel good about—and that we don’t.”

In the absence of forgiveness, an offense that was committed against us, or some pain that we caused others, can replay in our minds, causing continuing anger or remorse that is often a recipe for bitterness and bad health. A wealth of research has linked the isolation and loneliness that can result to increased health problems and higher mortality.

It is tantamount to “suffocating” yourself emotionally, says Amit Sood, a professor of medicine at the Mayo Clinic in Rochester, Minn. The

effects on one’s health from bottled-up anger and resentment can range from anxiety and depression to higher blood pressure and increased risk of heart attacks, he says.

Forgiveness, by contrast, allows one to focus on more positive thoughts and relationships. “It allows you to free up the real estate in your brain” taken up by negative thinking, Dr. Sood says.

An alternative stance

One study suggests that forgiving others may benefit women more than men in certain situations.

Researchers at the University of Missouri found that forgiving others helped protect older women from depression, even when they felt unforgiven by others. Men, however, felt worse when they forgave others but didn’t feel forgiven.

Ashley Ermer, the study’s lead author and a doctoral student, says more research is needed to tease out the reasons behind the differences.

Some experts say it isn’t always possible to forgive, especially when an offense is more severe, or when



BRIAN STAUFFER

the offender shows no remorse.

“If the other person isn’t sorry and hasn’t made meaningful amends, the hurt party often can’t and won’t forgive. They are left not forgiving, and hurting and hating,” says Janis Abrahms Spring, a clinical psychologist in Westport, Conn., and author of “How Can I Forgive You? The Courage to Forgive, the Freedom Not To.”

Rather than be “entombed” in those raw feelings, Dr. Spring says, people in pain can find relief and resolution through an alternative stance she calls “acceptance.” This strategy entails moving forward from the incident on your own terms, recognizing the magnitude of the violation, but no longer allowing its unfairness to obsess you (possibly with the help of psychotherapy), and choosing a level of relationship with the offender that serves your best interest.

“This can be accomplished by the hurt party alone, even if the offender isn’t remorseful or willing to make meaningful amends,” she says.

“When you forgive,” says the Mayo Clinic’s Dr. Sood, “it isn’t saying that the other person is right. It isn’t justifying or condoning what the other person did.” Forgiveness, Dr. Sood says, is acknowledging that you have decided to forgo anger and resentment, and that any future relationship with the offending party will be on your own terms.

Unexpected benefits

Michigan’s Dr. Ingersoll-Dayton says she has helped run forgiveness-therapy groups in which participants often have found it helpful to write letters describing their struggles with rage and hurt. Rather than send the letters to the offending party,

the group’s members read them aloud and discuss them.

For one woman in her 60s, this led to the realization that the person with whom she was most angry was herself. She began the program feeling angry at her emotionally abusive ex-husband, but after listening to the other group members, she realized she was most angry at herself for staying with him as long as she had, says Dr. Ingersoll-Dayton. This insight allowed her to begin forgiving herself for not being able to leave sooner.

To seek forgiveness, or to offer it, requires being prepared to be rejected or rebuffed, warns Dr. Spring. But, she believes, “the healing that takes place...is more deeply cleansing and healing than anyone can accomplish by themselves.” She emphasizes the importance of “creating opportunities to make good” and “having the courage to address and redress old injuries in a constructive and healing way.”

That can be especially pertinent as we age because time is ticking, she says. If you take the hurts and misunderstandings to the grave, Dr. Spring says, “no one profits.”

By contrast, taking a risk on forgiveness can yield unexpected benefits. A psychotherapist from the Northeast recalls how after her divorce, she and her ex-husband’s mother, with whom she had been quite close, didn’t speak for 20 years. Finally, upon learning that the older woman had lost her husband, the therapist decided to call her.

She was “thrilled,” says the therapist, who during the reunion that followed told the woman she was sad they were no longer friends. “I don’t really understand what happened,” she told her, “but I’d like to.”

It took five minutes to clear up the misunderstanding, she says, after which they began to see each other again regularly.

The reconciliation had a ripple effect, as well. The psychotherapist’s elderly father patched up his own relationship with the mother-in-law, so two octogenarians who had each lost a spouse regained an old friend.

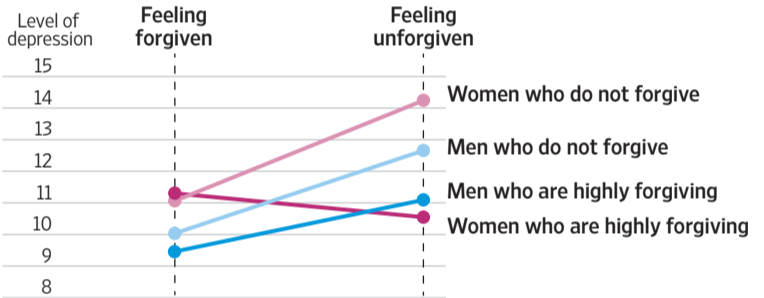
And when the older woman died, she left a favorite sculpture to her former daughter-in-law, a gift personally delivered to her by her ex.

Forgiveness was long in coming, but arrived in time for all to benefit.

Ms. Cole is a writer in New York. Email her at reports@wsj.com.

The Upside of Forgiveness

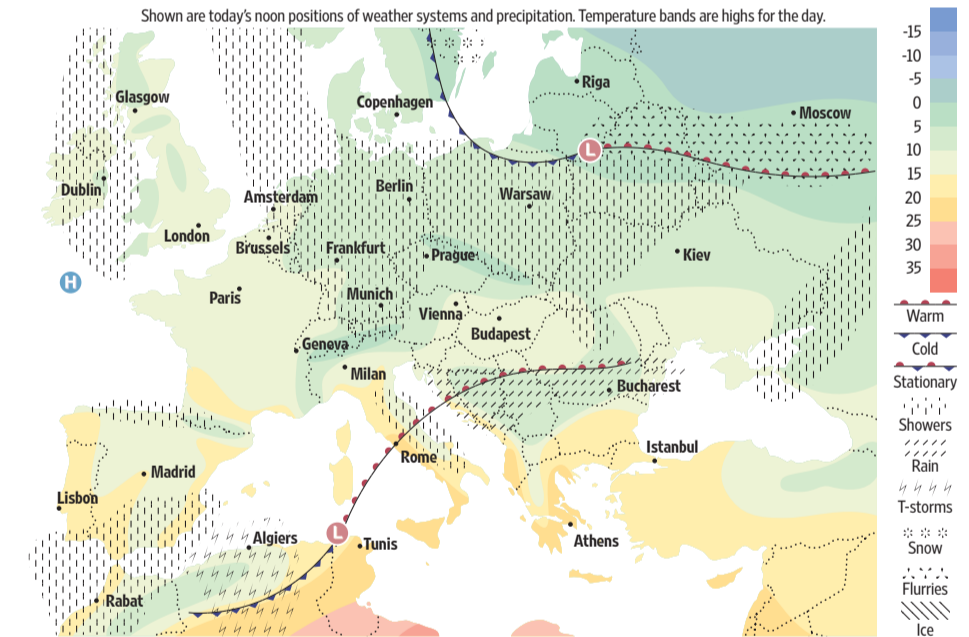
A recent study suggests that, for women, depression is eased when accompanied by a tendency to forgive, even when the women feel unforgiven by others. Results for men in the study were more complicated, but for those who tended to forgive, feelings of depression were less than for men who tended not to forgive.



Sources: Aging & Mental Health; Ashley Ermer and Chris Proulx, University of Missouri College of Human Environmental Sciences

THE WALL STREET JOURNAL.

Weather



Global Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	10	5	sh	9	1	sh
Anchorage	8	0	c	8	-2	c
Athens	20	14	pc	20	14	pc
Atlanta	20	7	s	23	13	pc
Baghdad	23	11	pc	24	11	s
Baltimore	15	8	pc	20	10	pc
Bangkok	36	27	s	37	27	pc
Beijing	17	5	c	15	-1	pc
Berlin	9	2	sh	8	1	sh
Bogota	23	10	pc	24	10	pc
Boise	10	0	c	12	3	pc
Boston	8	4	s	11	3	r
Brussels	11	2	sh	10	2	sh
Buenos Aires	26	12	pc	27	13	s
Cairo	25	14	s	30	21	pc
Calgary	4	-5	sn	10	-2	pc
Caracas	31	24	s	31	25	pc
Charlotte	19	7	s	23	10	pc
Chicago	16	6	pc	9	2	r
Dallas	24	17	s	28	9	sn
Denver	20	0	pc	5	-7	t
Detroit	15	9	c	10	4	r
Dubai	28	21	t	26	20	c
Dublin	9	4	pc	10	4	c
Edinburgh	11	3	pc	10	3	pc
Frankfurt	10	3	sh	10	1	sh
Geneva	12	3	pc	12	1	c
Hanoi	26	22	t	27	17	t
Havana	25	17	pc	30	19	pc
Hong Kong	22	18	sh	23	16	sh
Honolulu	27	20	t	27	21	t
Houston	23	16	s	25	12	pc
Istanbul	17	12	pc	20	11	pc
Jakarta	31	25	c	31	25	c
Johannesburg	22	11	pc	24	12	pc
Kansas City	23	15	s	25	-1	pc
Las Vegas	21	10	s	21	9	pc
Lima	27	22	pc	27	21	pc
London	12	6	pc	12	5	pc
Los Angeles	21	11	pc	23	11	pc
Madrid	15	1	sh	14	0	pc
Manila	34	26	s	35	25	s
Montreal	25	13	s	26	16	c
Mexico City	23	10	pc	26	10	pc
Miami	24	19	pc	27	22	pc
Milan	16	5	pc	14	4	s
Minneapolis	11	0	c	4	-4	sn
Monterrey	29	11	s	36	13	s
Montreal	4	-3	pc	2	-8	pc
Moscow	-1	-6	sn	-2	-5	sf
Mumbai	36	26	pc	37	26	pc
Nashville	19	10	s	22	15	pc
New Delhi	32	16	pc	33	18	pc
New Orleans	21	16	s	26	18	pc
New York City	12	8	s	19	9	pc
Omaha	23	8	pc	12	-4	r
Orlando	24	12	s	27	16	s
Ottawa	4	-3	sn	2	-8	sn
Paris	11	3	pc	11	4	pc
Philadelphia	14	8	s	20	9	pc
Phoenix	27	12	s	26	10	pc
Pittsburgh	15	9	pc	19	11	pc
Port-au-Prince	35	22	pc	35	22	s
Portland, Ore.	14	6	sh	14	8	c
Rio de Janeiro	34	25	pc	30	24	t
Riyadh	28	13	s	26	11	s
Rome	21	11	t	16	7	c
Salt Lake City	9	2	sh	9	1	sn
San Diego	19	12	pc	22	13	pc
San Francisco	16	9	c	18	11	pc
San Juan	31	24	s	30	24	s
Santo Domingo	30	11	s	28	10	s
Sao Paulo	31	21	pc	31	21	s
Seattle	30	20	pc	25	19	t
Seoul	13	7	c	12	6	c
Shanghai	12	2	pc	12	2	pc
Singapore	16	10	pc	12	4	r
Stockholm	32	26	pc	32	27	pc
Sydney	3	-1	sf	3	-3	sf
Taipei	23	17	pc	26	18	s
Tel Aviv	24	18	r	22	13	r
Tehran	16	7	sh	15	5	s
Tokyo	20	13	s	26	20	s
Toronto	15	6	s	17	5	pc
Vancouver	8	4	sh	5	-1	r
Washington, D.C.	11	6	c	10	5	r
Zurich	16	9	pc	21	11	pc

The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6	7	8	9	10	11	12	13
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DRIVEN DOWN | By Jim Peredo

Across	28 Pub potable	49 Abbr. in a bibliography
1 Bit of smoke	30 Online streaming choice	51 Bread for a Reuben
5 Yields to gravity	32 "No Scrubs" group	52 Fail completely (unless a chicken)
9 New Jersey NHLer	33 Home of the Marlins	56 Jeans
14 Capital on a fjord	35 Evernote, for one	57 manufacturer Strauss
15 Foot, fathom or furlong	37 Cries from a boxer, perhaps	58 You may have to check it at the door
16 Fill with happiness	41 It's a good thing	59 Oxymeronic muscle pain relief brand
17 Lively folk dance	42 Classic Pontiac muscle car	61 Doing nothing
18 Petty officer's employer	43 Painter Veronese	64 Thrown with force
19 Wasn't well	44 Golfer Stewart	66 Gad about
20 Submissive	45 The aforementioned woman	67 Poverty
21 Early computer system of newsgroups	46 He shared a Nobel Peace Prize with	68 It consists of five books
23 Shocked reaction in a text	47 Jamaican music genre	69 Govt. workplace monitor
26 Fish with an upright posture		

► Solve this puzzle online and discuss it at WSJ.com/Puzzles.

70 Rocky outcropping	29 Sister of Maggie and Bart
71 Cleaned the floor	31 Falls behind
72 Phaser setting	34 Group with an annual Mind Games competition
73 Catch sight of	36 Dickinson or Dove
Down	38 Cars close to the ground, and a hint to the ends of the starred answers
1 Computer virus's kin	39 DVR remote button
2 "That makes sense"	40 Inflamed, maybe
3 *Enjoy peace of mind	48 Truman's nuclear agcy.
4 "The Lawrence Welk Show" dance	50 "Gosford Park" director
5 John who served as George H.W. Bush's chief of staff	52 Some jabs and hooks
6 Ivanovic and Gasteyer	53 Warmly lit
7 *Checks out, so to speak	54 Taylor Swift's "___ Not Sorry"
8 "Funny Girl" composer Jule	55 They're often served with tzatziki
9 *Like Dracula's complexion	57 Vaughn of "True Detective"
10 Pharmacist Lilly	60 Pearl Harbor setting
11 Heroic quality	62 Vault
12 List components	63 Not mainstream, in a way
13 Pigeon's perch	65 Daydreamer's activity?
22 Grab some grub	
25 *Stereotypical hero	
27 Neptune's domain	
28 "Do I have to draw you ___?"	

Previous Puzzle's Solution												
BOBS	LADES	BEG										
ABAR	ATEUP	DIVA										
ROSIE	THERIVETER											
KEELOVER	CELEERY											
ANIN	MESH											
AMAN	ASIS	ASSTINS										
LOOKS	FRUE	OIL										
DORATHE	EXPLORER											
ACT	EIRE	SPAGO										
HALF	PTIPES	EDEN										
EASE	XMEN											
ASSENT	STIGMATA											
TILLIT	THE	TOTTLER										
IDEA	ROIGNE	KERN										
TIED	SEEDS	EXIPO										

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GM Gears Up for China

Cars to offer Web connectivity, 'green' technology **BUSINESS | B2**

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THE WALL STREET JOURNAL.

Tuesday, March 22, 2016 | **B1**

INSIDE:

MONEY & INVESTING

AXA's Chief To Step Down

FINANCE | B5

U.S. Shale Cargo Nears Europe

By SELINA WILLIAMS

LONDON—Swiss petrochemicals giant **Ineos Group Holdings SA** plans to accept the first American shipment of a type of shale gas to Europe on Wednesday—a milestone that marks the opening up of a new market for American energy producers trying to sell a glut of the fuel.

The ship is carrying a type of natural-gas liquid known as ethane that was extracted from the Marcellus Shale in western Pennsylvania, where companies such as **Range Resources Corp.** and **Consol Energy Inc.** have been looking to diversify the markets for their ethane because of pipeline and storage limitations.



A shipment of ethane left from a complex in Marcus Hook, Pa.

The shipment is the first seaborne export of ethane to Europe from the U.S., Ineos said, another sign of how the North American shale boom

has transformed the global energy map.

The recent ramp-up in U.S. shale oil production has challenged Saudi Arabia's sway

over international oil markets, while an earlier shale-gas boom sent prices to record lows and upended coal's dominance in the power sector.

"We know that shale-gas economics revitalized U.S. manufacturing, and for the first time Europe can access this important energy and raw material source too," said Ineos Chairman and founder Jim Ratcliffe.

Ethane is a component of natural gas that is separated out and often turned into a liquid for transporting. It is used to make plastics for food and medical packaging, among others.

Ineos's shipments from the U.S. are underpinned by a 15-year contract with Range Re-

sources, one of the most active drillers in Pennsylvania, and Consol Energy, another independent exploration-and-production company drilling in the Marcellus Shale.

Both companies, and many of their peers, are struggling as declining energy prices have cut their revenue and share prices in recent years. Ethane has been among the worst-performing commodity markets, and the companies have spearheaded an effort to ship it to new customers on the Gulf Coast, in Canada and abroad.

"Certainly new end-user markets for our products outside of the Appalachian basin are vital to" the industry's

Please see GAS page B2

Starwood Agrees to Marriott's New Offer

By ANNE STEELE

Starwood Hotels & Resorts Worldwide Inc. said it has agreed to a sweetened \$13.6 billion deal from **Marriott International Inc.** that trumps last week's boosted bid from a group led by China's **Anbang Insurance Group Co.**

In the new deal, Starwood shareholders will receive \$21 in cash and 0.8 of a share of Marriott for each share of Starwood. The deal values Starwood shares at \$79.53, according to Friday's closing prices.

Starwood shares closed at \$80.57 on Friday after Anbang swooped in and raised its offer to a level Starwood called superior. That offer was for \$78 a share in cash, totaling roughly \$13.2 billion.

Marriott's latest offer significantly increases the share of cash it will pay for Starwood, since its previous offer had been 0.92 share of Marriott and \$2 in cash.

Shares of Starwood were up 4.2% midday Monday at \$83.91, while shares of Marriott were off 1.2% at \$72.25.

Cost synergies are expected to save the combined entity \$250 million.

An Anbang representative declined to comment.

Marriott said it expects the deal to be roughly neutral to its earnings over the next two years. The company expects \$100 million to \$130 million in transaction-related charges as well as transition costs.

"We are pleased that Marriott has recognized the value that Starwood brings to this merger and enhanced the consideration being paid to Starwood shareholders," said Starwood Chairman Bruce Duncan.

Marriott Chief Executive Arne Sorenson said on a call with investors and analysts that the company believes there are "more cost synergies" than previously estimated, with savings now estimated at \$250 million, up from \$200 million, by 2018, according to transcript of the call. The higher cash offering, however, means Marriott will issue roughly 20 million, or 14%, fewer shares than the original agreement. Under the new deal, the breakup fee that Starwood would pay if it chooses another suitor could be elevated in certain situations to \$450 million from its previous \$400 million level.

The interest in Starwood has come amid the strategic review process.

Apple Unveils iPhone With 4-Inch Display

The phone, which will sell for \$399, features a better camera and graphics than the 5S

By DAISUKE WAKABAYASHI

At an event Monday at its California headquarters **Apple Inc.** introduced a smaller iPhone with a 4-inch display, setting the lowest starting price ever for its flagship phone.

Apple said it would start offering the iPhone SE—with a 4-inch display, better camera and capability to use Apple Pay—at \$399 with 16 gigabytes of storage. That is roughly \$50 less than the current \$450 starting price for its existing iPhone 5S.

Apple said the newest iteration of the phone would be "the most powerful 4-inch phone ever," with an A9 chip and graphics processor that would give it the same processing and graphics performance of its larger iPhone 6S, which made its debut last fall.

"Many, many customers have asked for this," Chief Executive Tim Cook said of the upgrade to the smaller phone at the event.

The company also unveiled a smaller version of its iPad Pro—a 9.7-inch version that is the size of its main line of iPads. The iPad Pro, with performance designed to bridge the gap between tablet and PC, was announced last fall at 12.7 inches. The smaller version will start at \$599 and will begin shipping next week.

"It is the ultimate PC replacement," said Apple executive Phil Schiller.

The company also announced that it would decrease the price of its Apple Watch to \$299, from its previous low of \$349.

Mr. Cook kicked off the event by telling the audience that Apple won't relent on its stance to keep data on customers' iPhones secure.



Apple Vice President Greg Joswiak introduces the iPhone SE on Monday in California. The phone will be available starting March 31.

The comments come amid Apple's escalating legal battle with the U.S. Justice Department over unlocking the phone of a shooter in the fatal San Bernardino, Calif., attack in December.

Lawyers for Apple and the Justice Department will face off Tuesday at a hearing before a federal magistrate in a case testing the boundaries of privacy and security in the smartphone era.

"We need to decide as a nation how much power the government should have over our data and over our privacy," Mr.

Cook said. "We owe it to our customers and we owe it to our country" to protect data.

Most of the event, however, focused on the company's products. While Apple has reaped great success in the past few years selling larger-display iPhones, the company said some customers prefer the smaller display size, which is especially popular with first-time iPhone users.

Apple is targeting consumers who like the convenience of a smaller phone without the compromises of outdated technology.

The company, which hadn't updated the iPhone 5S since introducing it in 2013, said it would start accepting orders for the iPhone SE on Thursday, and it will be available from March 31.

The aggressive starting price for the new phone represents a slight deviation from its previous iPhone strategy. In the past, Apple reduced the price of older iPhones, but with the SE, it is introducing a new phone at the price of an older model.

Another interesting aspect of the new device is that Apple

has abandoned the convention of numbering its iPhones. The iPhone SE is the first iPhone without a number attached since the original iPhone.

Analysts expect iPhone unit sales to fall 6% in the fiscal year ending in September, according to FactSet. Analysts don't expect iPhone sales to begin trending upward until a new flagship device comes out this fall.

—Dan Gallagher contributed to this article.

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Telecom Italia CEO Quits After Dispute

By GIOVANNI LEGORANO

MILAN—**Telecom Italia SpA's** Chief Executive Marco Patuano announced his resignation as expected on Monday, after clashes over strategy with **Vivendi SA**, the French media and entertainment company, which has taken a near 25% stake in the Italian operator.

Telecom Italia confirmed that Mr. Patuano, 51 years old, handed in his resignation, adding that his exit is subject to the approval of the company's competent bodies.

He had been chief executive since November 2013 and had worked for the company for 25 years.

The telecom operator had said earlier Monday that it

was in advanced talks with Mr. Patuano over terms of his departure after reports over the weekend that he was about to quit.

The boardroom bust-up follows Vivendi's growing influence at Telecom Italia.

Shareholders in the former Italian telecom monopoly approved the appointment of four Vivendi directors last December after the French company acquired around a fifth of the Italian company's stock.

Vivendi has continued to increase its stake to just short of the threshold that would trigger a full takeover offer, showing its determination to return to the telecom sector after the sale of its domestic telecom assets in 2014 to **Numerica-**

ble, a French cable operator.

Wanda Scores a Goal With FIFA Deal

By LAURIE BURKITT

BELJING—In building its relationship with FIFA, Chinese conglomerate **Dalian Wanda Group Co.** is filling an opportunity that opened up after some sponsors walked away and a corruption scandal erupted, tarnishing the soccer federation's image.

The Beijing-based entertainment and property giant will become FIFA's first major Chinese partner, with the highest level of sponsorship rights including the next four World Cup tournaments.

FIFA and Wanda didn't disclose the financial details of the agreement in a news briefing in Beijing Monday.

FIFA first announced the deal Friday in Zurich, where the world governing body of soccer is based.



Wanda's Wang Jianlin, on Monday, discussing the deal with FIFA.

The World Cup is held in a different country every four years. Wanda's partnership will run until 2030.

It is a deal Wanda started laying the groundwork for at least two years ago as it set out

to buy a Swiss company with ties to FIFA leadership, part of its bid to advance soccer in China and President Xi Jinping's stated goal that China will one day host the World Cup.

Other companies have tried

to distance themselves from FIFA, afraid that investigations of alleged corruption and bribery at the federation would tarnish their own reputations.

Sponsors such as global lubricant brand Castrol, medical-device maker Johnson & Johnson and German tire manufacturer Continental AG chose not to renew their deals with FIFA last year, months before the arrests and at the end of expired contracts. The companies didn't cite corruption allegations for not renewing their deals.

Coca-Cola Co., Adidas AG, Hyundai Motor Co. and Visa Inc. remain partners, though they have expressed dissatisfaction with FIFA's damaged image.

Wanda Chairman Wang Jianlin says their misgivings are

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U.S. Firm Jumio Files for Bankruptcy

By TOM CORRIGAN

Jumio Inc., a venture-backed identity verification business whose customers include United Airlines Inc. and Airbnb Inc., filed for bankruptcy on Monday with a plan to sell itself to Facebook co-founder Eduardo Saverin.

Jumio, based in Palo Alto, Calif., filed for chapter 11 protection in the U.S. Bankruptcy Court in Wilmington, Del., according to court papers, hampered by a number of investigations into its finances. The filing was authorized by the company's board Sunday, according to the resolution filed with the court.

Mr. Saverin is offering to acquire Jumio out of bankruptcy for \$22.7 million, much of which is composed of debt forgiveness in addition to \$3.2 million in cash. His bid would be subject to rival offers through a bankruptcy court-overseen auction process.

The Brazil-born entrepreneur was one of Jumio's early backers and remains a significant stockholder and lender,

according to court papers. Other backers include venture-capital firm Andreessen Horowitz and Citi Ventures, according to Jumio's website.

Monday's court papers show Mr. Saverin, who already has invested at least \$23 million in Jumio, also has agreed to extend as much as \$3.7 million in additional bankruptcy financing to help keep the company afloat while it navigates chapter 11.

Jumio makes mobile and online products that help businesses verify identity credentials such as drivers' licenses and passports.

A deadline for rival bids has been set for April 26, and any deal would be subject to approval from U.S. Bankruptcy Judge Brendan Shannon, who will oversee the case.

"After thoroughly evaluating all available options, we determined that an asset sale is in the best interests of Jumio and our stakeholders," Stephen Stuit, Jumio's chief executive, said Monday.

Jumio says it operates in the U.S., Europe and India.

GAS

Continued from the prior page growth, said Consol spokesman Brian Aiello.

Adding customers abroad would help stabilize U.S. producers, which could convince domestic buyers that they can count on rising supply, he added.

Unlike crude oil and natural gas, ethane isn't restricted for export from the U.S. But a lack of transportation options has limited exports to pipelines.

The ethane cargo left the Marcus Hook terminal near Philadelphia on March 9. Range didn't respond to requests for comment.

Ineos plans to use the ethane at its petrochemical plant in Rafnes in Norway.

By 2020, the company said it aims to be importing about eight shipments a month from the U.S. to supply its European petrochemical facilities and refinery as well as an ethylene plant owned by **Royal Dutch Shell** PLC and **Exxon Mobil** Corp. in Scotland.

The ethane shipment comes as Europe's leaders have long been hoping that U.S. shale gas would help the bloc reduce its reliance on gas from Russia, which provides around a third of the region's supplies. The ethane from Ineos's shipment won't be a substitute for Russian gas, which is mostly methane, but it will help to lower prices in the European market, said Karen Sund, partner at Norway-based Sund Energy consultancy.

—*Tim Puko contributed to this article.*

GM Accelerates in China

Enhanced auto lineup for country to feature Internet connectivity and 'green' technology

BEIJING—General Motors Co. is raising its bet on China even as growth slows in the world's largest car market.

The U.S. auto company said Monday it will roll out more than 60 new or refreshed car models in China in the coming five years, and that by 2020 all products from its Cadillac, Buick and Chevrolet brands will offer Internet connectivity, as it looks to attract more drivers in its biggest market.

"Even though the China market is maturing, there will still be a tremendous source of growth for us in both the short term and long term," GM President Dan Ammann said at a briefing in Beijing.

GM also will introduce models featuring autonomous-driving technology and hybrid and electric vehicles.

The company expects China's auto market to grow 3% to 5% a year until 2020. Last year, auto sales in China rose 4.7% year-to-year to about 25 million vehicles, compared with a 7% increase in 2014 and booming double-digit rates in prior years.

Demand is expected to cool further this year. A stock-market plunge in the first two months exacerbated fears that China's slowdown might be worse than expected. In 2015, China grew at its slowest pace in 25 years.

However, growing affluence among Chinese consumers has spurred demand for luxury cars and spacious crossover vehicles. Last year, Chinese sales of sport-utility vehicles and crossovers jumped 52% from a year earlier, and sales of luxury cars rose over 10%, according to data from PWC's consulting group Strategy&.

"We will continue to focus on the segments where the demand is strong and growing,"



Minivans were assembled at a GM joint-venture plant in Qingdao, China, earlier this month.

said GM China President Matt Tsien. He said that about 40% of GM's new and refreshed offerings in China through 2020 will be SUVs and high-end minivans. The company will add 10 new and updated models from the Cadillac brand to the Chinese market.

With an eye on some of the world's most congested roads in China, GM will offer more automated safety features including lane-drift alerts, blind-spot detection and semiautonomous technology, allowing for hands-free driving on the highway at speed and in heavy traffic, executives said.

Car makers and high-tech companies are racing to gain an edge in autonomous driving and connected cars amid a rapidly changing industry. "As GM's largest and the world's largest vehicle market, China should also be a driving force of that change," said Mr. Tsien, adding that GM was exploring ride-sharing and

safety technology there.

Ride-sharing services such as **Uber Technologies** Inc. and its rivals such as **Didi Kuaidi Joint Co.** have emerged as alternatives to car ownership, and technology companies such as **Apple** Inc. and **Alphabet** Inc.'s Google are working on fully electric vehicles in a potential threat to established auto makers.

Ford Motor Co. is investing about \$1.8 billion in China through 2020 to research how to add greater smartphone connectivity, autonomous driving and other smartcar features to its Chinese products. Chinese Internet search company **Baidu** Inc. is developing autonomous cars and plans to field its first vehicles in China within three years.

Earlier this month, GM acquired a San Francisco company that developed a system for retrofitting existing vehicles with autonomous-driving software, after a \$500 million

investment in ride-hailing service **Lyft** Inc. in January.

Consulting firm McKinsey & Co. said in a recent research note its survey of car owners world-wide found that 60% of Chinese respondents were willing to switch their car brand for improved connectivity services, compared with 20% of Germans and 33% of Americans.

Amid a drive by the Chinese government to cut emissions, GM said over the next five years, it and its joint ventures will launch over 10 new green-powered vehicles in China under the Chevrolet, Buick, Cadillac and Baojun brands.

China's generous government incentives for electric-vehicle ownership have resulted in a burst of sales. The country reported sales of electric and hybrid vehicles including cars and buses quadrupled in 2015 from the previous year.

—*Rose Yu*

Toyota Speeds Automatic Brakes

By MIKE SPECTOR

Toyota Motor Corp. said automatic emergency braking would become a standard feature on nearly all the Japanese auto maker's vehicles by the end of next year, speeding up on a pledge from most car makers to do so by 2022.

On Monday, it said the feature—which detects imminent crashes and eventually engages brakes automatically if a driver fails to react quickly enough—would be on nearly all Toyota and Lexus models by the end of 2017. The feature will be part of a package of technologies on the vehicles, which includes other advanced safety systems such as lane-departure warnings.

Automatic emergency braking is among many harbingers of fully driverless cars. For

now, many vehicles are starting to offer autonomous-driving technologies that can ease driving routines and make travel safer by preventing thousands of crashes and reducing injuries and fatalities.

"High-level driver assist technologies can do more than help protect people in the event of a crash; they can help prevent some crashes from ever happening in the first place," said Jim Lentz, Toyota's North America chief, in a statement.

Toyota's move follows a pledge last week by 20 auto makers representing more than 99% of U.S. car sales to make automatic emergency brakes standard on nearly all vehicles by September 2022. Automatic emergency-braking uses vehicle sensors such as cameras, radars and lasers to

detect imminent crashes. The feature then warns drivers before engaging brakes automatically if the motorist fails to do so fast enough.

Toyota's move is likely to be followed by other auto makers aiming to show they are accelerating a timetable to meet the pledge made last week to the

Automatic braking is among many harbingers of fully driverless cars.

U.S. National Highway Traffic Safety Administration and Insurance Institute for Highway Safety. Automatic emergency braking systems so far have been provided on more-expensive models or offered as

FIFA

Continued from the prior page his gain. "Departures of Western companies created an opportunity for us," he said.

Wanda began circling companies on FIFA's periphery two years ago, and in February 2015 acquired the Swiss sports-marketing and broadcasting company Infront Sports & Media AG for €1.05 billion (\$1.18 billion).

Infront was headed by Philippe Blatter, the nephew of Sepp Blatter, the former president of FIFA, who was succeeded in February by Gianni Infantino.

In November, Wanda appointed the younger Mr. Blatter to serve as the chief executive of Wanda Sports Holding.

Philippe Blatter was alongside Messrs. Wang and Infantino at FIFA headquarters on Friday, according to photos posted on Wanda's website, completing FIFA's first commercial deal since Mr. Infantino was elected president of the soccer federation.

Mr. Wang attended the FIFA annual congress last year at the invitation of Sepp Blatter, just days after 14 people connected with FIFA were indicted as the result of U.S. investigations into fraud and



A Wanda department store in China. The entertainment and property giant has soccer ambitions beyond FIFA itself.

money laundering.

On corruption allegations involving FIFA, Mr. Wang said Monday that he is aware of the issues and is confident that there will be reform.

FIFA didn't comment on any potential reform or the allegations at Monday's news briefing.

Mr. Wang, China's richest man, said other Chinese companies also are seizing an opportunity to be a part of global soccer in a way that wasn't available to them years ago.

He said he is aware of three sponsorship deals involving

Chinese companies likely to be signed in the next year. He didn't give details or specify whether the three include Wanda's agreement.

FIFA marketing director Thierry Weil said the federation would strike deals with other Chinese companies in the future. "China is an important country" to the growth of football, he said.

Another Chinese company, Yingli Green Energy Holding Co., had a sponsorship role at the 2010 World Cup. But under FIFA's complex, multitiered sponsorship system, Wanda would become the first Chi-

nese company to take a top-ranking partnership position.

Wanda has soccer ambitions beyond FIFA itself. Last year, the company announced a €45 million (\$50.7 million) deal to buy a 20% stake in Spanish soccer club Atlético Madrid. Wanda said at the time that it was investing €20 million annually over two years to support the development of 180 young Chinese soccer players in Spain.

Bai Qiang, founder of Beijing-based soccer tutoring startup Dong Ba, said Wanda's strategy will likely attract other Chinese companies. He said similar sponsorship deals would likely be \$100 million a year, which he called a small price for Wanda to pay to be associated with FIFA at a time when the sport is taking off within the country.

James Roy, associate principal at the Shanghai-based consultancy China Market Research, said Chinese sports fans haven't been following the scandal to the degree that fans in Europe have. "The risk calculus is much smaller for Wanda," he said.

Mr. Wang said that under the sponsorship deal, FIFA also will have an obligation to promote soccer in China. He didn't provide details. "This is not a simple investment," he said.

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U.S. Court Allows Appeal By Samsung

By BRENT KENDALL

WASHINGTON—The U.S. Supreme Court on Monday gave a boost to **Samsung Electronics Co.** in the smartphone patent wars, agreeing to consider the South Korean company's appeal in a heated and long-running legal battle with rival **Apple Inc.**

The justices, in a brief written order, said they would review a lower court decision from last year that affirmed jury findings that Samsung copied Apple's patented iPhone designs. Samsung had been ordered to pay Apple \$930 million in damages.

Part of that damages award is already scheduled to be revisited by a lower court this spring, but the Supreme Court's decision to intervene in the case breathes new life into Samsung's efforts to nullify \$399 million in infringement damages that it argued were improperly awarded to Apple.

Samsung in December agreed to pay Apple \$548 million, though it reserved the right to seek reimbursement if it had success at the high court.

The two companies have been involved in several legal battles, but the Supreme Court's review comes in the highest-profile patent case, which dates back to 2011.

After a trial in 2012, a federal jury found that a range of Samsung devices, including the Galaxy S II and the Droid Charge, infringed Apple's patents.

Samsung's petition to the Supreme Court seeks to attack a subset of those patents that focused on the iPhone design.

The company argued a lower court wrongly awarded to Ap-

ple all of Samsung's profit on phones found to infringe Apple's designs, and the court said it would attempt to resolve the issue.

"The court's review of this case can lead to a fair interpretation of patent law that will support creativity and reward innovation," a Samsung spokeswoman said. Apple declined to comment.

Samsung failed to persuade the Supreme Court to take up a second issue that it said merited review. The company argued that jurors were wrongly allowed to find Samsung liable for design infringement because its phones, like Apple's, had rectangular shapes, rounded corners and flat screens with grids of icons. The high court's order indicated it wouldn't consider that question.

The South Korean company said such an approach made little sense given that smartphones are "complex products that contain hundreds of thousands of features that have nothing to do with a phone's design."

Apple, urging the Supreme Court to stay out of the case, said lower courts applied well-settled law to punish Samsung for copying the iPhone, which it said it invested billions of dollars to develop.

"Samsung made a deliberate and conscious decision to copy the iPhone's innovative look and many of its other features, and its mobile devices became iPhone clones," Apple wrote in its court brief.

The Supreme Court will hear oral arguments in the case during its next term, which begins in October.

If you think your home Wi-Fi is annoying now—flaky, slow, riddled with dead zones—just wait until your streaming 4K TVs are battling phones, laptops, game systems and connected gadgets for the available bandwidth. The future depends on your home network, but even today's best home networks aren't ready.



KEYWORDS
CHRISTOPHER MIMS

I call this problem the home-spec-trum crunch, and it's a relatively new phenomenon. It's a product of a 100-fold increase in demand for wireless bandwidth on home Wi-Fi networks in just the past five or so years.

In place of Web browsing on one or two devices—requiring less than 5 megabits per second—we now have streaming video and multiple Internet-connected devices consuming more than 100 megabits per second. The Organization for Economic Cooperation and Development in 2013 estimated that the average household with two teenagers had 10 Internet-connected devices. By 2017, the OECD projected the number would be 17; by 2022, it would climb to 50.

To grasp the problem, think of each Wi-Fi router as a stereo system. When there were fewer Wi-Fi hot spots and fewer gadgets connecting to them, the ambient noise was bearable. But if you've opened your laptop and lately seen dozens of Wi-Fi networks, you understand our modern conundrum: All those networks are essentially trying to shout over one another to be "heard" by connected devices.

Trond Wuellner, product



EMILY PRAPJOULENS/THE WALL STREET JOURNAL

Eero is among the startups trying to improve wireless networking.

manager for Google's OnHub Wi-Fi router, says the average OnHub router can "hear" 16 other hot spots; one of every 20 OnHubs can hear 50 other hot spots.

The upshot: the more Wi-Fi hot spots, the worse the overall Wi-Fi experience for everyone. This is the reverse of what should be and the opposite of what happens in an office, where all the Wi-Fi hot spots are made to play nice with each other by expensive equipment from the likes of **Cisco Systems**.

Having a good home Wi-Fi network has become something of an arms race: Buy a newer, more powerful router and your service could improve, but at the expense of your neighbors.

The fact that nearly everyone who makes Wi-Fi routers is trying to tackle this problem, along with Google, your cable company and a raft of startups, demonstrates how in-home Wi-Fi connections have become a serious bottleneck.

One such player is **Eero**. Wall Street Journal personal-tech columnist Geoff Fowler found that Eero's multi-node "mesh networking" solution works well

even in challenging environments.

But a stock Eero setup might not be adequate in a future when homes routinely have gigabit connections, a 10-fold increase over what's widely available today. That's because, as Eero CEO Nick Weaver explains, when you're at the edge of a mesh network, your connection is only as fast as the slowest link back to the base station.

One solution would be to add more antennas, or nodes, throughout your home. Unfortunately, Eero's units currently cost \$200 a pop.

A new competitor announcing itself on Monday, called Plume, has gathered wireless-industry veterans to create what it claims is a new kind of Wi-Fi, protected by 14 patents. The company calls it "adaptive Wi-Fi."

Fahri Diner, CEO of Plume and a veteran executive of Siemens and Qtera, says Plume's system will consist of many cheap, "dumb" antennas, enough for every room of a house, for a total cost of about \$100.

If Plume can do that, it would be enough to make a wireless-networking geek

swoon. But we won't know for a while, because the company doesn't plan to unveil its product or partners until the third quarter of this year.

Essentially, Plume and most of its rivals aim to take the technology behind expensive, enterprise-grade Wi-Fi systems for offices and make it cheap enough to use in your home.

Others are tackling the problem with wires, paradoxically. Comcast, the nation's largest cable-TV provider, has quietly been testing systems that rely on the networks of coaxial cables spread across newer U.S. homes.

The systems put multiple routers in different parts of a home to create a single seamless wireless network, says a company spokesman.

The biggest competitor of all in this space could soon be **Alphabet's** Google. Mr. Diner said he believes Google is working on a mesh solution similar to Plume's. Mr. Wuellner declined to comment on Google's plans for future iterations of OnHub.

But he said most industry players are moving from a single hub, like Google's current offering, toward systems with multiple nodes.

Taken together, this means that the future of Wi-Fi in your home looks a lot like the present of Wi-Fi in your office. There will be antennas everywhere, possibly in every room. It will be insanely fast. It will be cheap, though you might have a new monthly bill, to pay Plume, Google, your cable provider or some other company for the cloud services required to manage your home network.

Given our increasing dependence on ever more wireless bandwidth, these companies are betting we'll be happy to pay for the privilege.



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BUSINESS NEWS

Alibaba Braces As Hurdles Loom

Alibaba Group Holding Ltd. said it would focus on high-quality and sustainable growth as transaction volume on its shopping sites slowed significantly ahead of the end to its fiscal year, a nod to the challenges the Chinese e-commerce company faces in cleaning up counterfeit goods that plague its platforms.

*By Kathy Chu
in Hong Kong
and Sarah Nassauer
in New York*

During an event Monday at Alibaba's headquarters in Hangzhou, China, the company said it had reached three trillion yuan (US\$464 billion) in transaction volume, representing 23% growth from last year, with less than two weeks left in the year ending March 31. By comparison, in fiscal 2015, Alibaba's gross merchandise volume, or GMV, grew 46%.

GMV refers to the total value of third-party sellers' transactions on the company's platforms and is distinct from Alibaba's revenue. But GMV is tracked closely by investors and analysts because it shows how fast an e-commerce company is growing relative to competitors.

The three-trillion-yuan figure represents a tripling of the Chinese e-commerce company's GMV since 2012 and a doubling since 2013.

Executive Vice Chairman Joe Tsai said Monday that Alibaba had achieved "unprecedented scale," as the dollar value of transactions on its platforms would make it the sixth-largest provincial economy in China. But he acknowledged that the company faces significant challenges ahead. Alibaba said it hopes to reach six trillion yuan in transaction volume by 2020.

"Growth is meaningless unless it is sustainable," said Mr. Tsai, in a post on Alibaba's news site, adding the company is recruiting quality brands to

join its shopping platforms. "While GMV is a proxy for scale, our focus on quality and sustainable growth means how we measure success is no longer dependent on a simplistic view of GMV growth."

Since December, Alibaba has emphasized "quality" growth of its financial metrics as it faces a barrage of criticism about fake sales and counterfeit goods on its platforms—and questions about whether the company is doing enough to combat these problems.

Earlier this month, a state broadcaster alleged fake sales remain widespread on Alibaba's platforms, which industry watchers say raises questions about its GMV. Alibaba counters that it uses sophisticated tools to identify and exclude fake transactions, which involve sellers paying people to place fictitious orders, from its financial results.

Alibaba also has been in the hot seat over counterfeit goods on its platforms. Alibaba has said it would spare no expense in ridding its platforms of counterfeit goods.

The company's transaction volume carries controversy.

Alibaba, like its rivals, tallies transactions regardless of whether they have been paid for. That means they could include the value of goods later canceled or returned. In its prospectus, Alibaba said its ceiling for including the value of certain sales is 100,000 yuan, or roughly \$15,000. The company has said it set this ceiling because its marketplaces sell a wide range of products and services that have a high value.

"We do sort of take the reported GMV numbers with a grain of salt," said Kirk Boodry, an analyst for New Street Research, who gives a "neutral" rating to Alibaba's stock. "We're more concerned about revenue growth."

—Yang Jie in Beijing contributed to this article.

Business Watch

PORSCHE

Prosecutors Appeal Ex-Officials' Acquittal

Prosecutors on Monday appealed a regional court decision acquitting two former top executives of **Porsche** SE of alleged market manipulation related to the car maker's unsuccessful 2008 attempt to take over rival **Volkswagen** AG.

The move could take the legal battle to Germany's Federal Court, the country's highest court, should the appeal be accepted.

On Friday, a Stuttgart court found former Chief Executive Wendelin Wiedeking and former Chief Financial Officer Holger Haerter not guilty of allegations that they concealed plans to gain control of Volkswagen in 2008, then shifted strategy when the attempt went awry after the financial crisis hit.

—Eyk Henning and Ilka Kopplin

BAYER

Market Reacts to Interest in Seed Unit

Shares in **Bayer** AG rose sharply Monday following reports that **Monsanto** Co. might be interested in acquiring or forming a partnership with the German company's CropScience business.

Its shares were up nearly 6% in early trade, before ending up 3.2% at €102.50.

Reuters reported over the weekend that Monsanto had approached Bayer about a potential acquisition valued at more than \$30 billion, citing people familiar with the matter. Bloomberg also reported that Monsanto was interested in Bayer's CropScience, saying the companies discussed possible asset purchases or joint ventures.

Bayer declined to comment. Monsanto couldn't be reached immediately for comment.

The reported possible price tag of \$30 billion, or €26.6 billion, would be 2.6 times CropScience's



ERIC GAILLARD/REUTERS

Groupe Casino has said it would continue with its plan to sell assets to pay back debt.

estimated 2016 sales, far below the current sales multiple average of 3.3 times for similar assets, said Warburg Research analysts.

Bayer is the second-biggest player in crop chemicals behind Syngenta.

—Natascha Divac

CASINO

Retailer's Debt Downgraded to Junk

Ratings company Standard & Poor's on Monday said it downgraded French retailer **Groupe Casino**'s senior unsecured debt to BB+—pushing it into junk territory—from a previous BBB-, citing pressure on the company from difficult conditions in Brazil.

"Although we expect some recovery and improved profitability in France, we don't think this will be strong enough to offset the severe operating weakness in Brazil, which we see continuing throughout 2016," S&P said.

France's second-largest publicly listed retailer swung into the red in 2015, mainly because of deteriorating business in Latin America and is facing pressure to boost profitability in its home country on which the group now depends more.

Following the S&P statement, the company has said it would continue with its plan to sell assets to pay back debt and reiter-

ated its goal of generating €900 million (\$1.02 billion) this year in earnings before interest, taxes, depreciation and amortization.

—Inti Landauro and Nick Kostov

VIRGIN AUSTRALIA

Airline Secures Loan, Reviews Its Capital

Virgin Australia Holdings Ltd. said Monday it secured a 425 million Australian dollar (US\$323 million) loan facility from its four major shareholders as it commences a review of its capital structure.

Air New Zealand Holdings Ltd., Etihad Airways, **Singapore Airlines** Ltd. and Virgin Group have provided the 12-month loan facility, which the Australian carrier said would provide it with financial flexibility while it conducts the review.

Virgin Australia said the review would look at the company's mix of debt and equity capital and assess operational initiatives.

—Rebecca Thurlow

CHINA RESOURCES POWER

2015 Profit up 8.8% On Cost Controls

China Resources Power Holdings Co.'s 2015 net profit rose 8.8% on stringent cost controls.

The Chinese electricity producer said Monday its full-year net profit was 10.03 billion Hong Kong dollars (US\$1.29 billion) compared with HK\$9.21 billion a year earlier.

Full-year revenue was HK\$71.44 billion, slightly higher than the HK\$70.68 billion it recorded the previous year.

—Joanne Chiu

FLYDUBAI

Rostov-on-Don Flights to Resume

Budget carrier **FlyDubai** said it would resume flying to Rostov-on-Don on Tuesday, just days after one of its airliners crashed in the southern Russian city, killing all 62 people aboard.

FlyDubai's **Boeing** Co. 737-800 crashed early Saturday during a second attempt to land at Rostov's airport in windy conditions, according to officials. The airport was closed following the crash of Flight 981 and only reopened Monday morning.

"As a mark of respect, we will retire the flight number FZ981 and will now operate the flight as FZ935," said a spokesperson for the Dubai-based company.

The cause of the crash is still unknown. Investigators are going through the flight's black boxes that were recovered at the site but also suffered damage.

—Nicolas Parasie

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THE WALL STREET JOURNAL.

Tuesday, March 22, 2016 | B5

As of 4 p.m. ET

EUR/GBP 0.7818 ▲ 0.40%

YEN/DLR ¥111.64 ▲ 0.09% GOLD 1243.80 ▼ 0.80%

OIL 39.91 ▲ 1.19%

3-MONTH LIBOR 0.62460%

10-YR TREAS ▼ 14/32 yield 1.921%

IMF Prods Beijing on Yuan Moves

Fund calls on Chinese central bank to release details about its holdings of derivatives

By LINGLING WEI

BEIJING—The International Monetary Fund is pressing China to disclose more information about its currency operations based on standards the Chinese central bank had pledged to follow, people familiar with the matter said, as Chinese authorities resort to

more-discreet ways to support the yuan.

In recent months, the People's Bank of China has turned to the derivatives market to help prop up the currency—a shift from its traditional approach of dipping into its dollar pile to buy yuan.

The IMF is calling on the Chinese central bank to release more data on its holdings of derivatives such as forwards, which have become the main financial instrument used by the PBOC for currency intervention, the people said.

Currency traders and inves-

tors complain that the strategy is making it even harder to figure out Beijing's intentions for the yuan.

"The use of forwards can help tame depreciation expectations" for the yuan, said Zhou Ping, chief investment officer at Binyuan Capital Ltd., an asset manager in Shanghai. "But that also makes it more difficult to gauge the true scale of capital outflows and the drawdown of the foreign-exchange reserves for the purpose of currency intervention."

China pledged in October to

adhere to the IMF's special-data-dissemination standards as part of its effort to win the yuan its long-coveted reserve-currency status, according to the people familiar with the matter.

Disclosing the data could also shed more light on how much firepower China has to keep defending the yuan.

An IMF spokesman declined to comment. Media officials at the People's Bank of China didn't respond to requests for comment.

The derivatives strategy involves the central bank in-

structing state banks to borrow dollars that they subsequently sell. The PBOC then enters into forward contracts with the banks, which means it will take those trades onto its own balance sheet at a future date.

The tactic has several advantages for the central bank: It allows it to burn through its foreign-exchange reserves more slowly and drain smaller amounts of yuan from the financial system at a time of economic slowdown. It also leaves less evidence of inter-

Please see YUAN page B7



Chairman Henri de Castries

AXA CEO To Leave; Successor Is Named

By NOEMIE BISSEBIE AND INTI LANDAURO

PARIS—France's largest insurance company **AXA SA** said Monday that Chairman and Chief Executive Henri de Castries will step down on Sept. 1, in a surprise move after 16 years as head of the company.

Mr. de Castries will be replaced by the company's top official in Germany, Thomas Buberl, 42 years old, who was made deputy CEO on Monday, the company said. Denis Duverne, AXA's deputy CEO, will become nonexecutive chairman beginning Sept. 1.

"I wanted a new team to present and carry out the company's new strategic plan," Mr. de Castries told reporters. "This is the result of a 'long, rigorous and exhaustive process,' which started back in the fourth quarter of 2013 at his request, he said.

The departure of AXA's outspoken CEO marks a turning point for the company, which is expected to present a new strategic plan in June.

Under Mr. de Castries, AXA has grown into one of the world's largest insurance companies, expanding quickly in fast-growing businesses and emerging markets to offset sluggish growth in Europe and in the U.S. in recent years.

Mr. de Castries didn't say what he will do after leaving AXA.

"I don't intend to move into a retirement home or start playing golf," he said, adding that he will take time to think about his next move.

The disclosure of Mr. de Castries's exit comes three days after HSBC Holdings said it has started a search to name its new chairman next year.

Mr. de Castries said, how-

Please see AXA page B7

Australia Fretting Over Water Ownership

By ROB TAYLOR

BARHAM, Australia—The muddy river that flows through this farming town feeds both verdant citrus groves and a growing unease among some lawmakers and regulators over foreign ownership of water rights.

Australia—the world's driest inhabited continent—plans to require foreign investors to declare their interests in water rights like to this river shared by farmers at a time when the country is seeing a wave of deal making in agriculture.

Public submissions closed on Friday on a proposed register that for the first time would create a public record of the level of foreign ownership.

Demand for water is rising ahead of government plans to turn the empty expanses of northern Australia into a food bowl for the rising middle classes of China and India. Water is already a scarce commodity, but climate change is expected to make droughts even more frequent.

Since 2007, investors haven't needed to own land to be eligible to buy and sell water rights. That has allowed landholders to either use water on their property or offer it for sale—forming one of the world's most advanced water-trading systems.

Some lawmakers and farmers see rising foreign ownership of water rights as a threat to food and water security, driving up water prices and making it too expensive for Australian farmers to irrigate crops. The number of agricultural water entitlements with at least some level of foreign ownership increased by more than half in recent years. Around 14% of farm water

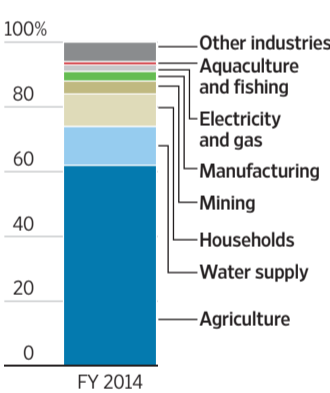


The Murray River feeds irrigated farmlands in Australia's Murray-Darling food bowl.

The New Oil

Foreign investors' thirst for water assets is an increasingly thorny issue in Australia, the world's driest inhabited continent.

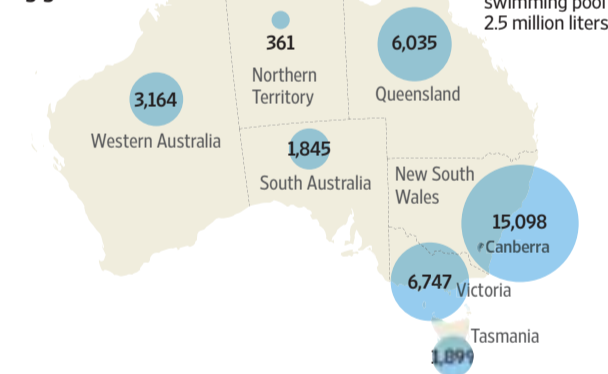
Water consumption



Note: Fiscal year ends June 30; one gigaliter is one billion liters.

Sources: ABS Water Account, Australia (water consumption); Australian government (water rights)

Water rights by region in fiscal 2014, in gigaliters



10,000
5,000
1,000
gigaliters
Olympic-size swimming pool 2.5 million liters

THE WALL STREET JOURNAL.

rights were partially foreign owned in 2013 compared with 9% in 2010, government figures show. "The Australian people have every right to know exactly...who owns our most precious asset—the land we stand on, the water we use, and how many of them come from overseas," Agriculture Minister Barnaby Joyce said.

The angst over water rights in Australia comes as places

such as California, northwest India and Africa are running out of water.

A recent University of California study using data from NASA satellites found about a third of the world's 37 largest aquifers are being used at unsustainable rates. Thirteen of those are close to being depleted with little or no replenishment. Climate change and population growth are ex-

pected to intensify the problem of water shortages, creating a potential political flashpoint like what has happened with mineral or land rights around the world.

Soaring global demand for food—much of the appetite from China and India—is fueling a rush of global deal making in agriculture and water, seen by some investors as the new oil. In Australia, which ex-

Nike Runs Backward to Advance

By STEVEN RUSSOLLILLO

Nike Inc. is betting that going back in time will lead to future success.

Amid much fanfare last week, Nike unveiled its highly anticipated self-lacing sneakers, a nod to the futuristic shoes

AHEAD OF THE TAPE Marty McFly sported in the 1989 film "Back to the Future Part II." Dubbed the HyperAdapt Trainer 1.0, these new kicks, which should be available for the holidays, will have a heel sensor that adjusts the fit depending on the user. No laces needed.

Sure, these could prove little more than a novelty. Still, innovation in footwear is vital. In a difficult environment for many retailers, footwear—typically less volatile even amid adverse weather conditions—has been a driving force for Nike, accounting for more than half of the company's overall sales.



Nike reports earnings Tuesday.

With the world's biggest sportswear maker releasing fiscal third-quarter results Tuesday, how its basketball shoes and other sneakers fare will go a long way in determining the market's reaction.

Analysts estimate earnings of 48 cents a share for the period ending in February, up 9% from the same period a year ago. Revenue is expected to have risen 10% to \$8.2 billion. Nike has en-

joyed double-digit sales growth for eight quarters in a row.

Nike's "futures orders," which reflect products scheduled for delivery in coming months, also are closely watched. These rose 15% in Nike's most recent report in December, better than expected.

Despite some choppiness recently, Nike shares still have a strong track record. Up by more than one-quarter over the past year, they have surged by more than 6,000% since "Back to the Future Part II" was released.

Lacking a time machine, such gains can't be relived. But, with shares trading at 27 times projected earnings over the next 12 months, Nike's multiple is near its average over the past year and lower than that of rival **Under Armour Inc.**

Given its strong sales growth and overall consistency, Nike's flux capacitor appears to have juice left.

Email: tape@wsj.com

A Move to Central Planning

Are central banks heading back to an era of rationing money?

The question may sound daft when policy makers are pumping gushers of cash into several of the



STREETWISE JAMES MACKINTOSH

world's major economies. But as the central banks become more desperate to boost inflation and growth, they are starting to break one of the modern tenets of the profession by funneling that cash directly to what they regard as "good" uses.

The past two weeks brought interventions by the Bank of Japan and European Central Bank, which would have been unthinkable just a few years ago.

The Bank of Japan's conditions for companies to qualify for exchange-traded funds it would like to buy sound like they come from

a well-meaning government minister, not a monetary authority concerned about overall growth and inflation. Companies could qualify by offering an "improving working environment, providing child-care support, or expanding employee-training programs."

The central bank wants financiers to create a new breed of ETFs it would like to buy. The ETFs would hold only shares of companies that are increasing capital spending, expanding spending on research and development or boosting what the Bank of Japan calls "human capital." The latter means pay raises for staff, taking on more people or improving human resources.

All these are eminently reasonable things to demand of companies, especially Japanese firms. All would probably be good for the economy, too.

However, they have nothing to do with monetary policy. The basic aim of

central banks is to adjust the overall economy while leaving the market and government to decide the best use of capital, decisions that are inherently political. The problem, as Neal Soss, vice chairman of research at **Credit Suisse Group AG**, puts it, is "these are very, very challenging times for the economic orthodoxy," and if governments won't step up with an expansionary fiscal policy, central banks have little choice but to fill the gap.

To be fair, Bank of Japan Gov. Haruhiko Kuroda is hardly drawing up a Soviet-style five-year plan. Only ¥300 billion (\$2.7 billion) a year will be spent "with the aim of supporting firms that are proactively investing in physical and human capital."

The worry is that the Bank of Japan has only just begun.

"It's a massive politicization of credit: Here are the legitimate things for lend-

Please see STREET page B8

MARKETS DIGEST

Nikkei 225 Index

16724.81 Market Closed
High, low, open and close for each trading day of the past three months.



STOXX 600 Index

340.82 ▼0.89, or 0.26%
High, low, open and close for each trading day of the past three months.



S&P 500 Index

2051.60 ▲2.02, or 0.10%
High, low, open and close for each trading day of the past three months.



* P/E data based on as-reported earnings from Birinyi Associates Inc.

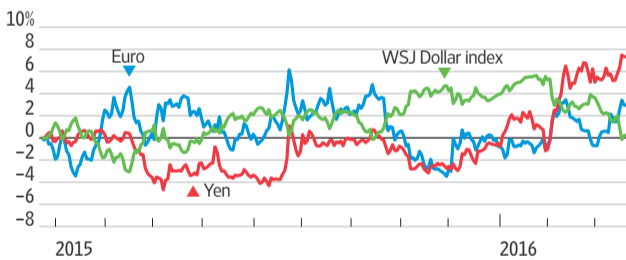
International Stock Indexes

Region/Country		Index	Close	Latest NetChg	% chg	Low	52-Week Range Close	High	YTD % chg
World	The Global Dow		2321.47	-6.22	-0.27	2033.03		2643.78	-0.6
	MSCI EAFE		1649.87	-10.63	-0.64	1471.88		1956.39	-3.9
	MSCI EM USD		829.03	2.28	0.28	691.21		1067.74	4.4
Americas	DJ Americas		491.77	0.33	0.07	433.38		525.25	0.9
	Brazil Sao Paulo Bovespa		51158.46	343.81	0.68	37046.07		58574.79	18.0
	Canada S&P/TSX Comp		13562.74	65.67	0.49	11531.22		15524.75	4.2
	Mexico IPC All-Share		45482.39	...	Closed	39256.58		46129.66	5.8
	Chile Santiago IPSA		3151.23	-0.82	-0.03	2730.24		3361.36	7.0
U.S.	DJIA		17623.87	21.57	0.12	15370.33		18351.36	1.1
	Nasdaq Composite		4808.87	13.23	0.28	4209.76		5231.94	-4.0
	S&P 500		2051.60	2.02	0.10	1810.10		2134.72	0.4
	CBOE Volatility		13.95	-0.07	-0.50	10.88		53.29	-23.4
EMEA	Stoxx Europe 600		340.82	-0.89	-0.26	303.58		414.06	-6.8
	Stoxx Europe 50		2833.31	-3.73	-0.13	2556.96		3602.76	-8.6
	Austria ATX		2298.77	-18.03	-0.78	1929.73		2695.57	-4.1
	Belgium Bel-20		3419.14	-0.91	-0.03	3117.61		3910.33	-7.6
	France CAC 40		4427.80	-34.71	-0.78	3892.46		5283.71	-4.5
	Germany DAX		9948.64	-2.16	-0.02	8699.29		12390.75	-7.4
	Greece ATG		541.70	-6.88	-1.25	420.82		857.92	-14.2
	Hungary BUX		25832.37	-106.28	-0.41	19131.85		26386.87	8.0
	Israel Tel Aviv		1485.32	0.29	0.02	1383.34		1728.89	-2.8
	Italy FTSE MIB		18696.93	85.59	0.46	15773.00		24157.39	-12.7
	Netherlands AEX		443.83	-0.96	-0.22	378.53		510.55	0.5
	Poland WIG		48051.62	-159.83	-0.33	41747.01		57460.44	3.4
	Russia RTS Index		883.60	-1.53	-0.17	607.14		1092.52	16.7
	Spain IBEX 35		9021.00	-30.10	-0.33	7746.30		11884.60	-5.5
	Sweden SX All Share		482.31	-2.89	-0.59	432.78		564.90	-4.5
Asia-Pacific	Stoxx Europe 600		7849.57	35.89	0.46	7425.05		9537.90	-11.0
	South Africa Johannesburg All Share		53824.28	...	Closed	45975.78		53535.12	6.2
	Turkey BIST 100		83402.73	459.29	0.55	68230.47		88651.88	16.3
	U.K. FTSE 100		6184.58	-5.06	-0.08	5499.51		7122.74	-0.9
	DJ Asia-Pacific TSM		1354.66	-1.65	-0.12	1188.42		1621.10	-2.5
	Australia S&P/ASX 200		5166.60	-16.50	-0.32	4765.30		5982.70	-2.4
	China Shanghai Composite		3018.80	63.65	2.15	2655.66		5166.35	-14.7
	Hong Kong Hang Seng		20684.15	12.52	0.06	18319.58		28442.75	-5.6
	India S&P BSE Sensex		25285.37	332.63	1.33	22951.83		29044.44	-3.2
	Japan Nikkei Stock Avg		16724.81	...	Closed	14952.61		20868.03	-12.1
	Singapore Straits Times		2880.69	-26.11	-0.90	2532.70		3539.95	-0.1
	South Korea Kospi		1989.76	-2.36	-0.12	1829.81		2173.41	1.5
	Taiwan Weighted		8812.70	1.99	0.02	7410.34		9973.12	5.7

Source: SIX Financial Information;WSJ Market Data Group

Currencies

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Country/currency	Mon in US\$	per US\$	US\$ vs. YTD chg (%)
Americas			
Argentina peso-a	0.0690	14.5000	12.1
Brazil real	0.2774	3.6049	-9.0
Canada dollar	0.7656	1.3063	-5.6
Chile peso	0.001479	676.00	-4.6
Colombia peso	0.0003254	3073.45	-3.2
Ecuador US dollar-f	1	1	unch
Mexico peso-a	0.0575	17.3859	1.1
Peru sol	0.2953	3.3865	-0.8
Uruguay peso-e	0.0311	32.200	7.7
Venezuela bolivar	0.158595	6.31	0.005
Asia-Pacific			
Australia dollar	0.7594	1.3168	-4.0
China yuan	0.1543	6.4827	-0.2

London close on March 21

Country/currency	Mon in US\$	per US\$	US\$ vs. YTD chg (%)
Europe			
Bulgaria lev	0.5757	1.7371	-3.5
Croatia kuna	0.1494	6.695	-4.5
Euro zone euro	1.1251	0.8888	-3.5
Czech Rep. koruna-b	0.0416	24.025	-3.5
Hungary forint	0.1509	6.6257	-3.6
Denmark krone	0.003617	276.49	-4.8
Iceland krona	0.008005	124.92	-4.0
Norway krone	0.1190	8.4042	-5.0
Poland zloty	0.2642	3.7857	-3.5
Russia ruble-d	0.01473	67.888	-5.6
Sweden krona	0.1216	8.2242	-2.6
Switzerland franc	1.0320	0.9690	-3.3
Turkey lira	0.3496	2.8604	-2.0
Ukraine hryvnia	0.0376	26.5970	10.8
U.K. pound	1.4393	0.6948	2.4
Middle East/Africa			
Bahrain dinar	2.6522	0.3770	-0.02
Egypt pound-a	0.1126	8.8810	13.4
Israel shekel	0.2597	3.8511	-1.1
Kuwait dinar	3.3227	0.3010	-0.8
Oman rial	2.5974	0.3850	0.01
Qatar rial	0.2746	3.642	-0.03
Saudi Arabia riyal	0.2667	3.7502	-0.1
South Africa rand	0.0659	15.1631	-2.0
WSJ Dollar Index			
	87.03	0.11	13.349

Sources: Tullett Prebon;WSJ Market Data Group

Global government bonds








Latest, month-ago and year-ago yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds around the world. Data as of 3 p.m. ET

Country/		Spread Over Treasury, in basis points										
Coupon	Maturity, in years	Yield	Latest	Previous	Month Ago	Year ago	Previous	Yield	Month ago	Year ago		
5.500	Australia	2	1.947	108.3	110.9	108.0	119.3	1.948	1.826	1.778		
4.250		10	2.575	65.4	68.5	69.1	46.1	2.563	2.440	2.393		
3.500	Belgium	2	-0.423	-128.7	-125.5	-117.1	-74.1	-0.415	-0.425	-0.156		
0.800		10	0.473	-144.8	-141.3	-120.5	-161.6	0.465	0.544	0.316		
4.250	France	2	-0.414	-127.7	-124.7	-115.0	-74.7	-0.408	-0.404	-0.162		
0.500		10	0.570	-135.1	-131.5	-118.4	-149.6	0.563	0.565	0.436		
0.500	Germany	2	-0.474	-133.8	-131.2	-126.8	-81.7	-0.473	-0.522	-0.232		
0.500		10	0.236	-168.5	-166.4	-154.2	-177.7	0.214	0.207	0.155		
4.500	Italy	2	0.001	-86.3	-83.4	-68.4	-40.1	0.005	0.062	0.184		
2.000		10	1.259	-66.2	-60.2	-18.4	-75.1	1.276	1.565	1.182		
0.100	Japan	2	-0.212	-107.6	-105.1	-95.6	-57.7	-0.212	-0.210	0.009		
0.100		10	-0.092	-201.3	-196.9	-174.0	-160.8	-0.092	0.009	0.324		
0.500	Netherlands	2	-0.488	-135.2	-132.8	-123.7	-78.2	-0.488	-0.491	-0.196		
0.250		10	0.323	-159.8	-156.2	-140.6	-166.5	0.316	0.344	0.267		
4.350	Portugal	2	0.301	-56.3	-55.5	5.4	-52.6	0.284	0.800	0.060		
2.875		10	2.750	82.9	86.3	151.6	-28.8	2.741	3.266	1.645		
4.500	Spain	2	0.027	-83.7	-80.0	-68.4	-45.5	0.040	0.062	0.131		
2.150		10	1.441	-48.0	-43.7	-4.4	-75.8	1.440	1.706	1.174		
3.750	Sweden	2	-0.645	-150.9	-146.8	-135.3	-90.2	-0.629	-0.607	-0.317		
2.500		10	0.547	-137.4	-132.8	-124.5	-151.6	0.549	0.504	0.416		
1.250	U.K.	2	0.497	-36.7	-36.9	-39.4	-4.8	0.471	0.352	0.537		
2.000		10	1.481	-44.0	-42.6	-33.1	-39.2	1.452	1.419	1.540		
0.750	U.S.	2	0.864	...	...	...	...	0.839	0.746	0.585		
1.625		10	1.921	...	...	...	...	1.878	1.749	1.932		

Commodities

Prices of futures contracts with the most open interest 3:30 p.m. New York time

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **ICE-US:** ICE Futures U.S.; **MDX:** Bursa Malaysia Derivatives Berhad; **TCE:** Tokyo Commodity Exchange; **COMEX:** Commodity Exchange; **LME:** London Metal Exchange; **NYMEX:** New York Mercantile Exchange; **ICE-EU:** ICE Futures Europe. * Data as of 3/18/2016

	Commodity	Exchange	Last price	Net	One-Day Change Percentage	Year high	Year low
	Corn (cents/bu.)	CBOT	369.25	2.25	<div><div></div></div> 0.61%	378.25	354.25
	Soybeans (cents/bu.)	CBOT	901.75	4.25	<div><div></div></div> 0.47	905.00	856.00
	Wheat (cents/bu.)	CBOT	466.00	3.00	<div><div></div></div> 0.65	493.50	442.25
	Live cattle (cents/lb.)	CME	127.725	-1.375	<div><div></div></div> -1.07%	131.350	118.775
	Cocoa (\$/ton)	ICE-US	3,081	-37	<div><div></div></div> -1.19	3,215	2,738
	Coffee (cents/lb.)	ICE-US	131.30	-3.00	<div><div></div></div> -2.23	135.00	113.35
	Sugar (cents/lb.)	ICE-US	16.30	0.33	<div><div></div></div> 2.07	16.32	12.61
	Cotton (cents/lb.)	ICE-US	58.13	0.97	<div><div></div></div> 1.70	64.30	54.53
	Robusta coffee (\$/ton)	ICE-EU	1473.00	-9.00	<div><div></div></div> -0.61	1,568.00	1,342.00
	Copper (\$/lb.)	COMEX	2.2870	0.0045	<div><div></div></div> 0.20	2.3235	1.9440
	Gold (\$/troy oz.)	COMEX	1244.70	-9.60	<div><div></div></div> -0.77	1,287.80	1,061.90
	Silver (\$/troy oz.)	COMEX	15.860	0.049	<div><div></div></div> 0.31	16.170	13.760
	Aluminum (\$/mt)*	LME	1,519.50	-5.50	<div><div></div></div> -0.36	1,588.50	1,451.50
	Tin (\$/mt)*	LME	17,020.00	120.00	<div><div></div></div> 0.71	17,225.00	13,225.00
	Copper (\$/mt)*	LME	5,070.50	55.00	<div><div></div></div> 1.10	5,070.50	4,320.50
	Lead (\$/mt)*	LME	1,826.00	11.00	<div><div></div></div> 0.61	1,888.00	1,598.00
	Zinc (\$/mt)*	LME	1,851.50	51.50	<div><div></div></div> 2.86	1,851.50	1,467.00
	Nickel (\$/mt)*	LME	8,915.00	215.00	<div><div></div></div> 2.47	9,400.00	7,750.00
	Rubber (Y.01/ton)	TCE	176.30	-2.60	<div><div></div></div> -1.45	180.00	154.10
	Palm oil (MYR/mt)	MDX	2684.00	5.00	<div><div></div></div> 0.19	2,706.00	2,419.00
	Crude oil (\$/bbl.)	NYMEX	41.66	0.52	<div><div></div></div> 1.26	42.49	29.85
	NY Harbor ULSD (\$/gal)	NYMEX	1.2534	0.0041	<div><div></div></div> 0.33	1.2840	0.8950
	RBOB gasoline (\$/gal)	NYMEX	1.4930	0.0321	<div><div></div></div> 2.20	1.5782	1.1488
	Natural gas (\$/mmBtu)	NYMEX	1.889	-0.100	<div><div></div></div> -5.03	2.5490	1.7310
	Brent crude (\$/bbl.)	ICE-EU	42.35	0.49	<div><div></div></div> 1.17	43.10	29.31
	Gas oil (\$/ton)	ICE-EU	375.00	-3.00	<div><div></div></div> -0.79	384.00	266.50

MONEY & INVESTING

U.S. Stocks Gain, but Market Cools Off

By RIVA GOLD
AND CORRIE DRIEBUSCH

U.S. stocks edged up Monday, but their recent rally cooled as investors declined to make big bets at the start of a holiday-shortened week.

The slow trading day came after Wall Street gained for a fifth consecutive week. A dovish Federal Reserve statement last week helped send major U.S. indexes back into positive territory for 2016 after steep losses at the start of the year.

Now, investors are assessing whether the rally has further room to go amid lingering concerns about slowing global growth, volatility in oil prices and lackluster corporate-earnings projections.

“As much as we’ve rallied a

long way since February, a lot of people still feel very nervous about the recovery,” said Alex Dryden, global market strategist at J.P. Morgan Asset Management.

Traders said they don’t expect any wild directional changes for stocks this week. Earnings season is essentially over, there are few significant economic data releases and many stock markets around the globe are closed on Friday in observance of the Good Friday holiday.

On Monday, the Dow Jones Industrial Average rose 21.57 points, or 0.1%, to 17623.87. The S&P 500 edged up 0.1%, while the Nasdaq Composite gained 0.3%.

After falling about 10% from the start of the year to mid-February, both the Dow industrials and the S&P 500 are now up year to date. The CBOE Vol-



Citic Securities rose by the 10% limit as China brokers surged.

atility Index, often referred to as the stock market’s fear gauge, closed at its lowest level since August on Friday and is down 31% so far this month through Friday.

Among shares rising on

Monday, **Valeant Pharmaceuticals International** climbed 7.4% after it said it has named William Ackman to its board and begun a search for a new chief executive to succeed Michael Pearson. The drug maker

also acknowledged improper conduct by its top financial officers.

Information provider **IHS** and market-data firm **Markit** announced a plan to merge, joining a wave of so-called inversion deals. IHS gained 8.9% and Markit climbed 13% by late afternoon.

Starwood Hotels & Resorts said it agreed to a sweetened \$13.6 billion deal from **Marriott International**. Starwood gained 4.5%, while Marriott dropped 1.3%.

Shares of social-media company **Twitter** slipped 0.2% as the company celebrated its 10-year anniversary. Since going public in November 2013, Twitter’s stock has fallen 36%, posting the majority of that decline in 2016.

U.S.-traded crude oil rose 1.2% to \$39.91 a barrel.

While commodities prices

have stabilized in the past few weeks and economic data have improved, equity markets remain sensitive to fluctuations in the oil price if volatility returns, Mr. Dryden said, noting gold prices have continued to rise, underscoring investors’ caution.

The Stoxx Europe 600 dropped 0.3% to 340.82 after gaining more than 4% over the past month.

Shanghai shares rose for a seventh straight session, led by brokerages, after a state lender tasked with providing funds to brokerages for margin finance moved to encourage investors to buy stocks using borrowed money. The Shanghai Composite ended 2.2% higher. **Citic Securities**, China’s biggest broker, was up by the 10% daily limit. Markets in Japan were closed for a holiday.

Hot Investment Is Losing Allure

By KIRSTEN GRIND
AND JEAN EAGLESHAM

An obscure Wall Street product popular in the easy-money years after the financial crisis is starting to show some cracks.

Investors who poured \$22 billion into funds called nontraded business-development companies are now pulling out record sums as the value of those investments flags, according to a review of public filings done for The Wall Street Journal.

The funds carry a number of risks that haven’t provided much of a deterrent to investors reaching for yield amid record-low interest rates. They are built out of loans to small and medium-size companies with less-than-stellar credit, are less transparent than regular mutual funds, typically make investors pay upfront fees of at least 10% and only accept withdrawal requests once a quarter.

Investors pulled \$47.3 million out of nontraded BDCs in the third quarter of 2015, up from \$25.7 million in the second quarter, according to an analysis by Summit Real Estate Advisory Services.

Performance has been slipping, too. Across the industry, the value of the funds’ assets at the end of September was on average 16% lower than their initial offering price to investors, according to a separate analysis by investment-banking firm Robert A. Stanger & Co. Only one of the 13 nontraded BDCs tracked by Stanger has outperformed the

Merrill Lynch U.S. High Yield bond index since its inception.

The performance figures, which go through the third quarter of 2015, are the most recent publicly available.

Nontraded BDCs were part of a fast-growing class of alternative, high-commission investments sold to individual investors in recent years. Marketing materials promised steady dividends, yields as high as 8% and a haven from volatile markets, according to fund documents and executives.

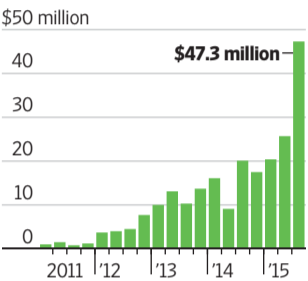
The fees, though, exceed those of most products pitched to retail investors. One nontraded BDC said in its disclosures that its 10% sales load and likely 2% offering expenses mean only \$88 of every \$100 of shares bought “will actually be invested in us...you would have to experience a total return on your investment of between 14% and 18% in order to recover these expenses.”

A new rule going into effect next month from the Financial Industry Regulatory Authority, which oversees brokers, is designed to give investors a clearer picture of the impact of fees. At least one nontraded BDC has already cut its upfront commission in response.

Meanwhile, Wall Street continues to push the products. The industry’s trade association is lobbying in Washington. The largest provider, Philadelphia-based **Franklin Square Capital Partners**, recently threw a fundraiser for Democratic presidential candidate Hillary Clinton featuring Jon Bon Jovi, according to people in attendance. The firm has

Getting Out

Investors are pulling record sums from so-called nontraded business-development companies.



Source: Summit Real Estate Advisory Services

thrown similar events for Republican politicians, these people said.

Paul Mathews, Finra’s vice president for corporate financing, said the products are an “ongoing concern” for the regulator and that “firms must ensure they are suitable for an investor’s risk profile and investment strategy.”

Stanger said nontraded BDCs raised \$341 million in January and February, the most recent data available, down about 48% from about \$660 million in the same two months of last year.

Supporters say BDCs play an increasingly important role in the economy by lending to businesses that otherwise couldn’t find funding.

Big financial firms such as **Credit Suisse Group** AG and **KKR & Co.** also have launched or supported such funds through partnerships.

Generally, the issuers say the funds are suffering from pressures affecting many investments: volatility in the markets, particularly for junk-rated debt.

The U.S. junk-bond market has returned 3.13% this year through Thursday following a 4.5% decline in 2015.

A spokesman for Credit Suisse declined to comment.

A spokesman for Franklin Square cited the “volatile market” in a statement, adding that the firm has been experiencing “solid net inflows into our funds and redemptions remain at a very low level.”

KKR, which backs Corporate Capital Trust, one of the larger nontraded BDCs, announced the launch of a second fund earlier this month. “Amid the current market volatility, we believe we will continue to see a broad set of investment opportunities in private U.S. companies,” the company said in a statement at the time.

alongside French President François Hollande and Environment Minister Ségolène Royal, began his career with the Finance Ministry. He joined AXA in 1989 and became CEO in May 2000 after serving as vice president for the group’s asset-management, financial and real-estate businesses.

—Margot Patrick contributed to this article.



The Financial Industry Regulatory Authority oversees brokers.

AXA

Continued from page B5
ever, that the timing was coincidental.

“There is no link between the fact that I’m announcing today my departure from AXA and the fact that HSBC has started a process to renew its top management team,” he

said.

The Sunday Times reported that he is favored to replace Douglas Flint as HSBC chairman. Mr. de Castries joined HSBC’s board on March 1.

HSBC hasn’t made a decision on its next chairman, according to a person familiar with the matter.

Mr. de Castries, who graduated from Ecole Nationale d’Administration in 1980

lyst said in a recent report into water use in Victoria state. Water ownership not linked to land has remained largely stable in northern Victoria between 5% and 7% since 2010, he said.

One way foreign investors gain exposure to water is by buying up farmland with water on it.

TIAA, a \$900 billion New York-based retirement fund for many university professors, says roughly half its Australia farm investments have

water entitlements, including Milo Farm in northern New South Wales, which produces cotton, wheat and sorghum across more than 21,000 acres and has over 26,000 mega liters of water.

“One of the primary ways we try to invest in water is by being smart about which farmland we buy and making sure we’ve got good water rights,” said John Goodreds, TIAA’s head of agribusiness. “That’s a very valuable subset under agriculture.”

A Lift for China Margin Trading

By SHEN HONG

SHANGHAI—China has moved quietly to encourage investors to buy stocks using borrowed money in an effort to push a nascent stock-market recovery into a stronger rally, following last summer’s market meltdown.

China Securities Finance Corp., a state lender that provides funds to brokerages for margin finance, which allows investors to borrow cash for stock purchases, resumed offering several short-dated loans and cut the interest rate it charges on a longer-dated one.

The company published its latest interest rates for these loans on its official website on Friday.

Among them, interest rates on the seven-, 14-, 28- and 91-day loans hadn’t been published since August 2014, according to records on the company’s website. The company also has reduced the interest rate on the 182-day loan to 3% from 4.8%.

Shareholders of China Securities Finance, which was es-

tablished in 2011, include the nation’s major stock and futures exchanges as well as its clearing agency.

The lender came into the spotlight during last summer’s stock-market crash when Beijing appointed it as the main vehicle for a huge bailout exercise, which continues.

Investors say the latest move is a sign that Beijing is endorsing recent gains in the stock market. The Shanghai Composite Index rallied for a seventh consecutive session on Monday, gaining 2.2%, after rising 5.4% over six sessions through Friday.

Shares of brokerages, which would be the biggest beneficiaries of a relaxed policy on margin financing, led Monday’s gains as some hit their 10% upper daily trading limit. “The move has injected confidence among investors as it is a signal that the authorities think the market has more or less stabilized after the sharp swings earlier in the year,” said Shen Zhengyang, analyst at Northeast Securities.

The relaxation came after

China’s outstanding margin loans dropped to about 847.4 billion yuan (\$130.9 billion) as of March 18, down from a peak of more than two trillion yuan in May, right before the summer market crash, according to Wind Information.

Analysts said that the way the latest move on margin lending was communicated suggests Beijing is wary about pushing too hard.

According to local media reports over the weekend, China Securities Finance published a detailed statement on the loans and the reduction of relevant interest rates. However, the statement couldn’t be found on the lender’s website Monday morning, even though computer screenshots of the document had been widely circulated on the Internet.

An official from China Securities Finance wouldn’t comment on the matter.

In contrast, the lender published a full-text statement on its website when it lowered the interest rate on its 182-day loan in August 2014.

—Yifan Xie contributed to this article.

YUAN

Continued from page B5

vention. In recent months, senior Chinese officials have made efforts to communicate more openly. At both the World Economic Forum in Davos in January and at a Group of 20 meeting in Shanghai last month, senior officials offered public reassurances about China’s economy. On the sidelines of China’s just-concluded annual legislative session, senior officials gave one news conference after another, touting the stability of the yuan and the government’s ability to manage the economy.

But while economists and China’s trading partners have welcomed the messaging offensive, it has also left many calling for more-specific actions. “Transparency is more than press conferences,” Ben Bernanke, the former U.S. Federal Reserve chairman, wrote in a blog post for the Brookings Institution earlier this month. For China to fulfill its potential as a global economic leader, Mr. Bernanke wrote, it needs to be clearer about its data as well as its rules and policies.

Many analysts and investors have grown increasingly frustrated over Beijing’s attempt to censor news coverage and information online.

Chi Lo, China economist at BNP Paribas Investment Partners, the asset-management arm of the Paris-based bank, said “transparency is also about being predictable and making data more readily accessible by the public.”

Crossing the Border

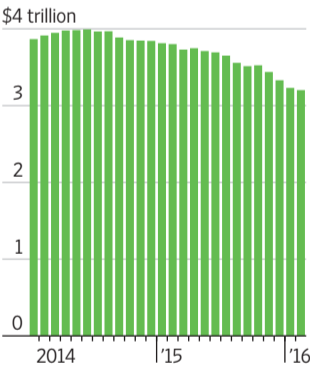
China’s efforts to prop up the yuan have taken a toll on its foreign-exchange reserves.

How many yuan one dollar buys



Sources: Thomson Reuters (yuan); Wind Info (reserves)

Foreign-exchange reserves, in trillions of dollars



THE WALL STREET JOURNAL.

Chinese journalists privately complain that they are no longer encouraged to do investigative reporting that would expose the country’s mounting economic challenges and are instead told to focus on “positive news.”

The data being sought by the IMF concern the total holdings of forwards and futures by the PBOC, according to the people. Such data reflect future claims to a country’s foreign-exchange reserves. Many of the world’s central banks, including those of Thailand, Malaysia and India, have frequently disclosed this data to the fund.

The IMF decided in late November to add the yuan to its elite basket of reserve currencies, which also includes the dollar, the euro, the yen and the pound. The Chinese central bank started to report some of its derivatives holdings to the fund in December, but the data so far haven’t

represented China’s total positions.

Some market participants estimate that China’s current holdings of forwards range between \$150 billion and \$300 billion, as the central bank has stepped up the use of such stealth intervention to support the yuan in recent months.

Illustrating how the complex trades reduce—or at least delay—the hit to China’s foreign-exchange reserves, the erosion of China’s currency pile significantly slowed in February, dropping by \$28.57 billion, to \$3.2 trillion. That compared with a plunge of \$99.5 billion in January.

The yuan fell Monday after the central bank guided it lower. China’s top central banker, Zhou Xiaochuan, said at an economic forum on Sunday that China was targeting a “managed float” of the yuan, suggesting the PBOC will continue to intervene in currency markets.

WATER

Continued from page B5
and hurting rural communities that rely on irrigation.

Some say concerns about investors forcing up water prices are overblown, however. “While there have been concerns in the community that water speculators are driving up prices, this does not appear to be currently the case,” Tim Cummins, a water-market ana-

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FUND NAME	NAV	GF	AT	LB	DATE	CR	NAV	—%RETURN—
								YTD 12-MO 2-YR
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ECB Bond Buys Have Wider Effect

The **European Central Bank's** surprise decision to start buying corporate bonds has made a splash, buoying prices and helping to spur a surge in issuance. But the side effects of the ECB's plan might be as important as the direct impact.

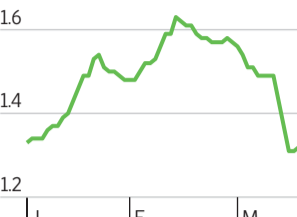
Credit markets already had been recovering after a turbulent start to the year, but the ECB's buying plan has accelerated the process. Corporate borrowing costs have fallen: the gap between investment-grade euro corporate and government bond yields is now back to the level seen at the start of the year. Last week also brought the biggest euro-denominated bond issue on record, a €13.25 billion (\$14.93 billion) sale by global drinks giant **Anheuser-Busch InBev**.

The ECB can't take all the credit for AB InBev's success. The deal, part of a major refinancing package, already was in the pipeline and always was likely to appeal to buyers. But the ECB certainly provided a helpful tailwind and encouraged risk appe-

Starting Again

Yield spread between euro corporate and government bonds

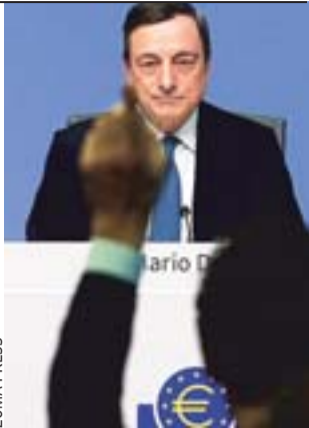
1.8 percentage points



Source: Bank of America Merrill Lynch
THE WALL STREET JOURNAL.

tite. Of the more than €31 billion of orders placed, around half were for the longer-dated 12- and 20-year bonds on offer.

The more subtle effects of the ECB's plan are more interesting. The refreshing effect it is having on issuance is also a tonic for existing bonds. Liquidity in the secondary market for corporate bonds has been blighted by new regulations that constrain banks' ability to make



European Central Bank President Mario Draghi

markets. That can lead to mispricing. But a busy primary market provides a steady stream of price signals to investors. A better-functioning market is valuable in itself: When issuance is sluggish—as it was earlier this year—the market becomes more vulnerable to volatile swings in prices.

Second, overall tighter spreads between corporate and government-bond yields may send a reassuring mes-

sage to other market participants, especially equity investors. Credit spreads reflect a blend of factors including issuer-specific risk, market liquidity and overall economic volatility. If investors grow more concerned about any of these factors, they demand a wider spread in compensation.

ECB buying can't do much about individual company risk. It is boosting liquidity in the short term, although some fear sizable purchases will hamper it over time. And the ECB clearly can suppress fears about wider economic volatility. One of the more powerful ways central-bank policy has worked in recent years is through this channel.

Of course, these benefits also bear risks. Still, for a policy on which the ECB has yet to spend a single cent, the effects are significant. The focus for equity markets appears still to be on movements in the euro. It is credit-market signals that are looking more powerful.

—Richard Barley

OVERHEARD

Foreign investors in India's bond market should beware of a squeeze. After shedding holdings earlier this year, investors have in recent days begun snapping up Indian bonds. They are being attracted by the prospect of the Reserve Bank of India cutting interest rates by 0.25 percentage point on April 5, thanks to signs of easing inflation and prudent fiscal policy. But they need to consider another factor: a cash crunch.

Banks are complaining of an acute cash shortage in Indian money markets. The likely cause is capital flows into India, which are slowing as India fails to speed up reforms. Exacerbating the crunch is a tightfisted government that is stockpiling cash. That is one reason why, despite 1.25 percentage points of RBI rate cuts since early 2015, the yield on 10-year government bonds has fallen only 0.39 percentage points.

Until India's central bank finds lasting ways to keep up liquidity, bond investments will look more uncertain.

Markit Sells Itself Short In IHS Deal

It truly is the information age in finance and another deal Monday showed why.

IHS and **Markit** agreed to a \$13 billion all-share tie-up that will unite the former's energy and industrial data with the latter's debt, derivatives and economic data.

IHS is doing better out of this deal than Markit's shareholders. It also could be an opportunity lost for a company like **Intercontinental Exchange**. The prize is to supply more of the data demanded by banks, investors and traders in financial markets and to use IHS's data for indexes to back new passive investment products.

This same thirst for information is part of the rationale for **Deutsche Börse's** planned merger with **London Stock Exchange**.

The IHS-Markit deal will give the former's shareholders 57% of the combined group. The terms valued Markit stock at \$31.13 as of IHS's close on Friday, only a 5.6% premium to Markit's close on Friday. Cost synergies of \$125 million are worth more than that small premium to Markit shareholders if taxed, capitalized and split between the two.

A London headquarters means potential long-term tax savings, too. But the companies insisted the deal wouldn't attract tax objections in part because the tie-up is more equal than other so-called inversion deals.

Markit's investors might hope for a bigger premium if another bidder could be drawn out, but hefty breakup fees of 3.5% of each company's market capitalization could act as a deterrent. Markit's deal doesn't make the most of being in one of the hottest games in town.

—Paul J. Davies

Telecom Italia's Leadership Change Raises More Questions

The market's verdict on Marco Patuano's 2½-year reign at **Telecom Italia** was unambiguous.

Shares in the Italian telecom incumbent rose 3% Monday when it confirmed that the chief executive had resigned. The hope is that a new boss, under the tutelage of leading shareholder **Vivendi**, can finally consign the company's reputation for underperformance to history.

But investors shouldn't expect a quick fix. Playing second fiddle to Vincent Bolloré, Vivendi's billionaire chairman, also requires a taste for opaque strategic maneuvers.

Mr. Patuano's new strat-

egy, unveiled last month, involved €12 billion (\$13.5 billion) of infrastructure investment over three years, €2 billion more than expected. That reduced projected free cash flows below zero, says Jonathan Dann, an analyst at Royal Bank of Canada. All else being equal, Telecom Italia's €27 billion debt pile would rise.

The company's performance has remained poor even as the Italian economy has staged a recovery. Earnings before interest, taxes, depreciation and amortization last year were 18% lower than in 2014. The fixed-line business was particularly weak. The challenge is to

turn around the Italian business without overinvesting.

One approach should be to foster better relations with the government. It is odd that Telecom Italia hasn't benefited as much as other European incumbents from public subsidies for rural broadband connections, for example. The government appears to prefer working through **Metroweb**, a much smaller company that is building a rival network.

Cutting costs also will be crucial. The company has only just started to get a handle on excessive staffing, having spent €429 million last year on provisions for redundancy packages.

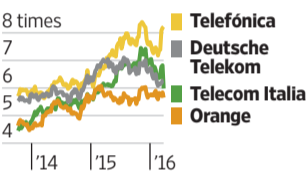
A big hope is that Mr. Patuano's departure will pave the way for a sale of Telecom Italia's Brazilian arm TIM. The departing CEO had consistently said it was a "strategic asset". Vivendi, meanwhile, sold its Brazilian broadband unit last year to Spain's **Telefónica**.

Whoever takes the reins, a deal can't be expected soon. The most obvious buyer, Oi, is in the midst of its own restructuring.

Mr. Bolloré has established a pattern of building small stakes, replacing bosses and pushing new strategies. Buying Telecom Italia shares is a bet on his business nous.

Phoney War

Enterprise value/Ebitda*



*Earnings before interest, taxes, depreciation and amortization
Source: FactSet
THE WALL STREET JOURNAL.

This may be sound, but it also is notoriously single-minded and quixotic. Minority shareholders that value transparency or want a say should stay clear.

—Stephen Wilmot

MONEY & INVESTING

The Worst Investment Advice? 'Just Trust Your Gut'

With U.S. stocks surging last week and breaking into the black for 2016, remember: What you expect the stock market to do next is shaped largely by what it just did.



THE INTELLIGENT INVESTOR
JASON ZWEIF

Earlier this year, when stocks lost 5% in January and were down 10.5% at their worst, individual investors were the most pessimistic they had been since March 2013, according to surveys conducted by the Yale School of Management.

And if history is any guide, the mood of investors already is lifting in lock step with stock prices. The more stocks go up and the faster

they rise, the more likely you become to expect more of the same. And when they go down, your expectations fall with them. Investors are often told not to get caught up in other people's emotions—but it at least is as important not to get swept away by your own.

New research hammers that point home. Finance professors William Goetzmann and Robert Shiller of Yale, along with Dasol Kim of Case Western Reserve University, have analyzed the Yale surveys and found that investors' forecasts regularly look more like aftercasts—simple projections of the recent past into the future.

Prof. Shiller, who won a Nobel Prize in economics in 2013, has been surveying investors about their expectations since 1989.

You can ask yourself one

of the key questions: What are the odds of a one-day crash of at least 12% in the U.S. stock market over the next six months?

You probably answered at least 10%—even though that is roughly 10 times the likely chance of a disastrous daily crash in the coming six months, based on the historical record. (The 87 years from 1929 through 2015 consisted of 174 six-month periods. But, with only two single-day crashes of at least 12% over that span, such declines occurred in just over 1% of the half-year periods.)

Remarkably, professional investors exaggerate the odds almost as badly as individual investors do. Over time, both groups overall have tended to put the odds of a crash at around 20%, with the institutional investors' estimates ranging only

about one to three percentage points below that.

Dates like Oct. 28, 1929, and Oct. 19, 1987, when the Dow Jones Industrial Average fell 13% and 23% respectively, can "evoke a sense of doom," says Prof. Goetzmann of Yale. "Crashes have a remarkably long life in the public imagination."

The Yale surveys also track the percentage of people who think the probability of a stock-market crash over the ensuing six months is less than 10%. Naturally, investors tend to be complacent when they should be worried and afraid when they should be optimistic. From 2006 through mid-2008, as many as 58% of financial professionals thought the chances of an imminent crash were nil. Right on cue, the worst bear market in a generation be-

gan shortly thereafter. Institutional investors then turned maximally pessimistic in February 2009, just before a new bull market took off.

Individuals are no better, of course. As an investor in Nasdaq technology stocks wrote in one of the Yale surveys, "The market today is not comparable to Oct. 19, 1987. WHOLE DIFFERENT WORLD." That was on March 10, 2000, the day the Nasdaq bubble peaked.

No wonder the great analyst Benjamin Graham wrote in his book "The Intelligent Investor," after which this column is named: "The investor's chief problem—and even his worst enemy—is likely to be himself."

To be a true contrarian investor, remember you have to act contrary to what others are doing—but also to what you feel like doing.

STREET

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ing, and here are the illegitimate things," said Russell Napier, an independent strategist and author of "Anatomy of the Bear," a study of 70,000 Wall Street Journal articles during major bear markets. "It's capitalism with Chinese characteristics."

Consider the ECB. It plans to pay banks to borrow from it for up to four years so long as they use the money to help the "real" economy, meaning that they don't simply pump up the housing markets by offering more mortgage finance. It has carried out targeted longer-term refinancing operations before, but in the past charged the banks the same rate as for standard weekly loans. This time it will cut the interest rate to as low as minus 0.4%, if the banks lend more to the real economy than a benchmark amount linked to their recent loans.

The tension between central banks and the market is

real. Policy makers have been trying to push households and companies to consume more and take more risk by lowering rates, making saving less appealing and pushing investors into riskier assets.

Even so, policy makers tried to leave the details of capital allocation to the markets, with most intervention in "safe" government debt.

But the global mind-set remains one of caution. Investors pushed out of government bonds have bought corporate bonds and the least-risky shares with the most reliable dividends, ones that look most like bonds. In turn, shareholders have pushed executives to avoid investing in new assets and either return cash via buybacks or bid up the price of existing assets.

"The market would much rather companies take the ECB's cheap money and use it to buy each other," said Robert Buckland, an equity strategist at **Citigroup** Inc.

For the past seven years, the correct bet has been that the central banks will fail to

stimulate the economy. Shares of companies with solid dividends and strong balance sheets have beaten the wider market, along with those that restricted investment and boosted buybacks.

There is no sign that central banks are giving up. Last week, both Mr. Kuroda and ECB chief economist Peter Praet insisted their interest rates could go even more negative. One company, at least, already is preparing. German reinsurer **Munich Re** said it plans to store more than €10 million (\$11.3 million) of physical bank notes in vaults to test the feasibility of avoiding negative rates.

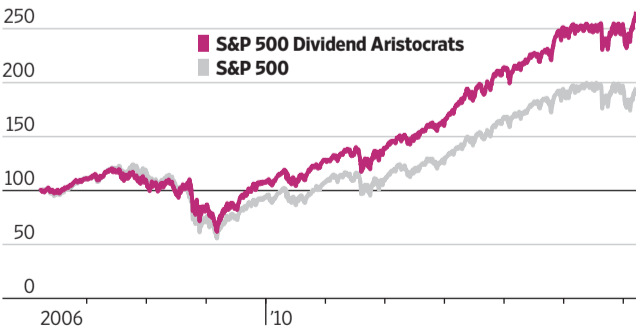
The more speculators, consumers and corporate executives try to minimize the impact of central-bank policies, the more policy makers will channel money directly to the uses they want.

We aren't turning into the U.S.S.R., but central banks are less committed than they used to be to the free-market capitalism that has prevailed since the 1980s. Investors betting that central banks will fail should beware.

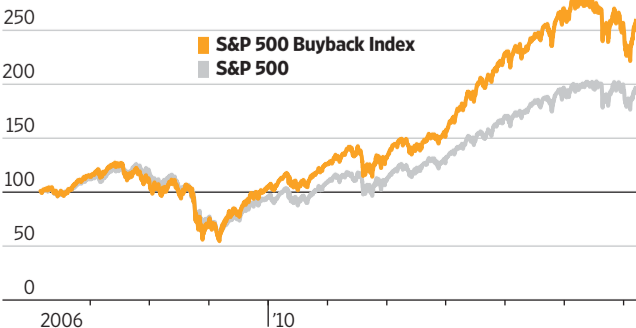
Cautious Allocation

Investors have done well by focusing on shares that look most like bonds, with steady dividends or a policy of returning spare cash.

Total return indexes rebased*



Total return indexes rebased*



*Through Friday Sources: FactSet (Aristocrats, S&P 500); S&P Dow Jones Indices LLC (Buyback, S&P 500)

THE WALL STREET JOURNAL.

Swedbank Financial Officer to Step Down

By CHARLES DUXBURY
AND DOMINIC CHOPPING

STOCKHOLM—**Swedbank** AB Chief Financial Officer Goran Bronner will step down, becoming the third senior figure to leave the Nordic lender after property investments made by Mr. Bronner and a colleague raised questions about conflicts of interest.

Mr. Bronner's departure, set for July 18, follows that of Chief Executive Officer Michael Wolf and Magnus Gagner-Geer, who headed the division of the bank dealing with large companies.

Mr. Bronner is to be replaced by Anders Karlsson, the bank's chief risk officer, Swedbank said on Monday.

The recent turmoil at Swedbank began after Swedish daily Dagens Industri reported in November that Mr. Bronner and Mr. Gagner-Geer had together invested in property outside of their duties at Swedbank, which itself does business in the real-estate sector.

Even though Swedbank has said the actions by its executives contravened none of its internal rules, Mr. Gagner-Geer left soon after the Dagens Industri story was published and Mr. Wolf was fired in early February in part because of how he handled the issue.

Mr. Bronner, at the bank since 2009 and CFO since 2011, said on Monday that he regrets the investment, having misjudged how it would be seen outside of the bank. He said his decision to leave the bank was made after considering his future. Mr. Wolf's departure had forced him to decide whether try for the position of CEO or move on, and he chose to move on.

Swedbank shares lost 1.7% on Monday and have fallen more than 8% since November.