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Dan Neil Tesla's Electric Extravagance

OFF DUTY | W8

Putin Brushes Aside 'Panama Papers' Allegations



RESPONSE: Russian President Vladimir Putin, above at a media forum in St. Petersburg on Thursday, said there was no 'element of corruption' in reports that placed his associates at the center of offshore transactions. Mr. Putin also said that he wasn't mentioned personally. A3

Militants Kidnap Hundreds In Syria

BY SAM DAGHER

BEIRUT—Islamic State militants kidnapped more than 300 workers at a cement plant, part of a broader assault on a strategic town near the capital Damascus that is home to major military and industrial installations, Syrian state media reported on Thursday.

Al Badia Cement, which owns the plant located near the town of al-Dumayr, told the Ministry of Industry that its employees had been abducted on Wednesday and that it had lost all contact with them, SANA news agency reported. Some of the employees were seen in an Islamic State convoy heading east toward the desert, the report said.

An official with Al Badia based in Damascus and reached by telephone declined to comment on the report.

U.K.-based opposition monitoring group the Syrian Observatory for Human Rights later said Islamic State kidnapped about 170 of the workers while the rest escaped. This couldn't be independently confirmed.

The push by Islamic State on al-Dumayr, about 25 miles northeast of the capital, comes as the extremist group faces pressure on many fronts following a series of losses in Iraq and Syria this year.

Fierce clashes broke out in and around the city on Thursday as the Syrian regime and its allies tried to repel the Is-

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Business & Finance

Median pay for CEOs of the top U.S. firms fell 3.8% last year to \$10.8 million, the sharpest drop since the financial crisis. A1

◆ The head of Seven & i, the Japanese owner of 7-Eleven, said he would step down after a clash with hedge-fund operator Daniel Loeb. A1

◆ France's Numericable has sold \$5.19 billion in debt in the largest-yet sale of a single junk bond. B5

◆ Allergan completed a licensing deal to develop neurological drugs, just after its deal with Pfizer collapsed. B1

◆ VW's labor leaders accused management of using the emissions scandal as an excuse for job cuts. B1

◆ Economists surveyed trimmed their forecasts for U.S. job gains and economic growth in the year ahead. A5

◆ M&S reported a 1.9% rise in sales as food sales helped outweigh a slump in its home and clothing division. B2

◆ A secret technique used to unlock a terrorist's iPhone doesn't work on newer Apple models, the FBI said. B3

◆ Uber's Chinese rival is close to completing a funding round that values that firm at over \$25 billion. B3

◆ A U.S. trade panel said it would investigate the global aluminum trade and its impact on the U.S. industry. B4

World-Wide

◆ Islamic State militants in Syria kidnapped over 300 workers at a cement plant in an assault on a strategic town near Damascus. A1

◆ Putin denied any "element of corruption" in reports that placed his close associates at the center of offshore transactions. A3

◆ An Austrian banker quit and more details of a Norwegian scandal emerged, in the latest fallout from the "Panama Papers." A3

◆ A founder of Mossack Fonseca, the law firm at the center of the leak, defended its practices. A3

◆ Cameron said he did benefit from an offshore fund set up by his late father. A3

◆ IMDB's board offered to quit after a report found billions missing but didn't mention Malaysia's leader, who founded the fund. A4

◆ Kerry and Bahrain's foreign minister urged Iran to curb its provocative behavior in the Mideast. A2

◆ Saudi Arabia's king arrived in Egypt for a rare visit to cement ties between the two major Arab powers. A4

◆ A fight among unions has slowed the creation of a U.S. super PAC to aid pro-labor Democrats. A5

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CEO Pay Fell Most Since '08

Median compensation for S&P 500 bosses shrank to \$10.8 million from \$11.2 million

BY THEO FRANCIS AND JOANN S. LUBLIN

Compensation for the chief executives of the biggest U.S. companies fell more sharply last year than any year since the financial crisis, as weaker

corporate performance slowed cash bonuses and accounting rules pared back pension growth.

Median pay for the CEOs of nearly 300 large publicly traded companies slipped 3.8% to \$10.8 million last year from \$11.2 million in 2014, a Wall Street Journal analysis of compensation data from MyLogIQ found. Half of those CEOs saw total pay either decline or rise by less than 1%—also the worst showing for S&P 500

chiefs since the 2008 crisis.

"Increases in CEO pay have taken a bit of a pause this year," said John Roe, head of advisory services at ISS Corporate Solutions. Where pay is rising, Mr. Roe noted, "it's in the places shareholders like to see it coming from most: It's in equity."

The median rise in stock-based compensation—the biggest component of most CEO pay packages—was about 7%. The median rise in cash pay,

including salary and annual bonus, was 2%, down from 5.6% growth in 2014, the Journal analysis found.

Many of the overall declines in pay were driven by slower growth in CEO pension values, a year after pension increases for many top executives swelled because of changes to the actuarial assumptions underlying them.

Companies in the Journal's analysis generated a flat me-

7-Eleven Chief Loses Boardroom Showdown

BY MEGUMI FUJIKAWA AND KOSAKU NARIOKA

TOKYO—A convenience-store pioneer who built a Tokyo-based 7-Eleven empire said Thursday he would step down after losing a boardroom clash that pitted him against U.S. hedge-fund operator Daniel Loeb.

The resignation of Toshifumi Suzuki, the 83-year-old chairman and chief executive of 7-Eleven's parent company, Seven & i Holdings Co., is a milestone for the budding activist-shareholder movement in Japan, which has drawn strength from Prime Minister Shinzo Abe's corporate-governance overhaul. Mr. Suzuki has controlled his company for decades and is one of Japan's most prominent executives.

The battle between Mr. Suzuki and Mr. Loeb centered on succession and corporate strategy. Under Mr. Suzuki, Seven & i Holdings has aggressively acquired other retailers including department stores and a baby-goods chain, while retaining the money-losing chain of big-box stores called Ito-Yokado that originally formed the company's core.

The company now called Seven & i Holdings was long centered on Ito-Yokado stores, which founder Masatoshi Ito built on a U.S. model selling groceries, clothes and household items. Originally that company operated 7-Eleven stores only in Japan.

In 1991, the Japanese company known then as Ito-Yokado acquired the U.S. operator of 7-Eleven stores. Today, the global 7-Eleven business is



Warriors star Stephen Curry last month in Oakland, Calif.

REMAKING BASKETBALL THE WARRIORS' WAY

Team executives saw the 3-point line as a market inefficiency to exploit

BY BEN COHEN

OAKLAND, Calif.—On every NBA court, about 24 feet from the basket, there is a thin stripe of colored paint. The flat-sided semicircle it forms is the boundary between shots that count for two points and shots that are worth three.

When the NBA added the lines in 1979, the players weren't sure what to think. They sniffed and pawed at them like cats with a new toy. Only 3% of the shots they put up that season were 3-pointers.

Over the next three decades, that number crept higher. When it reached 22%, the growth

curve flattened. It seemed that the sport had found its optimal ratio.

Then the Golden State Warriors came along and blew that assumption to pieces.

The Warriors, the National Basketball Association's defending champion, now stand three wins from tying the league record of 72 in the regular season, set in 1996 by Michael Jordan's Chicago Bulls. Much of the credit belongs to the star guard Stephen Curry, who is having, by almost every measure, one of the best seasons of any player in history.

But there is another tale to be told about the Warriors. It involves a group of executives

Parents Have No Beef With This Preschool Menu

Jersey City vegan operation serves up tofu, squash risotto; rocks for toys

BY LESLIE BRODY

JERSEY CITY, N.J.—At the Scandinavian School of Jersey City, the children don't have cupcakes at birthday parties, but there is plenty of fruit salad. Instead of meat, eggs and dairy for the 1- to 6-year-olds, there is kale from the preschool's garden and cashew milk made from scratch.

This sought-after school in an increasingly hip city is unusually committed to the goal of getting children to eat their vegetables. The Scandi School, as it is called, is one of the few vegan preschools in the U.S.

The school didn't start out

with such a specific diet. But when two children being raised vegan enrolled four years ago, school director Maria Germerud-Sharp didn't want them to feel left out at meals, so she banned what they couldn't have.

"One of the core values of the school is building community," she said. "We all eat together."

This is a gentle place where 92 children play barefoot to feel a connection to their environment and the air often smells like peppermint from aromatherapy. Classrooms have bowls of pine cones, seashells and rocks for toys.

Please see VEGAN page A6

Bangladeshi Students Rally



RISING TENSIONS: Students in Dhaka, Bangladesh's capital, protested the speed of an investigation into a young woman's death last month amid a surge in religious and political violence. A4

WORLD NEWS

After ISIS, Iraqi City Slowly Regains Normalcy



MIDDLE EAST CROSSROADS
YAROSLAV TROFIMOV

TIKRIT, Iraq—If you discount the flattened government buildings and the sectarian graffiti daubed by Shiite militias on almost every wall, Tikrit looks almost like a normal Iraqi city these days.

Merchants sell fresh tomatoes and onions at the market. Men sip sweet tea from small glasses in kebab restaurants.

Reopened shops display toys and cheap, Chinese-made clothes. There is electricity, mobile-phone services and, in most cases, running water.

Tikrit University, its campus once used as a military base, has resumed its courses with most of the 23,000 students back in attendance.

The hometown of former dictator Saddam Hussein, Tikrit was one of the three capitals of Iraq's predominantly Sunni provinces to fall to Islamic State. Liberated a year ago after 10 months under Islamic State's bloody rule, Tikrit is now—despite residents' complaints about joblessness, insecurity, and militia abuses—held up by the Iraqi government and its in-



Former Tikrit residents wishing to return lined up last month at a checkpoint operated by Shiite militias at an entrance to the city.

aren't as prominent as last year. But they still lay down the law, even though the Sunni-led provincial government in Tikrit has re-established its own police forces.

In recent months, there have been numerous kidnappings and murders, some of them, according to Tikrit officials, linked to members of these militias.

"Yes, the displaced families have returned. But now there is a feeling that another occupation has begun," complained Salim al-Jabouri, the speaker of Iraq's parliament and one of the country's main Sunni politicians.

Moeen al-Kadhimi, a senior commander with the Badr Shiite militia, said that accusations against Popular Mobilization Forces "are made by those who would have preferred for [Islamic State] to stay in Tikrit."

It is these forces that helped restore normalcy, and it is because of their involvement that Tikrit—unlike bombed-out Ramadi—has been spared destruction and could be repopulated, Mr. Kadhimi added.

For now, there are no signs local resentments are going to turn violent. The city, residents and local officials say, is simply too traumatized by the recent exodus.

"The most important thing is to deal with this situation pragmatically," said Ahmad Alkareem, the chairman of the provincial council. "With time, the graffiti will be gone, the Popular Mobilization will be gone, and the tensions will also be gone."

ternational backers as a success story in the fight against the militant group.

After all, what is happening here may be the best-case scenario of what awaits Mosul, the only one of these three provincial capitals still in Islamic State's hands, and other areas under the group's sway.

"Tikrit gives us hope. I can't wait for the time when I, too, can return to normal life in my home area," said Nofal Ibrahim, a student of Arabic at Tikrit University. His hometown of Hawija, a two-hour drive away, is still controlled by Islamic State.

Overwhelmingly Sunni Tikrit largely emptied out after Islamic State seized it in June 2014, massacring some 1,500 Iraqi Shiite soldiers at the Camp Speicher base just outside. Many residents escaped to the relative safety of Kurdish-controlled cities such as Erbil in northern Iraq.

Unlike Ramadi, the third provincial capital, Tikrit was only moderately damaged in the months of fighting that followed its occupation. Though many of Tikrit's public buildings, then serving as Islamic State command centers and military positions, have

been destroyed by U.S. airstrikes, its residential areas have survived. According to provincial officials, nearly 95% of Tikrit's families have resettled in the city in recent months.

"What was really humiliating was to be a refugee in Erbil, and what people really care about now is that they have been able to return to their homes," said Nofal Hadeed, an anesthesiologist at the only one of Tikrit's three hospitals that hadn't been bombed. "But I still have this fear on my mind that I and my family may have to leave again

at any moment."

Ammar Abu Taher, who recently reopened his small currency-exchange and realty business in central Tikrit, said that business was slow. "The wealthy people are afraid and have not come back yet," he said. "There is no money and no jobs."

His return permit, like that of Mr. Hadeed's, had to be vetted by the Shiite militias, officially known as Popular Mobilization Forces, that helped oust Islamic State and now control entrances to the city.

Based in Saddam's former riverside palace, the militias

Kerry, Bahrain Chide Iran Over Provocation

By FELICIA SCHWARTZ

MANAMA, Bahrain—U.S. Secretary of State John Kerry and Bahrain's foreign minister urged Iran on Thursday to stop escalating its provocative behavior across the Middle East and pursue a more constructive foreign policy three months into the implementation of the Iranian nuclear deal.

The U.S., Bahrain and other Gulf Arab countries have expressed increasing concern about Iran's continued missile tests, its weapons shipments to Houthi rebels in Yemen, and the participation of its Islamic Revolutionary Guard Corps and Hezbollah fighters in the Syrian war in support of the Assad regime.

The chief U.S. diplomat is in Bahrain to consult with officials from Bahrain and other Gulf Arab countries frustrated by Tehran's policies.

Mr. Kerry is laying the groundwork for meetings between President Barack Obama and Gulf Arab leaders in Riyadh this month.

Mr. Obama held a meeting in Washington last year with

Gulf Arab leaders and senior officials to pledge military aid and calm allies' nerves about Tehran as the nuclear deal neared completion.

On Thursday, about a year after Iran and six world powers agreed on the parameters of the final nuclear accord, Mr. Kerry and his counterpart in Manama, Sheik Khalid bin Ahmed Al Khalifa, told reporters after a meeting Thursday morning that Tehran is fueling conflicts across the region, including in Syria and Yemen.

"Today we are noticing two things that we kind have expected," Mr. Al Khalifa said, outlining the views of Bahrain and the Gulf Cooperation Council, a regional alliance of six Arab countries.

"The missile program is moving forward with full support of the leadership of the Islamic Republic and we are seeing the hegemonic interventions through proxies in several parts of our region continuing unabated," he added.

Iran didn't immediately respond to a request for comment on the criticism in Manama.

SYRIA

Continued from Page One
lamic State offensive, which began late Tuesday.

The assault appeared to be a response to setbacks to the north of al-Dumayr, where the extremist group in recent weeks has been dislodged from the ancient city of Palmyra and the town of Al-Qaraytain.

There was no immediate comment from the Syrian military on the fighting in al-Dumayr.

But the media arm of the Iran-backed Lebanese militia Hezbollah, which has members in the area fighting on the side of the regime, said clashes continued on the outskirts of the town and government forces have turned back attempts by Islamic State to take over a power plant in the area.

At least 20 regime forces, including three officers, have been killed since the start of the Islamic State offensive, which began with coordinated attacks, including suicide car bombings on checkpoints and military bases around al-Dumayr, according to the Syrian Observatory for Human Rights.

Islamic State on Wednesday claimed a suicide car bomber targeted a regime military convoy coming out of al-Du-



Devastation is left behind in towns like Al-Qaraytain that have been liberated from Islamic State.

mayr air base, killing more than 50 people.

Regime forces are congregated on the outskirts of al-Dumayr, while the town proper is controlled by rebels, most notably fighters of the Army of Islam, one of the largest, relatively moderate groups in the Damascus area. Antigovernment activists said the Sadiq Brigade, a group in al-Dumayr allied to Islamic State, participated in the initial assault.

The regime responded with

more than 70 airstrikes on the town and surrounding areas, resulting in the deaths of at least 18 civilians on Wednesday, the activists said.

Rebels inside al-Dumayr later clashed with the Sadiq Brigade to try to drive them out from town.

On a separate front, Islamic State on Thursday lost control of the town of al-Raiee in northern Aleppo province, close to the Turkish border, following clashes with rebel groups

backed by Turkey and Western governments, according to the Local Coordination Councils, an umbrella body for opposition activists across Syria. This was also confirmed by the Syrian National Council, one of the principal opposition bodies.

Activists posted on the Internet photographs and video footage of rebel fighters inside the town and at a complex of grain silos nearby. Their authenticity couldn't be independently verified.

CLASH

Continued from Page One
fully owned by Seven & i Holdings, and it has more than 58,000 convenience stores in Japan, North America, China and elsewhere.

Mr. Loeb has said Seven & i Holdings should shed the big-box stores and focus on convenience stores globally. And he praised the head of the convenience-store business in Japan, Ryuichi Isaka, calling Mr. Isaka a natural candidate to succeed Mr. Suzuki as the parent's CEO.

A successor to Mr. Suzuki wasn't immediately named. A company spokeswoman said Mr. Isaka wasn't available to comment.

Mr. Loeb has said that his fund, Third Point LLC, owns hundreds of millions of dollars in common shares of Seven & i Holdings. The investor has made a name for himself in recent years by challenging Sony Corp. to restructure unprofitable units and urging industrial-robot maker Fanuc Corp. to raise dividends—with some success in both cases.

The 7-Eleven dispute came to a climax Thursday morning, when the Seven & i Holdings board met to consider a proposal backed by Mr. Suzuki to oust Mr. Isaka from his job.



Toshifumi Suzuki, on Thursday.

The vote was 7-6 in favor, with two abstentions. The motion failed because it needed a majority of the 15-member board.

Hours later, at a news conference, a sometimes emotional Mr. Suzuki said he was stepping down. He described a lengthy effort to get Mr. Isaka to quit that ultimately failed. Mr. Suzuki said that in light of the turmoil, he no longer felt worthy of continuing in the top roles. He has served as CEO and chairman of Seven & i Holdings since 2005.

Mr. Suzuki said the board would have to consider his successor as part of a broader management revamp.

Mr. Loeb said in a March 27 letter to Seven & i Holdings' directors: "Mr. Isaka should be rewarded—not demoted—for his performance and commit-

ment to delivering results for shareholders." In a March call with reporters after the letter was sent, Mr. Loeb said he would be concerned if Mr. Suzuki's son, who serves as chief information officer of Seven & i Holdings, received an edge in the choice of a successor. "This is not a dynasty. This is a corporation."

The elder Mr. Suzuki on Thursday denied that he wanted his son as a successor.

In a statement Thursday, Mr. Loeb said that "we are pleased to see that the [Seven & i board's] succession planning will be based on merit and the best interests of shareholders."

In Japan, convenience stores are ubiquitous, selling a wide variety of products such as rice balls and toiletries. They have expanded into services, allowing customers to pay utility bills and buy tickets to concerts. Mr. Suzuki helped develop the concept of flooding urban areas with small stores, typically open 24 hours, and carefully managing inventory of the 2,000 or 3,000 items people are most likely to need.

The clash between Mr. Suzuki and Mr. Loeb reflects broader changes in corporate governance rolling Japanese business. A corporate-governance code pushed by the Abe

government, which took effect in June 2015, called on companies to appoint outside directors and pay more heed to shareholder concerns.

Akira Kiyota, CEO of the company that runs the Tokyo Stock Exchange, said in an interview that the board vote of Seven & i Holdings was an example of outside directors' growing influence, an idea the exchange has helped promote in Japan. "Governance is working," he said.

While the trend is still at an early stage, a number of activist investors are getting involved in Japan, and outside board members are gaining a greater voice.

Singapore-based activist investor Effissimo Capital Management Pte Ltd. has been building up stakes in several companies. It now owns 8.2% of Dai-ichi Life Insurance Co., one of Japan's largest insurers, and 30% of shipper Kawasaki Kisen Kaisha Ltd., according to regulatory filings by the investor on Thursday.

Japan Tobacco Inc., one of the world's largest cigarette makers, has steadily raised dividends and last year announced a share buyback under pressure from the Children's Investment Fund, a London-based activist hedge fund. Japan Tobacco shareholders, however, have repeat-

edly voted down the fund's proposals for even higher dividends.

In January, outside board members at Sharp Corp. helped nudge the Japanese electronics maker toward a higher bid from Taiwan's Hon Hai Precision Industry Co. when Sharp management was leaning toward a takeover by a Japanese government-controlled fund, people familiar with the talks have said. Hon Hai, also known as Foxconn, ultimately won the deal.

On Thursday, Seven & i Holdings posted results for its fiscal year ended Feb. 29 that showed how the convenience-store business has come to dominate its profit while the big-box stores are struggling—a point stressed by Mr. Loeb. 7-Eleven Japan reported operating income of slightly more than \$2 billion, while Ito-Yokado posted an operating loss \$128 million.

Ito-Yokado founder Mr. Ito, 91, remains honorary chairman of Seven & i Holdings, although he is no longer on the

board. Mr. Suzuki's camp said it sought the founder's approval for Thursday's board motion, but Mr. Ito refused to give it for reasons that weren't clear. A spokeswoman said he wasn't available to comment.

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WORLD NEWS

Panama Papers Hold Sway

Chairman of Austrian bank and a Norwegian company are latest casualty of the leak

OSLO—The latest fallout from the leak of the so-called Panama Papers this week are the resignation of the chairman of a state-owned Austrian bank and revelation of more details of a corruption scandal at Norway's Yara International.

By Kjetil Malkenes
Hovland and Monica
Houston-Waesch

Michael Grahammer, chairman of **Hypo Landesbank Voralberg**, stepped down from his post suddenly late Wednesday, citing pressure from the media over the bank's alleged ties to offshore financial accounts.

The bank on Monday confirmed media reports that showed it had ties to offshore entities, including in Liechtenstein. Those reports were based on a flurry of documents allegedly leaked from a Panama-based hollaw firm **Mossack Fonseca**, which have been dubbed the Panama Papers.

Mr. Grahammer, who had served as chairman since 2012, denied any wrongdoing.

Meanwhile, Norwegian chemical company Yara International said it had made "unacceptable payments" to two executives at a Russian-owned phosphate producer, confirming a report partly based on the Panama Papers.

Yara, 36.21%-owned by the Norwegian state, confirmed on Thursday a report by Norway's *Aftenposten* newspaper, based partly on the Panama Papers.

The acknowledgment by Yara and the management shuffle at Hypo Landesbank show the repercussions of the leak of millions of documents



Iceland's prime minister resigned on allegations in the papers. A successor, above, was named Thursday.

allegedly showing offshore holdings of scores of public figures and commercial entities across the world.

The prime minister of Iceland resigned from his post earlier this week after the leak showed his family had holdings in an offshore company.

In Austria, the Hypo Landesbank said its financial dealings were subject to requirements from the country's financial market watchdog, FMA, as well as the Austrian central bank. In addition, the bank said it took into consideration the sanctions list of the U.S. Office of Foreign Assets Control, although it isn't directly applicable in Austria.

The bank also pledged to review and present a summary of its activities, but declined to say when the review would be made public.

In Norway, Yara said it had made "unacceptable payments" to executives at Eurochem Mineral & Chemical Co., a producer of phosphates, without stating how much.

The Norwegian company, which was engulfed in a wider corruption investigation in 2011, said police have known about the Eurochem payments for years. "This information has been investigated by the Norwegian police," a Yara spokeswoman said.

The broader police investigation concluded in 2014 when Yara agreed to pay Norway's biggest-ever corporate fine of 295 million Norwegian kroner (\$35.6 million) after admitting to paying bribes in Libya, India and Russia.

In a related case, a group of former Yara executives were last year sentenced to prison for corruption, but have appealed.

Yara said in addition to alerting the police about the payments to Eurochem in 2011, it had commissioned an external investigation by a Norwegian law firm that uncovered more than \$15 million in payments from a Yara subsidiary in Switzerland to people connected with suppliers

mainly in former Soviet Union countries, between 2006 and 2010. The payments to the Eurochem executives were included in those \$15 million, Yara said Thursday, adding that it had refrained from using Eurochem's name at the time because of the police investigation.

Norwegian police confirmed that it had been aware of Yara's payments to Eurochem executives for years, but said further investigation would be required to establish whether the transactions amounted to bribery.

The payments hadn't been thoroughly investigated by the police because they went from Switzerland to Russia and lacked clear links to Norway, a police spokeswoman said.

Eurochem wasn't available to comment. *Aftenposten* in its report said the company had declined to comment. The Zug, Switzerland-based fertilizer company is controlled by Russian businessman *Andrey Melnichenko*.

Putin Dismisses Graft Allegations In the Reports

By ANDREY OSTROUKH

MOSCOW—Russian President Vladimir Putin said there was no "element of corruption" in reports that placed his close associates at the center of offshore transactions.

Speaking on national television Thursday from a media forum in St. Petersburg, Mr. Putin said that he wasn't mentioned personally in the so-called Panama papers—leaked records from a Panamanian law firm that specializes in offshore holding companies, according to the International Consortium of Investigative Journalists—and accused those who released the information of trying to destabilize Russia.

Allegations that Mr. Putin's inner circle was involved in offshore transactions worth at least \$2 billion have featured prominently in media reports.

But while the reports caused social discontent and have led to investigations in the West, the leaks were played down in Russia and are unlikely to affect Mr. Putin's strong approval ratings. Russian state media largely ignored them, instead focusing on Ukraine-related transactions divulged in the same documents.

The leaked information places *Sergei Roldugin*, a cellist and a childhood friend of Mr. Putin, at the center of a network of other businessmen and associates of the president.

"Here's some friend of the Russian president, he did something, which probably has some corruption element," Mr. Putin said. "What [element]? There is none."

Mr. Putin added he was

proud of his friend, saying that Mr. Roldugin spent almost all the money he makes on acquiring musical instruments for Russia.

"He is not only a musician, he's an honored artist," Mr. Putin said.

The Kremlin earlier this week dismissed allegations stemming from the release of the papers as a propaganda campaign.

Russian newspaper *Novaya Gazeta*, which participated in the investigative project, came under bureaucratic scrutiny following publication of the report: *Artyom Kiryanov*, a member of Russia's Civic Chamber, asked Russian tax authorities to inspect the paper to see if it had accepted any foreign grants for the investigation.

The Civic Chamber is a government-sponsored civil-society group. *Novaya Gazeta* published comments made by Mr. Roldugin in which he said that he couldn't comment on the specifics of the leaks, but that he had been connected to some of the businesses named in the papers.

Nadezhda Prusenkova, spokeswoman for the newspaper, said Mr. Kiryanov's remarks were a mere denunciation. "This [statement] has not affected our work so far in any way," she said.

Leonid Gozman, a democratic activist who served as a government adviser in the past, said Mr. Putin's reaction to the allegations seemed to be addressed to people outside Russia.

"Those facts that become a shock in the West are perceived as normal in Russia, as there is no feeling that all people are equal," he said.

Co-Founder Defends Mossack Fonseca

By KEJAL VYAS

PANAMA CITY, Panama—One of the founders of the law firm at the center of the "Panama Papers" leak of secret documents on Wednesday defended his firm, **Mossack Fonseca**, and said that he expected few changes to his business model despite worldwide scrutiny.

In his first in-depth interview since reports of the leaked documents were published, *Jürgen Mossack* said his firm did nothing wrong by selling some 240,000 shell companies registered in low- or no-tax territories around the world.

The law firm works through intermediaries and can't keep track of how the offshore entities that it sells are used, he said.

"We're not going to stop the services and go plant bananas or something," the 68-year-old Mr. Mossack said. "People do make mistakes. So do we, and so does our compliance department. But that is not the norm."

Mr. Mossack, sitting in an



The building housing the law firm in Panama City, Panama.

armchair on the second floor of Mossack Fonseca's offices in Panama City's financial district, spoke just days after some 400 journalists from dozens of countries simultaneously released stories based on leaked documents from the firm that showed how it created dummy companies and offshore accounts where the rich and powerful could secretly park their money.

Documents obtained by the group, the International Con-

sortium of Investigative Journalists, showed that the firm's clients included relatives from the high reaches of China's government to associates of Russian President Vladimir Putin to the money man for Syrian dictator Bashar al-Assad.

The trove of 11.5 million individual files were fed to a newspaper in Munich that then shared it with ICIJ. The Wall Street Journal hasn't independently verified the documents.

Panama's president, *Juan Carlos Varela*, on Wednesday night defended transparency reforms the government enacted last year and said the media storm was casting a negative light on the country. "The Panama Papers," he said, "are not a problem of our country but of many countries."

Mr. Varela said Panama would form a commission of national and international experts to evaluate the country's regulations governing financial and legal services. Earlier this week, Panama's attorney general said the office would launch an investigation into the company.

Mr. Mossack and the head of legal affairs for his law firm, *Sara Montenegro*, said in the hourlong interview that they welcomed further regulations and scrutiny of their business. They noted, however, that they had yet to be contacted directly by local authorities.

"At this point in time I would say there shouldn't be repercussions," Mr. Mossack said, "but I wouldn't say that there won't be any."

Cameron Profited From Father's Offshore Fund

By JENNY GROSS

LONDON—British Prime Minister David Cameron said Thursday that he did benefit from an offshore fund set up by his late father, in response to calls for more disclosure about his family's links to a fund cited in the leaked files of a Panamanian law firm.

Mr. Cameron told *ITV News* he previously had a stake in his father's trust but sold it in 2010 before he became prime minister.

Mr. Cameron's father, *Ian Cameron*, was named in the leaked documents from Panama-based law firm *Mossack Fonseca* as having helped set up an offshore fund in the early 1980s. The existence of the offshore fund became publicly known in 2012, but the renewed focus this week has prompted politicians to push Mr. Cameron to detail the full nature of the fund.

Until Thursday, Mr. Cameron had declined to disclose whether he had ever benefited from his father's offshore

fund, *Blairmore Holdings Inc.* His spokeswoman said Monday the matter was private. Under pressure the next two days, his office said the prime minister, his wife and children don't currently benefit from any offshore funds and wouldn't in the future, but provided no further details.

"Of course I did own stocks and shares in the past, quite naturally because my father was a stockbroker," he said in Thursday's television interview. "We owned 5,000 units in *Blairmore Investment Trust*, which we sold in January 2010. That was worth something like £30,000," or around \$48,000 at the time.

He denied his father's fund was set up with the purpose of avoiding tax. Rather, it was set up after foreign-exchange controls were relaxed so people who wanted to invest in dollar-denominated shares and companies could do so, the prime minister said, adding that it was reported to U.K. regulators and properly audited each year.

Dutch 'No' Vote on Ukraine Reverberates Across the Continent

By LAURENCE NORMAN

The fallout from the Dutch vote rejecting the European Union's trade and political agreement with Ukraine could have ramifications for the entire bloc, even though it isn't likely to derail the accord itself.

BRUSSELS BEAT The "no" camp's clear victory in

Wednesday's referendum further knocks the confidence of a 28-member bloc already besieged with economic, political and security crises, and could hamper its efforts to reorient the former Soviet republic of Ukraine toward the West.

More broadly, the result could provide a boost to the exit camp in the U.K., which is holding a much bigger referendum on EU membership in June. It also is a blow to

Dutch Prime Minister *Mark Rutte*, who is trailing the anti-EU and anti-immigration Party of Freedom in most opinion polls, with national elections due next year.

Party of Freedom leader *Geert Wilders* echoed the views of other anti-Brussels firebrands, calling the vote "the beginning of the end of the EU."

On Thursday, Europe's leaders were in damage-control mode.

Mr. Rutte asked for time to reach out to Dutch lawmakers and regional partners before deciding on his next steps. "It is clear that ratification cannot just proceed as if nothing has happened," the government said.

European officials in Brussels stressed the EU-Ukraine agreement remained provisionally in effect and pledged not to abandon Ukraine.

Russia, which has long sought to scuttle the pact, said the vote represented a European rejection of Ukraine's pro-Western political class.

The collateral damage from the vote could extend to Ukraine's bid to win visa-free access for its 40 million citizens to the EU, one of Ukrainian President *Petro Poroshenko's* biggest priorities. That move needs backing by all EU governments, including from the Netherlands.

The vote could even complicate the EU's deal with Turkey to help stem the continent's migration crisis. That deal is premised on the EU speeding work on Turkey's EU membership bid and, meanwhile, reaching a visa-free travel deal for Turks. Both are likely to spark opposition in the Netherlands.

Mr. Rutte has shown in recent years he's willing to say



UKIP leader Nigel Farage.

no to Brussels. His government was key to keeping Romania and Bulgaria outside Europe's border-free travel zone, known as Schengen.

Yet the biggest fallout could be on the U.K.'s June 23 referendum.

U.K. Prime Minister *David Cameron* brushed off suggestions the Dutch vote would boost the "Brexit" camp, say-

ing the issues were completely different.

Yet UK Independence Party leader *Nigel Farage*, who is campaigning for a British exit, predicted that the Dutch vote may provide the "hors d'oeuvre" for the British "main course."

Speaking in the Netherlands this week before the vote, he said a Dutch "no" would encourage British voters who dislike the EU but worry about Britain striking out on its own.

"A no vote in this referendum will send a big message to the British electorate that we are not alone in thinking something has fundamentally gone wrong in the direction of the European Union," he said.

Amid such uncertainty, the future of the EU-Ukraine deal itself looks relatively secure.

All EU governments agreed in 2014 to provision-

ally apply their part of the deal, pending formal ratification. The final hurdle was in the Netherlands.

Brussels has no imminent deadline for completing ratification.

One option, said *Jan Techau*, director of *Carnegie Europe*, would be for EU leaders to attach a statement to the accord asserting that it doesn't pave the way for Ukraine to join the bloc—a concern of some Dutch voters.

But reopening the accord could delay ratification by two or three years, said *Hylke Dijkstra*, assistant professor of political science at the Netherlands' *Maastricht University*.

It would also give Russia more time to try to block the deal.

—*Maarten van Tartwijk in Amsterdam and Laura Mills in Moscow contributed to this article.*

WORLD NEWS

IMDB Report Spares Malaysia's Najib

By TOM WRIGHT

A Malaysian state development fund's board of directors offered to resign after a report that found billions of dollars went missing but which made no mention of Prime Minister Najib Razak, who played a key role in the fund's decisions and has been the target of criticism over the scandal.

The findings of the parliament's Public Accounts Committee, released Thursday, mark the first time a Malaysian investigating body has leveled fraud allegations at IMalaysia Development Bhd., or IMDB, which is the focus of corruption probes in Malaysia and at least six other nations.

The report appeared to take pressure off Mr. Najib, who founded IMDB in 2009 and heads its separate board of advisers, prompting critics to suggest the findings and the directors' offer to resign were designed to shield the prime minister. "It's all planned that

way; so we could attribute blame on [the board] but exonerate the prime minister. It means nothing," said Zaid Ibrahim, a former cabinet minister and leader in an alliance opposed to Mr. Najib.

In response to the report, which recommended that senior management face a criminal investigation, IMDB's board of directors offered its collective resignation. "The board has successfully steered IMDB through a uniquely challenging period and trusts that, with the release of the PAC report, a line has been drawn," the board said in a statement. IMDB has said previously that it has cooperated with authorities and would continue to do so. On Thursday, the fund again denied any wrongdoing.

The Wall Street Journal, citing Malaysian and global investigations, has reported how investigators have found over \$1 billion was transferred to Mr. Najib's personal bank accounts, the majority originat-



A report into the IMDB scandal made no mention of Mr. Najib.

ing from IMDB and moving via a web of intermediary entities.

Mr. Najib has denied wrongdoing or taking money for personal gain. On Thursday, he said the report "identified weaknesses in IMDB's capital structure and management. We will study and act

shortcomings, but said "there is more than sufficient damning evidence to indict not only the entire top management but also the entire board of directors."

Hasan Arifin, the committee's head, said that "PAC calls upon the authorities to study the report very carefully, and carry out the necessary investigations. The law must be exercised if any wrongdoing is found."

The report said that after reviewing findings from Malaysia's auditor-general and explanations from IMDB, the committee "is of the view that there are certain constraints and weaknesses at IMDB's management and board of directors level."

"In particular, PAC is of the view that former IMDB CEO, Shahrol Azral Ibrahim Halmi, needs to take responsibility of the weaknesses and constraints," the report said. "As such, the law enforcement agencies are being urged to

conduct investigation into Shahrol and the management."

Mr. Shahrol, who was chief executive of IMDB from 2009 until early 2013, released a statement via state news agency Bernama saying there was no wrongdoing under his watch.

Critics of the fund have questioned why the committee hasn't focused more on Mr. Najib, who played a key role at IMDB, including firing auditors and authorizing transfers of hundreds of millions of dollars, according to board minutes reviewed by the Journal.

"This is to be expected since the PAC cannot implicate the elephant in the room, Mr. Najib," said James Chin, head of the University of Tasmania's Asia Institute. "On the surface, it looks like the previous management has been pushed under the bus."

—Celine Fernandez and Yantoultra Ngui in Kuala Lumpur contributed to this article.

Saudi King Visits Egypt as Nations Boost Ties

Saudi Arabia's King Salman arrived in Egypt on Thursday for a rare foreign visit intended to cement the relationship between the two major Arab powers, as the kingdom courts greater support from its ally on regional security amid tensions with Iran.

By Margherita Stancati in Dubai and Tamer El-Ghobashy in Cairo

King Salman's first official trip to Egypt is also intended to show backing for Egyptian President Abdel Fattah Al Sisi and shore up his country's struggling economy. Mr. Sisi greeted the Saudi monarch at Cairo's international airport in the afternoon, kicking off high-level talks.

The two countries are expected to sign \$22 billion in deals, including \$20 billion to finance Egypt's petroleum needs and a \$1.5 billion package to develop the Sinai region, Egypt state media said.

King Salman's visit to Egypt marks the start of two weeks of crucial international diplomacy for the leader of the Arab world's pre-eminent power. President Barack Obama is scheduled to travel to Saudi Arabia to attend a summit on April 21 of the Saudi-led bloc of Gulf Arab nations. Secretary of State John Kerry held talks with officials of one of those Gulf nations, Bahrain, on Thursday.

The trip to Egypt comes as Saudi Arabia's Sunni Muslim monarchy pursues a more aggressive foreign policy, asserting its leadership in the Middle East and striving to contain the influence of Iran, its Shiite rival for regional power.

A friendly and stable Egypt is a priority for the kingdom. Along with its Persian Gulf allies, the nation has poured billions of dollars into the country since Mr. Sisi came to power in a 2013 military coup and ousted Mohammed Morsi of the Muslim Brotherhood, a movement Saudi Arabia has long opposed because it saw it as a political threat at home.

In return for aid, Riyadh expects Mr. Sisi to increase support for Saudi Arabia, above all on security matters, said Theodore Karasik, a Gulf-based expert on regional geopolitical affairs.

Relations between the traditional allies hit snags last year over Egypt's reluctance to commit more military assets to a Saudi led invasion in Yemen, leading to fears in Cairo that the monarchy would stop the aid payments that have buttressed Egypt's economy and Mr. Sisi's rule.

Saudi Arabia "wants Egypt to be an active participant in regional security operations, most notably around the kingdom's periphery and to play a larger role in the Islamic military alliance," he said.

Actress Riles Cairo With Police Abuse Charge

By DAHLIA KHOLAIF AND MATT BRADLEY

CAIRO—With a few soap-opera roles to her name and no apparent history of political activism, aspiring actress/singer Mirhan Hussein makes an unlikely frontwoman for the campaign against police abuse in Egypt.

But her allegations that police beat and molested her and drenched her in urine while she was detained last month, along with photos she posted on Facebook "for the truth to be known," became a cause célèbre on TV talk shows, triggering some rare criticism of the police by normally pro-regime celebrities and media personalities.

The Interior Ministry, which oversees the police, didn't respond to requests to comment on her allegations. It said shortly after her March 1 detention that prosecutors were investigating charges that she first refused to stop at a police checkpoint, then assaulted officers and had been driving drunk—charges she denied.

For a long time, police brutality was ignored by many elite Egyptians, who considered it a necessary evil to suppress Islamist political activists and the country's vast underclass.

But now high-profile cases such as Ms. Hussein's, alongside the killing of an Italian student whose body, according to Italian and Egyptian officials, showed signs of torture, are pushing the issue into the open. That has added to prob-

lems—like the ailing economy—that are chipping away at President Abdel Fattah Al Sisi's once-unshakable support base.

His office referred requests for comment to the Foreign Ministry, which didn't respond.

The malaise building in Egypt is reminiscent of 2011, when public rage over abuse of power, widespread poverty and a lack of political freedoms incited a mass revolt that overthrew then-President Hosni Mubarak, according to government critics and political and human-rights activists.

"It is not a matter of an abusive, low-ranking policeman or officer. It is a matter of a strategy in this apparatus that wants to return" to old ways, said TV host Wael al-Ibrashi, once a stalwart loyalist who has recently taken to criticizing the regime. "The return they seek is through terrorizing people, wielding pistols, abuses and violations."

In a television interview in February, Mr. Sisi acknowledged "individual incidents" of abuse and blamed the security apparatus's problems on "ongoing turbulence" after years of unrest.

"Striking a balance between human rights and security measures is a sensitive and critical task that requires a lot of work from us and closer supervision," he said, a thought he has reiterated on several occasions since.

He also has demanded harsher penalties for abusive policemen, including dismissal from the force and possible



Masked Egyptian police patrolling the streets in the southern Cairo Giza district in January.

prosecution, measures that await parliamentary approval.

Within months of overthrowing Egypt's first democratically elected president in July 2013, Mr. Sisi's security forces had shot dead more than 1,000 protesters and imprisoned tens of thousands of mostly Islamist opponents, according to rights groups including Human Rights Watch and Amnesty International.

The military-led government said this was part of a war it waged on terrorism.

Last year, Egypt's security services were responsible for

465 deaths, including 137 people in police custody, and more than 640 cases of torture, according to the local human-rights group al-Nadeem Center for Rehabilitation of Victims of Violence. The Interior Ministry has repeatedly affirmed its respect to human rights, and denied any wrongdoings.

Much of that was largely ignored by Egyptian media and the public.

That began to change on Nov. 24, when a 47-year-old unemployed man died in police custody in the southern city of Luxor. After the police offered

little explanation for his arrest or severely battered corpse, hundreds of young men protested at a police station there. A criminal trial is now under way for nine policemen, including four officers, all of whom have pleaded not guilty.

Mr. Sisi appears to be feeling pressure. In his most recent speech, the president begged Egyptians to tune out the growing ranks of his critics.

"If you truly love Egypt, I'm telling all Egyptians who are listening to me: 'Listen to my words only,'" he said Feb. 24. "Only mine. I'm dead serious.

World Watch

GERMANY

Cologne Sex Assault Suspects Identified

Nearly all of the suspects in the mass sexual assaults and thefts that occurred in Cologne on New Year's Eve were migrants and asylum seekers, local authorities said Thursday in a finding that is likely to rekindle debate in Germany over how to handle the record numbers of foreigners now in the country.

The finding, contained in a preliminary report by Ralph Jäger, interior minister of the state of North-Rhine Westphalia, is the first official confirmation of police and victim testimonies that originally blamed the attacks on mainly Arab-looking men.

Out of 153 suspects involved in the rampage outside Cologne's main train station on New Year's Eve, 97%, or 149, were foreigners, said the report submitted to state parliament in Düsseldorf. Of those 149, 68 were asylum seekers, 47 had an "unknown" visa status, and an additional 18 were in Germany illegally, according to the report.

The attacks in Cologne, a city known for its hospitality and colorful Carnival celebrations, shocked the country and ignited a debate about the risks from illegal immigration after about one million asylum seekers entered the country last year.

According to the report,



BRUSSELS ATTACKS: Belgian authorities released fresh pictures of the suspected third attacker in last month's airport bombing and appealed to the public for help in finding the man.

about two-thirds of the suspects were from Morocco or Algeria—an indication they weren't representative of the broader group of recent refugees to Germany, of which Syrians make up the largest contingent.

—Zeke Turner

VENEZUELA

Maduro Cuts Work Week to Save Power

Venezuelan President Nicolás Maduro said the country's workers will get Fridays off for the remainder of April and May in his latest attempt to save power amid a severe drought and growing energy crunch.

In a televised speech Wednesday night, the president called on Venezuelans "to join this plan with discipline, with conscience and extreme collaboration."

The Friday shutdowns come after Venezuela, which is already in the throes of a deep economic crisis, closed offices for an

extra three days around Easter in a bid to save electricity.

Venezuela is largely dependent on hydroelectric power, and its supply has been hit hard by the region's drought. There are frequent blackouts and dark neighborhoods have become increasingly prone to crime. Gas stations in parts of Venezuela operated only sporadically this week as sudden outages grew.

Critics say the Friday closures are the latest sign of the Venezuelan leadership's growing desperation and will cause another drag on growth.

—Sara Schaefer Muñoz

BANGLADESH

Student Killed Amid Surge in Violence

A Bangladeshi law student who expressed secular views online was hacked and shot to death in the capital Dhaka on Wednesday, as the country grapples with a surge in religious and political violence.

Nazimuddin Samad, a student of Jagannath University in southern Dhaka, was attacked by unidentified assailants not far from his campus on Wednesday night and was left bleeding on the street, police said.

Mr. Samad died after he was taken to a local hospital, according to police and doctors.

Bangladesh has experienced a wave of religiously motivated violence, including attacks against foreigners, ethnic minorities and secular bloggers and activists. Responsibility for most the attacks has been claimed by Islamist groups linked to Islamic State and al Qaeda.

Last year, at least four secular bloggers and a publisher were killed as well as an Italian aid worker and a Japanese farmer.

—Syed Zain Al-Mahmood

VATICAN

Pope to Meet Refugees in Greece

Pope Francis will meet refugees on the Greek island of Lesbos next week, the Vatican said Thursday, confirming a visit that promises to plunge the pontiff deeper into a heated European debate over migration.

Hundreds of thousands of refugees, many fleeing conflict in North Africa and the Middle East, have arrived in Lesbos from Turkey in the past year.

The island is now on the front line of a controversial EU program to deport illegal migrants from Greece and return them to Turkey. The Vatican has criticized that plan and Pope Francis has made support for migrants and refugees a priority of his pontificate.

—Francis X. Rocca

ECB Open to Stimulus but Split on How

By TOM FAIRLESS

FRANKFURT—Top European Central Bank officials on Thursday underlined their willingness to launch fresh stimulus to bolster the eurozone's weak economy, but the minutes of the bank's latest policy meeting laid bare divisions over just how to do that.

ECB President Mario Draghi said the central bank had no shortage of tools available to drive up stubbornly low inflation and would continue to do "whatever is needed."

"The ECB does not surrender to excessively low inflation," Mr. Draghi wrote separately in the bank's annual report, which was published on Thursday. He warned that this year would be "no less challenging" than the last for the central bank.

The eurozone's inflation rate was minus 0.1% in March, far below the ECB's target of just below 2%, according to the European Union's statistics agency.

According to the minutes of the March meeting, published Thursday, some ECB policy makers were concerned about pushing the date for hitting their inflation goal ever further into the future. They were in "broad agreement" over the need for a "strong policy response," but differences emerged over which policy measures to deploy.

U.S. NEWS

Economists Trim Growth Estimates

By JOSH ZUMBRUN

A rocky start to 2016 is taking its toll on the outlook for U.S. economic and job growth this year.

While the stock market has recovered much of the ground lost earlier in the year, forecasters in The Wall Street Journal's monthly survey of economists trimmed their estimates for employment gains and economic growth as market volatility and signs of a cautious consumer leave the economy stumbling.

The average forecast in the survey calls for growth in gross domestic product of 2.1% in the year ahead, down from an estimate of 2.4% last month. The markdown was most dramatic for the start of the year: The economy likely grew at a 1.3% annual pace in the first quarter, down from an estimate of 2.1% a month ago.

Economists also trimmed their estimates for job growth. They expect a monthly average of 185,000 jobs to be created in the year ahead, fewer than the 190,000 estimated in last month's survey. That would be a slowdown from the pace over the past three months of about 210,000 jobs a month.

"Lackluster growth is a bigger risk than a full recession," said Lynn Reaser, an economist at Point Loma Nazarene University.

Slow growth but no recession has been the story of the U.S. economy in recent years. It has been nearly seven years since the economy emerged from the longest and deepest recession since the Great Depression. While there has been no relapse into recession, hopes for a period of strong growth have been dashed repeatedly.

The Wall Street Journal's survey of academic, business and financial economists has shown an acceleration of recession fears since last summer, but the panel reckons that the risk of recession is lower than it was during the congressional debt-ceiling crisis in 2011 and Europe's fiscal crisis in 2012. The Journal surveyed 69 economists, though not every respon-

dent answered every question.

The average estimate of the probability of a recession in the next year slid to 19% in this month's survey, down from 20% last month and 21% the month before. Despite that decline, the odds remain nearly double their level of last summer.

Nearly half of those polled see the biggest risk to the economy coming from overseas. Weakness in Europe and Japan, as well as a slowdown in China, have rattled financial markets.

Increasingly, these risks aren't just economic, but political. Economists are unsure how China will respond to its economic slowdown. They also are unsure about an unprecedented move to negative interest rates being implemented by policy makers at the Bank of Japan and European Central Bank. And they are unsure of the ramifications if the U.K. votes to leave the eurozone.

Economists are worried about risk from the U.S. political system, too, where populist presidential candidates have pledged dramatic overhauls of U.S. policies toward trade and immigration. A plurality of economists last month said the election of businessman Donald Trump or Vermont Sen. Bernie Sanders could pose a significant risk to the economy next year.

The range of doubt and anxiety about these political outcomes could cause consumers and businesses to pause.

"Global economic uncertainty and political uncertainty at home could stall the economy," said Sean Snaith, director of the University of Central Florida's Institute for Economic Competitiveness.

Some tentative signs of this have already emerged. Incomes have been rising faster than spending for three months as Americans have increased their saving rate. U.S. businesses also have seen profits decline.

"Declining earnings for businesses may cause sizable cutbacks in outlays—including in hiring and firing," said Allen Sinai, chief economist at Decision Economics.



Labor-union members cheered for Democratic presidential candidate Hillary Clinton as she was introduced Monday in New York.

Unions' Super PAC Stalls

By BRODY MULLINS AND MELANIE TROTTMAN

A fight among labor unions over who would control a proposed \$50 million super PAC has slowed the creation of a unified effort to boost the chances of labor-friendly Democrats winning the White House and control of Congress in the November election.

A senior political strategist for unions first laid out the plan in February before dozens of union presidents and other labor leaders at the winter meeting in San Diego of the executive council of the AFL-CIO, the largest U.S. union federation. But the efforts have been delayed since then, in part over disputes about who would receive credit for the work done, according to people familiar with the talks.

The Wall Street Journal spoke with more than a dozen labor officials, campaign strategists and others who described the organizing efforts.

Persuading union members and their families to vote for Democratic candidates could be particularly challenging this year if the Republican presidential nominee is businessman Donald Trump, who has drawn support from working-class white men and women, many of whom are union members.

Mike Podhorzer, the AFL-CIO's political director, wouldn't comment on the specifics of the talks. When asked who has agreed to participate, he said: "That hasn't been resolved yet."

Labor activists still have time to settle their differences, and the motivation to do so is likely to rise as the race shifts to the general election. The stakes grew greater after the

death of Supreme Court Justice Antonin Scalia, which has raised the possibility of a more union-friendly appointee succeeding him on the high court.

As negotiations continue, a group of unions that have endorsed Democratic presidential front-runner Hillary Clinton have quietly begun meeting to coordinate helping her close out the primary election. But because the AFL-CIO hasn't found consensus among its leaders to endorse the former secretary of state, the Clinton backers are working without the help of the main engine that typically drives such collaborations.

A big part of the union vote is concentrated in key presidential battlegrounds.

Bernie Sanders defeated Mrs. Clinton Tuesday in the Wisconsin primary, ensuring the intra-party fight will continue.

Unions have been a potent force in getting Democrats elected even as their membership has sharply declined over decades. While one in five workers were members of a union in the early 1980s, last year just one in 11 were union members.

In the 2012 election, labor unions were responsible for \$115 million of the donations to pro-Democratic super PACs, according to the nonpartisan Center for Responsive Politics. That amount was more than any industry group, except for the financial-services sector, which donated about \$165 million, mostly to super PACs backing Republicans.

Union leaders also seek to persuade their members to vote for Democrats via visits to their homes and personal phone calls.

Labor unions began talking about coordinating their election efforts when the Supreme Court was considering a decision that threatened to devastate the ability of unions to collect dues from their public-sector members.

Though the death of Justice Scalia in February gave them a reprieve in that case, labor leaders at the time were searching for ways to find savings and to spend money more efficiently. One way to do so was to combine their political spending into one account.

Officials said at the meeting in February that a new super

Meantime, midsize labor unions inside the AFL-CIO worry that handing over greater control to the SEIU and NEA would reduce their influence over the political spending, these people said.

Under the latest plan being discussed, unions would be required to contribute as much as \$5 million to get a seat on the board. Entities that contribute smaller sums would have less say over how the money is allocated. Officials also are talking with other pro-Democratic interest groups and individuals about contributing money to the entity.

In a speech Wednesday at the Pennsylvania AFL-CIO convention in Philadelphia, Mrs. Clinton said that as president she would help unions "stand up to those forces trying to weaken the labor movement."

"I need you to speak up and speak out, to your friends and neighbors," she said.

Mr. Sanders has said he would work to strengthen the labor movement. He helped lead the fight against free-trade agreements and has backed a \$15 federal minimum wage. Several unions have endorsed him, including the National Nurses United, the Communications Workers of America, a transit union and a postal group. But Mrs. Clinton has won most union endorsements so far.

A big portion of the union vote is concentrated in key presidential battlegrounds such as Ohio, Michigan, Illinois, Minnesota, Pennsylvania, Indiana and Wisconsin. Those states hold more than one-third of the electoral votes needed to win the presidential race.



Forecasters have cut GDP expectations. Above, Cox Manufacturing.

U.S. Watch

PENTAGON

White House to Back Marine for Africa Post

The White House intends to nominate Marine Lt. Gen. Thomas Waldhauser to head U.S. Africa Command, installing a battle-tested commander at a time when the U.S. is confronting growing security issues across the continent.

Defense Secretary Ash Carter recommended Gen. Waldhauser for the job in recent weeks and learned this week that the White House would move to nominate him, U.S. officials said. The formal nomination by President Barack Obama is expected to come within weeks, the officials said.

Gen. Waldhauser, who currently serves on the Pentagon's Joint Staff as the director for Joint Force Development, must win Senate confirmation. Gen. Waldhauser is a former Marine Expeditionary Unit commander. Among other assignments, he led forces in the early days of the Afghanistan war in 2001.

Gen. Waldhauser would lead a combatant command that is quickly becoming the focus of U.S. security policy. The number of Islamic State fighters in Libya has grown to as many as 5,000. Threats also are growing from al Qaeda-affiliated groups as well

as from the Boko Haram extremist organization in Nigeria.

INDIANA

Groups Sue State Over Abortion Law

Indiana is being sued by the American Civil Liberties Union and Planned Parenthood of Indiana and Kentucky over an abortion law recently signed by Gov. Mike Pence.

The lawsuit, filed Thursday in U.S. District Court, says the law is unconstitutional and challenges several provisions, including one that bans abortions sought because of genetic abnormalities and another that mandates an aborted fetus be buried or cremated.

The suit seeks an injunction to pause the law's enforcement, which goes into effect July 1, until the case is resolved. The lawsuit says the new law puts an "undue burden on women's right to choose an abortion," since it bans them in some circumstances, even when the fetus won't survive. The suit also says women have a right to choose an abortion in the first trimester "for any reason."

Mr. Pence's deputy press secretary, Stephanie Hodgkin, said in an email that the Republican governor "has every confidence this law is constitutional. We will work with the Attorney General to defend the law that enhances information expectant mothers receive and enhances protection for the unborn," Ms. Hodgkin said.

State Sen. Travis Holdman, the Republican who sponsored the bill, wouldn't comment on the lawsuit. —Associated Press

PAY

Continued from the prior page dian total shareholder return—which includes reinvested dividends—during the year for which pay was reported, according to FactSet; it was 17% a year earlier.

The Journal analyzed CEO compensation and performance data for S&P 500 companies that disclosed pay details for their 2015 fiscal years between July 1, 2015, and March 31, 2016. Most of the remaining companies in the index are expected to file proxies by early May. A new interactive graphic on the Journal's website displays CEO pay and company performance data for S&P 500 companies.

Last year's broad pay trend can be seen at 3M Co., the Minnesota-based maker of Post-it Notes and industrial abrasives. CEO Inge Thulin's pay declined 3.4% to \$19.4 million, with his cash incentive pay falling 33% but equity pay rising 25%. Total return for 3M's shareholders was minus 5.8%. 3M didn't respond to requests for comment.

Compensation for the top-paid CEOs didn't always track performance for investors. Total pay for Philippe Dauman of media conglomerate Viacom Inc. rose 22% to \$54.15 million, on bigger stock grants. Total return for shareholders was minus 42% during the same period.

A Viacom spokesman said \$17 million of Mr. Dauman's compensation came from a retention bonus he received when renewing his contract last year. The bonus vests over several years, and much of Mr. Dauman's pay is tied to the company's share price, the spokesman said.

Pay for Honeywell International Inc. CEO David Cote rose 18% to \$34.5 million thanks to \$14.25 million in cash incentive payments, even as shareholder return was 5.8% at the industrial conglomerate.

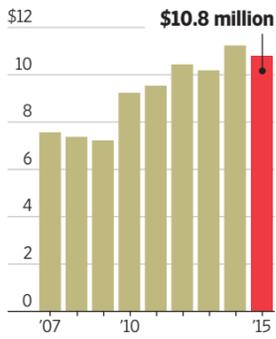
Honeywell said the company beat its targets for growth in revenues and return on investment over the past two years, and that Mr. Cote's pay reflects performance for 2014 as well as 2015. That incentive compensation was reported in full for 2015, although he won't receive half the amount until 2017, a spokesman said. "Adjusted to an annual basis, Mr. Cote's compensation in 2015 declined year over year," he said.

Some bosses had big pay cuts on performance woes. The co-CEOs of Chipotle Mexican Grill Inc., Monty Moran and Steve Ells, lost their bonuses last year after a rash of illness outbreaks at its restaurants sickened customers and sent its share price tumbling. Total pay for the two CEOs fell by more than 50% each, to \$13.5 million for Mr. Moran and \$13.8 million for Mr. Ells.

A Chipotle spokesman declined to comment.

Compensation Slip

Median pay for CEOs of companies in the S&P 500 index



Note: Data for 2014-15 are for 299 companies that disclosed compensation data between July 1, 2015, and March 31, 2016.

Source: MyLogIQ, THE WALL STREET JOURNAL.

The Journal analysis used CEO pay figures as published in company proxy statements and annual reports under Securities and Exchange Commission disclosure rules. It generally excluded CEOs who changed jobs during the year.

Some big paychecks weren't reflected in the Journal analysis. Sundar Pichai, who in October was appointed chief executive of the Google online-search business, was paid \$100.5 million in 2015, of which \$99.8 million consisted of restricted stock that vests over two years. (Google co-founder Larry Page, by contrast, earned \$1 cash as CEO of Alphabet Inc., the parent firm.) Just 17 women ran compa-

nies in the group—about 6% of the total. All but two of the women made more than the S&P 500 median, and the highest-paid of them, Oracle Corp. co-CEO Safra Catz, made \$53.2 million. (Mark Hurd, her fellow co-CEO, made about \$1,500 more than she did.)

An Oracle spokeswoman declined to comment.

Cash compensation continued to account for about a third of total pay, while stock and options accounted for about 60%, up slightly from years past. Perks accounted for about 2% of pay, while pensions and above-market interest on deferred compensation constituted about 6%, down from 13% in 2014.

Pension gains pushed CEO pay higher at many companies in 2014 because of changes to the standard assumptions—including life expectancy—used to calculate today's value for pensions that will be paid years in the future.

For 2014, "pension disclosures were an anomaly because of changes in the mortality tables as well as interest-rate fluctuations," said Mark Borges, a compensation consultant with Compensia Inc.

Year-earlier pension gains were also a significant factor in 2013—the previous time compensation declined for CEOs of S&P 500 companies. Then, median compensation slipped 2.4% to \$10.2 million, although equity pay rose 10.2% and cash pay rose 7.1%.

FROM PAGE ONE

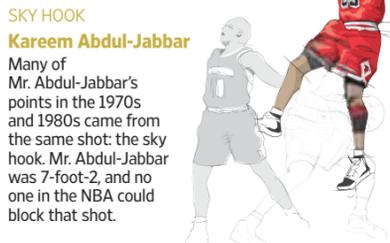
Basketball's Greatest Innovators

A handful of basketball players over the years dominated in such unique ways that they changed how the game is played. Here are the signature moves of a few of the greatest.

ABOVE THE RIM
Wilt Chamberlain
The offenses on Mr. Chamberlain's teams in the 1960s and early 1970s were simple: Get the ball to the 7-foot-1 center, close to the basket, in any way possible.



SKY HOOK
Kareem Abdul-Jabbar
Many of Mr. Abdul-Jabbar's points in the 1970s and 1980s came from the same shot: the sky hook. Mr. Abdul-Jabbar was 7-foot-2, and no one in the NBA could block that shot.



TRIANGLE OFFENSE
Michael Jordan
Mr. Jordan's 1996 Chicago Bulls notched the most wins ever in a season. The 6-foot-6 guard played in a system, the triangle offense, that could get him good shots from anywhere on the court.



THREE BALL
Stephen Curry
The Golden State Warriors, a team built around the 3-point shot, believe that any possession ending in a 3-point attempt by Mr. Curry is a good one.



Mike Sudal/THE WALL STREET JOURNAL.

POINTS

Continued from Page One with limited experience, led by a Silicon Valley financier, that bought a floundering franchise in 2010 and set out to fix it by raising a single question: What would happen if you built a basketball team by ignoring every orthodoxy of building a basketball team?

The process took many twists and turns, and there were times when it nearly failed. But the dominance the Warriors have displayed this season can be traced back to one of the most unusual ideas embraced by the data-loving executives: the notion that the NBA's 3-point line was a market inefficiency hiding in plain sight.

This season the Warriors have sunk 1,025 3-pointers, by far the most in NBA history. Not only has Mr. Curry taken more threes than any other player, he is making them at a rate of 45.6%, higher than the NBA average for all shots. He has shattered his own record for most 3-pointers in a season by 34%. Moreover, distance seems to have no significant effect on his accuracy. He is a better shooter from 30 to 40 feet than the average NBA player is from 3 to 4.

The result is a basketball style no one has yet figured out how to defeat.

"What's really interesting is sometimes in venture capital and doing startups the whole world can be wrong," said the team's primary owner, Joe Lacob, a longtime partner at Silicon Valley venture-capital firm Kleiner Perkins Caufield & Byers. "No one really executed a game plan—a team-building architecture—around the 3-pointer."

In 2010, the Warriors hadn't won an NBA title since 1975. They played in a dump arena beside an interstate and had made the playoffs just once in the previous 15 years. The prior owner, Chris Cohan, was loathed by many loyal fans.

Still, competition to buy the team was fierce. To fend off the other finalist, Oracle Corp. founder Larry Ellison, Mr. Lacob and entertainment mogul Peter Guber paid \$450 million, which was, at the time, the highest price for a team in NBA history.

It wasn't long before Mr. Lacob, 60, installed a basketball brain trust akin to a board at one of his companies. The team's executives are always communicating—a group text message hums on their phones during games—and every decision brings vigorous debate. But from the beginning, the Warriors brass placed an unusually strong emphasis on numbers.

The data dive yielded many insights, but the Warriors eventually zeroed in on the 3-point line. NBA players made roughly the same percentage of shots from 23 feet as they did from 24. But because the 3-point line ran between them, the values of



'No one really executed a game plan—a team-building architecture—around the 3-pointer,' said Joe Lacob, the Warriors' primary owner.

those two shots were radically different. Shot attempts from 23 feet had an average value of 0.76 point, while 24-footers were worth 1.09.

This, the Warriors concluded, was an opportunity. By moving back just a few inches before shooting, a basketball player could improve his rate of return by 43%.

Mr. Lacob wasn't the only team owner in sports to delve into statistics—baseball has been doing it for years—and the Warriors weren't the first NBA team to see the potential of the 3-pointer. Starting in the 1990s, a string of teams with brutally effective defenses had prompted teams like the Phoenix Suns and San Antonio Spurs to search for different ways to score, and that meant shooting more 3-pointers. More recently, as the data improved, it became clear that teams weren't taking nearly enough of them.

The difference between the Warriors and everyone else was what the team decided to do with this information.

For many years after James Naismith invented basketball in 1891, the prevailing view was that the most important area of the court was near the basket. From Wilt Chamberlain's finger-rolls in the 1960s to Kareem Abdul-Jabbar's sky hooks in the 1970s to Mr. Jordan's soaring dunks in the 1990s, the NBA was the dominion of players who owned the rim.

When the Warriors, under their previous owners, drafted Mr. Curry in 2009, he wasn't a prototypical NBA superstar. Though his father, Dell, had played in the NBA, Stephen Curry was so lightly recruited out of high school that he had attended tiny Davidson College near his hometown of Charlotte, N.C. He only emerged as a tantalizing NBA prospect after his team made an improbable run to the regional finals of the 2008 NCAA tournament.

Even after his first two seasons with Golden State, Mr. Curry wasn't a sure thing. Still,

as the team's new executives settled on their plan to exploit the 3-point line, they became convinced Mr. Curry would be their centerpiece.

The first test of their commitment came in the form of a controversial decision: trading the team's leading scorer, Monta Ellis. Some believed Mr. Ellis was too similar to Mr. Curry and that he was costing him shots. Others thought it was crazy to banish the most popular player. At one point, just before the deal, Mr. Lacob tested the confidence of his basketball executives by telling them he was getting cold feet. They defended their plan and pulled the trigger.

The week after the 2012 trade, Mr. Lacob was booed by fans. The team finished that season with one of the NBA's worst records.

Team building

The Warriors already were building a team around Mr. Curry that would allow him to take more 3-pointers. The most critical step had come in the 2011 draft when they selected Washington State guard Klay Thompson. He, too, was the son of an NBA player and an excellent shooter. At 6-foot-7, he was 4 inches taller than Mr. Curry.

The team believed Mr. Thompson's shooting ability would make defenses too frightened to leave him alone, and that would limit their ability to double-team Mr. Curry. But because he was tall, he could defend the other team's best guard and shoot over defenses without being blocked, which could help the Warriors compete against teams that hoped to use their size to contain Mr. Curry.

What made the move most attractive was its novelty. Most 3-point-shooting teams had one superb shooter surrounded by a collection of supporting players.

"Imagine if we could have two of those guys," Kirk Lacob, the owner's 27-year-old son and

the team's assistant general manager, recalled thinking at the time.

"It's once in a lifetime," said Joe Lacob.

The day after Mr. Ellis was traded, Mr. Thompson was inserted into the starting lineup. After that, according to the general manager Bob Myers, when the team was drafting and signing players, the strategy shifted from wondering whether they could play with Mr. Curry to asking: "Who can play with Steph and Klay?"

By the time the 2014-15 season began, the Warriors had padded their roster with Andrew Bogut, a 7-foot center who protects the rim and shores up their defense; the position-defying Draymond Green, the steal of the 2012 draft; and rangy guards Andre Iguodala and Shaun Livingston, whom they acquired in free agency. "They complemented shooting," Mr. Myers said, "even though they're not shooters."

The Warriors then had a chance to trade for one of the league's premier players, Minnesota Timberwolves forward Kevin Love. The move would have been a no-brainer for most basketball people. But the Timberwolves wanted a player in return whose departure would have scuttled the Warriors' master plan. "They kept asking for Klay, and we kept saying no," Mr. Lacob said. "We weren't going to trade Klay, and they weren't going to do a deal without Klay."

The team doubled down on its 3-point plan by replacing coach Mark Jackson with Steve Kerr, a member of five NBA championship teams who had retired with a 45.4% shooting rate on 3-pointers, the highest in league history. It was his first NBA coaching job.

That season, with all the pieces in place, the Warriors fielded five players between 6-foot-3 and 6-foot-8 who all were threats to shoot 3-pointers. This "small-ball" lineup—widely known as the "death

lineup" or, as Barack Obama called it, the "nuclear lineup"—helped the Warriors take 9% more 3-pointers as a team than the year before and make a higher percentage than anyone in the league.

This combination of frequency and efficiency had a fascinating effect on opponents. It forced them to spread out, extending their defense all the way to the 3-point line instead of packing the paint, leaving the Warriors with lots of open space. Mr. Curry set a record for 3-point shots and was named the league's Most Valuable Player. Mr. Thompson made the All-Star team. The Warriors overcame the Cleveland Cavaliers to win their first NBA title in 40 years.

A step further

The tinkering could have stopped there. The Warriors clearly had hit on a winning formula. But then they began thinking about an audacious idea that would make them even better.

The plan had started to take shape in 2013, during a playoff game against the Spurs, one of the NBA's top teams. Mr. Curry was just then coming into his own, showing signs that he could be both dazzling and deadly. During one possession early in the first quarter, Mr. Curry dribbled around a screen and found himself in a pocket of open space. Immediately, even before he had time to set his feet, Mr. Curry pulled up and fired a 3-pointer.

Mr. Myers, the general manager who was in the arena watching that night, couldn't believe his eyes. As the ball swished through the net, he turned to the other Warriors executives around him to confirm what he had just seen. "Did he just shoot that off one foot?" he asked. "Who shoots a three off one foot?"

The shot was only one of dozens of stunners Mr. Curry had made during his young NBA ca-

reer. But it played a crucial role in firming up another idea the team was batting around. The Warriors were dreaming about what would happen if they gave Mr. Curry a green light to take more shots, and more crazy ones, too—not off one foot, exactly, but from places on the floor where nobody had ever routinely taken shots.

Mr. Curry had already reached the point where he could take as many as 10 threes in one game without anyone noticing. It didn't matter if the shot was off one foot, from 5 feet behind the 3-point line or the popcorn stand in the concourse. His accuracy didn't suffer much. Before every game, in fact, Mr. Curry practices these kinds of bombs by shooting from the half-court logo.

The team believed that any possession that ended with a 3-point attempt by Mr. Curry was worthwhile—and that they would never discourage him from taking one. In this, the season of Mr. Curry's unleashing, the Warriors are shooting 17% more threes than a season ago. Mr. Curry is attempting more than 11 a game. No NBA team had ever had a player attempt more than nine. Last season he hit 286 threes. This season he is on pace for about 400.

What amazes fans even more is the location of those shots. NBA players shoot an average of 28% from 27 feet or beyond. Most players don't even take them unless the shot clock is running out. Mr. Curry has taken 253 such deep shots this year and made 47% of them. The result is that defenders have strayed even farther from the basket to guard him, opening even bigger spaces for his teammates.

"Stretching a defense makes it easier to score," Mr. Myers said.

The success of the Warriors this season has turned Mr. Curry, who is 28 years old, into one of the NBA's biggest stars. He has an everyman appeal because he isn't a giant.

His celebrity has raised the profile of the 3-point shot. This year, like the last four years, NBA teams are taking more 3-pointers than ever. They now amount to 28.3% of total shots. College teams also hit another high in 3-pointers attempted per game this season. High school teams have caught the bug, too.

Mr. Guber, the team's co-owner, said other NBA teams will try to emulate the Warriors' original approach as they attempt to end the team's reign.

"Other teams will do it in a different way," he said. "They'll take chances and challenge the incumbent and come up with another way to create the magic."

For now, the Warriors have it. They turned the 3-point line into a boundary in time. The kind of strategy that unfolded inside the line belonged to the game's past. The future of basketball, they believed, lay behind the line—and Mr. Curry showed it was farther behind that line than even they imagined.

"I don't know why it took so long," Mr. Lacob said. "You would think in sports that this would've been tried a long time ago."

ONLINE

See videos and an interactive graphic about the Warriors at wsj.com/PageOne.

VEGAN

Continued from Page One Children learn a lot from their peers. Lucy Schapiro, who asked for leftover miso soup on a recent day, picked up a white cube from her bowl with her fingers and squished it.

"I don't like these cheese things," she said.

"They're not cheese," said her classmate, Aris Morales-Lundgren. "They're tofu."

Ms. Germerud-Sharp, a for-

mer au pair from Sweden, started the school five years ago when she couldn't find one she liked for her own daughter. Many of its parents have international backgrounds and embrace its devotion to unstructured play, creativity and the outdoors.

Some resisted the vegan menu when it was announced but then converted as their children got used to it. "I complained about the kids not eating," said Chiara Opiparo, whose sons ages 2 and 4 attend. "That's when I started tasting the food

myself, and it was so amazing."

Other parents aren't quite there yet. As one mom put it, "Celery soup today for lunch? Chicken nuggets for dinner!"

The organic menu—with a bare minimum of sugar and salt—includes homemade root vegetable gratin, butternut squash risotto and broccoli salad. The chef on site bakes fresh bread every day.

Karen Jacobson-Sive, a self-described foodie whose son attended, was attracted by the "cool factor."

"They make their own al-

mond milk," she said. "It shows a level of dedication to the kids' well being that I would assume would be seen in other parts of the way the school runs."

Annual tuition is \$18,500 for full-time students. Every year the school hosts a "tasting" with a nutritionist to reassure parents that their children get enough calories and nutrients. Many are omnivores at home.

Some experts question whether purely vegan diets are healthy for such young children.

"This is a very complicated

and emotionally charged issue," said Sharon Akabas, an associate director for education initiatives at Columbia University's Institute of Human Nutrition. There are "a lot of feelings and too little data" about long-term effects. Dr. Akabas said parents need to make sure vegan children are getting enough iron, calcium and vitamins D and B12. Then again, she said, its students might well be eating better than peers at places that pile on sugary juice and pretzels.

Children sitting down for lunch at the Scandi School displayed a range of sophistication in their palates. Several served themselves from a heaping plate of spinach-mushroom lasagna. Declan Molloy, 4, dumped his lasagna into his miso soup and mushed them together. "Yummy," he said.

VIDEO

Watch a video about the Scandi School's vegan offerings at wsj.com/ahedvideo.

'Property is the embodiment of personality.' —G.W.F. Hegel



FEDERAL OF COMMERCE The art nouveau interior of the Galeries Lafayette department store, built in 1912 on the Boulevard Haussmann in Paris.

The Long History of Retail Therapy

Conspicuous consumption is not a product of market capitalism, but a mark of civilization

Empire of Things

Frank Trentmann
Lane, 862 pages, £30

BY EDWARD ROTHSTEIN

EMPIRE OF THINGS—a sweepingly detailed history of humanity's passion for the possession of objects—ditto like one of the early 20th-century department stores that Frank Trentmann writes about a few hundred pages into his epic chronicle of such stores—which were likened to museums, so encyclopedic were their offerings—seemed to encompass the entire world of objects on display. One store, Tietz in Berlin, emphasized the point with an illuminated globe on its roof. Within its meccas of material goods, it seemed, was all that could be owned and desired.

Trentmann's narrative has a similar abundance. Here are 16th-century silver forks gathered by Florentine merchants in Europe's first mass culture; 18th-century Indian turbans, which became so popular that European textile weavers had to import them; 19th-century flush toilets, which were too advanced for the time system of Manchester, England; and 21st-century smartphones, which, in 2009, were used for emails by 70% of American owners and just 10% of Italian owners.

There are too many aisles of facts, eccentric and suggestive, ranging over centuries, eras, languages. In England in 1500, real wages were three times higher than they had been in 1400 because the Black Death (1347-49) had wiped out more than a third of the working population. In the kingdom of the Ashanti, the king of the African kingdom of Ashanti made £250,000 from selling slaves (an astronomical sum of approximately £45 million in today's currency).

In late 19th-century Europe, food prices rose in price, but water became expensive. In 1954, only 7% of French households had a refrigerator or a washing machine. In 1900, only 5% of German men changed their underwear daily. At the end of the 20th century, New Yorkers were eight times as rich as they were at the beginning of the century, but household garbage weighed only half as much (the bulk of personal trash used to be ash).

Overall this is a little dizzying, that is the point. The facts presented in *Empire of Things* touch on the history of slavery, the growth of modern commerce, the beginning of utility networks, the rapid economic change during postwar decades, and the shifting aspects of consumption and its consequences. Mr.

Birkbeck College, University of London, is an authority in "consumer studies" and wants to jolt the accepted wisdom in his field.

Sometimes the sheer range of examples on offer can make the book seem more like an open-air market than a coherent presentation of goods. The first half is a chronological history of consumerism, guided by extended case histories—about 16th-century northern Italy, for example, or 20th-century Asia. The second half is a series of issue-driven chapters examining themes, including the idea of credit, ethical consumerism, purchases made for the home and the effects of capitalism on religion. Mr. Trentmann keeps a feeling of miscellany in play; he seems to deliberately avoid a conceptual system that might explore fundamental principles.

What gives the book coherence, instead, is its spirit of challenge and dissent. Early studies of what is now called "material culture" like Fernand Braudel's "The Structures of Everyday Life" (1982), intent on a new form of history, paid close attention to household and economic goods but not to major historical and political events.

This restricted perspective, Mr. Trentmann argues, became common in the discipline and has led to many generalizations that don't hold up. In addition, he suggests, the world of the consumer has been too narrowly defined, focusing on private acquisition and thus neglecting areas like public spending, which is now running at a rate of more than 20% of GDP in the world's wealthiest countries—"levels unparalleled in every previous period in human history."

So a polemical edge accompanies Mr. Trentmann's array of facts and observations. You think that frenzied acquisition is uniquely characteristic of modernity and Western capitalism? Think again: Mr. Trentmann begins the first chapter citing a 60-year-old chronicler in 1808 bemoaning how rapidly the world around him has changed. Wealthy men parade around displaying fancy pocket watches. Ordinary citizens follow frivolous fashions and keep animals as trendy pets. But this chronicler, Mr. Trentmann tells us, "was not writing from Paris or London but from Yangzhou" in China. In this case, the fancy pets were chickens from Canton and rats from "the West."

What about, then, the issue of "conspicuous consumption" defined in 1899 by Thorstein Veblen? Isn't it characteristic of modern consumerism? Not at all, Mr. Trentmann says. One Chinese observer in the 1570s complained about the "young dandies" who thought "silk gauze isn't

embroideries" seeking the "look of the moment."

In 15th-century Florence, the competitive display of luxury goods was so extravagant that the Dominican friar and preacher Girolamo Savonarola reacted with his notorious "bonfire of the vanities," sending musical instruments, books and tapestries up in flames—thereby illustrating an alternative form of consumption. In Venice during the next century, the senate passed rules against luxurious display: One 1512 law said that no more than six forks and six spoons could be given as wedding presents and banned gilded mirrors; a 1562 law limited the desserts permitted at banquets. In fact, Mr. Trentmann notes, the imposition of sumptuary laws regulating consumption accompanied the growth of material possibility throughout Europe.

A Chinese observer in the 1570s complained about the 'young dandies' who lusted 'for Suzhou embroideries' and the 'look of the moment.'

A larger perspective over time shifts our understanding; so too does a vast geographic perspective. Mr. Trentmann surveys the economic impact of the slave trade not just in the West but in Africa. Pre-imperial Africa, he points out, was hardly a "traditional" society untouched by materialism. During the 18th century, imports in West Africa rose 10-fold. Each African region developed particular tastes in fashion and cloth. The end of the slave trade in 1807 led to the expansion of African exports of native products like palm oil and gum. "Africans," Mr. Trentmann writes, "did not need imperial masters to teach them how to become consumers."

As Mr. Trentmann chisels away at various claims and misconceptions, it becomes a little more clear what his overall strategy is. Toward the beginning of the book he notes that "today, consumption is at the center of a heated public debate between two rival camps pointing their moral artillery at each other." On one side are "progressive and social democratic critics who attack the juggernaut of shopping, advertising, branding and easy credit for turning active, virtuous citizens into passive, bored consumers." On the other are "champions of consumption, first and foremost classical liberals who cherish freedom of choice as the bedrock of democracy and prosperity."

Mr. Trentmann insists that he is not out to "adjudicate a moral debate" or decide whether consumption is good or bad. He is, he says,

concerned with the "process and evolution of consumption over the past five centuries."

Still, he seems more critically preoccupied with the progressive vision, in part because it has shaped contemporary ideas—and it is fraught with errors. The progressive worldview, he notes, has a long and mixed pedigree. Plato described how luxuries would lead to the moral and physical dissolution of a city. Avarice was "the root of all evil," according to the Christian apostle Paul. Dante sent usurers to hell's seventh circle, pushed down into burning sand by the stuffed moneybags they carry.

In the modern period, Mr. Trentmann finds similar ideas in the Romanticism of Rousseau, who believed "the desire for things turned free men into slaves." A century later, he suggests, Marx and others went much further, arguing that

capitalism and modern industry had changed the ways in which people relate to objects; things had become defined solely by their economic value.

Other meanings and significance were cloaked by this "modern fetishism." The result, according to this view, has been "disenchantment, inequality and conflict" and a raging consumer culture caused by the manipulation of material desire.

During the 1950s, Mr. Trentmann suggests, this outlook became part of popular understanding, largely through a series of books: David Riesman's "The Lonely Crowd" (1950), Vance Packard's "The Hidden Persuaders" (1957) and, most important, John Kenneth Galbraith's "The Affluent Society" (1958).

Galbraith, Mr. Trentmann says, saw the U.S. as a society "where people were driven to consume ever more to keep the engine of production running, at the expense of public welfare, the environment and their own happiness." Galbraith warned of the end of thrift and the imminence of "private opulence and public squalor."

Mr. Trentmann accepts little of this, certainly not the idea that objects were transformed into fetishistic economic artifacts during the late 19th and early 20th centuries, when they in fact became weighted with broader significance: Think only of the labors of collectors and the development of museums. And while Galbraith's view, which "has informed critics of 'consumerism'

some acute observations, Mr. Trentmann argues that much of his analysis was simply wrong. Americans were saving more, not less, during the postwar years: In 1957 the personal savings rate was a phenomenal 10%. Moreover, public spending with affluence and did not decline the way Galbraith's model might have suggested.

"Empire of Things" is by no means a systematic rebuttal, but Mr. Trentmann's approach throughout to present so much detail that we are convinced, at the least, that a great deal of thinking about consumption requires re-examination.

Did consumer culture really encourage passivity and an abandonment of craft and skill? How to explain, then, that men spent roughly twice as much time on domestic chores and repairs in 1945 as in 1910? A large amount of spending went toward home craftsmanship and new skills.

But isn't it true that an addiction to credit is a distinctive problem of our time? Only if you ignore that in England in 1700 every second of a household left behind unpaid debts at death. In 1925, Liverpool had 1,380 registered moneylenders.

What about religion? Isn't growing secularism a direct result of expanding consumption? Not really, Mr. Trentmann says: Eastern Europe and Central Europe today are "not richer in things than under Communism," but there are "more Christians and believers." Religion, he writes, is saturated with things.

Is capitalism necessarily amoral? Not at all: In Mr. Trentmann's view, it has been long accompanied by efforts "to moralize the economy, to purchase selectively or set up a cottage to encourage a particular industry to come. The most recent manifestation of this impulse is "ethical consumerism," like the fair-trade movement, its products "assuring consumers that distant producers in the developing world receive a fair deal for their sweat and toil." But this seems to be the vaguest part of the argument because we never learn how "ethicalness" is assessed or what effect the movement has had.

Despite the book's scale, concreteness is not one of its goals. *Empire of Things* is difficult, sometimes elusive, yet almost always illuminating. By the end, retail wisdom is weakened, though we never become quite sure what to do in its place. But in an academic field—studying consumption—can seem wary of its own specificity that turns out to be a refreshing novelty, like window shopping without having to decide on a final purchase.

Mr. Rothstein is the Journal's

BOOKS

'Whatever he believed, he believed. It didn't matter to him whether it was really true or not. He just changed the truth til it fit him.' —James McBride

Emphasizing the Downbeat

Kill 'Em and Leave

By James McBride
W&N, 256 pages, £20

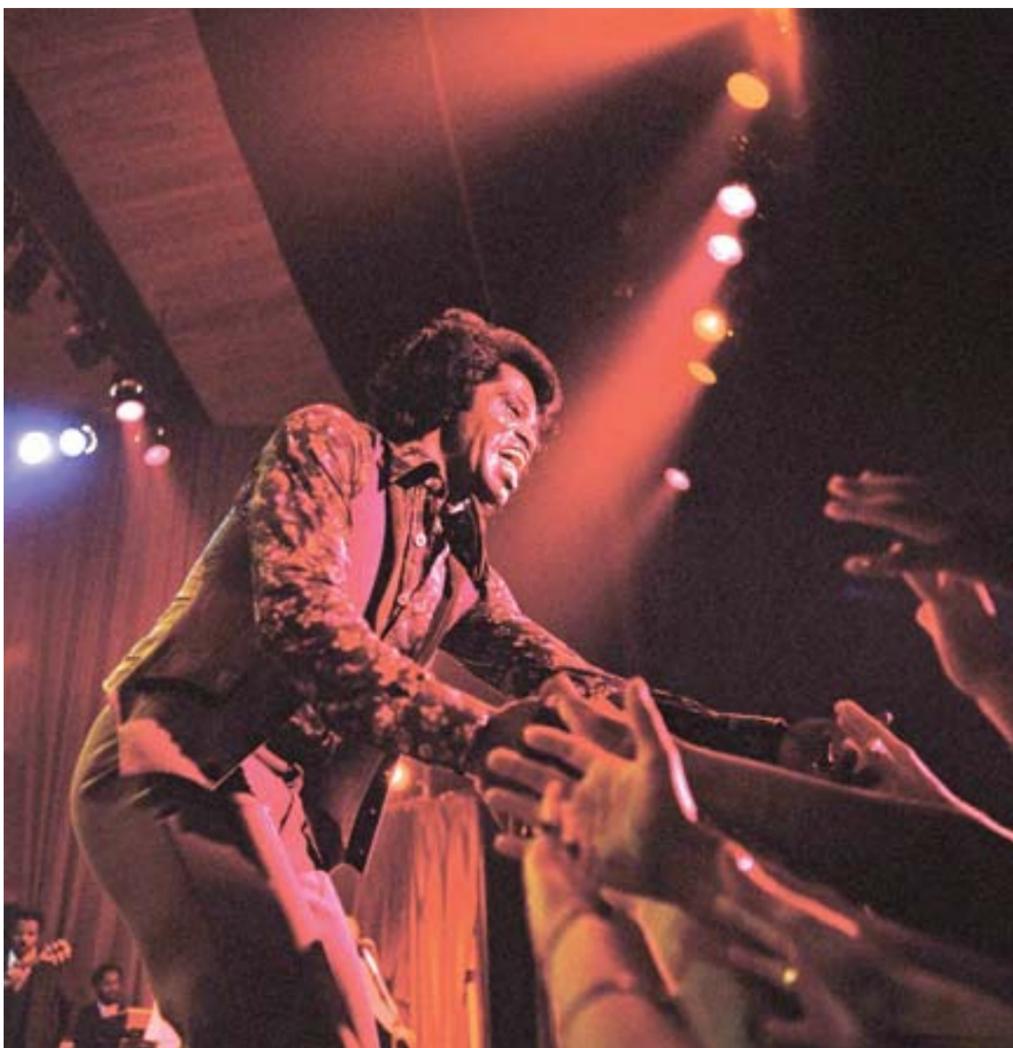
BY CHRISTOPHER CARROLL

EARLY IN "Kill 'Em and Leave: Searching for James Brown," James McBride describes the beginning of the recent biopic of Brown's life, "Get on Up." The film opens in 1988 in Augusta, Ga. Brown, in a green sweatsuit, carries a shotgun into a storefront office space filled with white insurance executives. "They stare in terror as he launches into a tirade that ends with, 'Which one of you gentlefolk hung a number two in my commode?' Then his shotgun accidentally discharges into the ceiling—BLAM! Brown stares at the ceiling and mutters, 'Good God.'" Before long he's in a high-speed chase with a fleet of police cruisers, barreling through a barricade before ultimately surrendering.

Brown recorded 321 albums, wrote 832 songs and had 45 gold records.

"It's a funny scene," Mr. McBride writes. "Problem is, it's mostly fiction." It's this willful misconception of Brown as "a drug addict, a troublemaker, all hair and teeth" that Mr. McBride hopes to correct in his lively book, a mix of biography and reportage and digressive storytelling that peers beneath the professional veneer Brown so carefully constructed. He seeks out those who knew Brown—friends, ex-wives, distant relations, band members, managers, accountants—interweaving these interviews with short histories of Brown's family and ancestry, the places he grew up, especially Augusta, and ruminations on Brown's social and musical legacy.

Mr. McBride, who won the National Book Award in 2013 for his novel "The Good Lord Bird," also investigates the sad legal battle over Brown's estate. Valued near \$100 million at the singer's death in 2006 and meant largely to fund scholarships for poor children in South Carolina and Georgia, it has become an American Jarndyce v. Jarndyce, with endless lawsuits brought by family members and exes left out of Brown's will slowly depleting the funds, none of which has made it to the children Brown hoped to benefit.



GIVE HIM A HAND Brown performing in 1979.

And looming over all of this is the question of racism in American music, and the exploitation of black music and musicians by white musicians and record executives alike. Mr. McBride argues that Brown is "the most misunderstood and misrepresented African-American figure of the last three hundred years . . . nearly as important and as influential in American social history as, say, Harriet Tubman or Frederick Douglass."

The false impressions are due in large part to the singer's own efforts. "You did not get to know James Brown," says his lawyer Buddy Dallas, "because he did not want to be known. In 24 years of working with him, I have never known a person who worked harder at keeping people from knowing who he was."

The Brown who emerges from Mr. McBride's dogged research bears little resemblance to the cartoonish parody presented in the

biopic. Far from a drug-addled, unhinged nut, Brown was a man who, born into abject poverty, worked relentlessly to perfect his music and to present a carefully composed face to the world, a man who for most of his life rarely cursed or drank or smoked, and who was so proud that he "sat in a hair dryer for three hours after every show, because he always wanted the public to see him 'clean and proper.'"

The event that the film's opening scene was based on, for instance, came, as Mr. McBride describes it, at a nadir in Brown's career: His band had dissolved, his marriage was suffering and his father was in the hospital. It was only at this point, when he was 55 ("His knees were going—arthritis was killing him") and in the depths of his depression, that he had turned to PCP after years of avoiding drugs.

About those insurance executives, who had rented space in one of

Brown's office buildings, Mr. McBride quotes Brown's eldest son, Terry, saying that Brown, whose office in the same building had recently been burglarized, marched into the room carrying an old hunting rifle—one that Brown's manager recalled didn't even have a firing pin in it—because he had seen an unlocked door and thought he was being robbed again.

And, as Mr. McBride writes, it was not Brown who destroyed the police cars, but the other way around—the police "caught him after a low-speed 'chase' not far away and reportedly fired 17 bullets into the truck, two of which entered the gas tank—with Brown still inside the truck." When the chase began, he had been, "pitifully and desperately, trying to get to his father."

Brown was not an angel, certainly. He treated his musicians terribly—Mr. McBride calls it "one of his saddest legacies"—sleeping with

female singers, capriciously fining band members, running "senseless, endless, punishing rehearsals for hours, sometimes right after the gig, sometimes til daylight, for no reason other than to show who was the boss."

Still, it's hard to overstate Brown's importance as a musician. He sold "more than 200 million records," Mr. McBride writes, "recorded 321 albums, 16 of them hits, wrote 832 songs, and made 45 gold records. He revolutionized American music: he was the very first to fuse jazz into popular funk; the very first to record a 'live' album that became a number-one record."

Brown's innovations led to the creation of funk. He brought the bass up in the mix, put the emphasis on the downbeat, rather than on the second and fourth beats, and replaced traditional harmonic progressions with open-ended vamps based on a single harmony (listen, for instance, to his 1967 song "Cold Sweat.") His innovations were picked up and expanded on by everyone from Sly Stone to Stevie Wonder, Miles Davis to DJ Kool Herc.

Mr. McBride is himself also a musician—he played tenor saxophone for the jazz singer Jimmy Scott. So it comes as something of a disappointment that Brown's music isn't discussed at more length. The section of the book in which Mr. McBride compares the differences between jazz and funk soloing, emphasizing the deceptive difficulty of playing funk, is so well done that one wishes for more, especially since the book is often marred by clichéd phrasing and puzzling similes, as when history is described as moving "like an erupted volcano spreading lava that sets fires in places far distant because of the enormous heat contained within it." Such sentences can feel like filler.

The book is, on the whole, a Herculean effort to bring clarity to a man who seemed to work all his life to remain remote. Though Mr. McBride's reporting and research are admirable, it still remains difficult to reconcile the Brown who wrote "Say It Loud—I'm Black and I'm Proud" and who mentored a young Al Sharpton with the Brown who was friends with Strom Thurmond and supported Reagan (neither of whom, surprisingly, come in for any serious discussion). Even so, Mr. McBride provides a sympathetic and deeply knowledgeable portrait of one the 20th century's most important musicians.

Mr. Carroll is on the editorial staff of the *New York Review of Books*.

Freedom for Me but Not for Thee

America's War for The Greater Middle East

By Andrew J. Bacevich
Random House, 453 pages, £21.09

BY ROBERT D. KAPLAN

WHEN HISTORIANS IN future decades ponder America's wars in Vietnam and Iraq, the name of Andrew J. Bacevich, a West Point graduate, retired Army colonel and professor emeritus at Boston University, will have its own poignant chapter. Mr. Bacevich fought in Vietnam, and his only son, an Army first lieutenant named after him, was killed in Iraq.

But long before his son was killed, Mr. Bacevich had carved out a niche as a fiery polemicist against not only the 2003 invasion of Iraq but the whole logic of preventive, expeditionary warfare. His son's death in 2007 inevitably added force to the elder Bacevich's judgments. He became almost mythic in antiwar circles as a military man whose family had paid the ultimate price, and hawkish writers who might otherwise have labeled him an isolationist showed restraint and respect.

Actually, Mr. Bacevich may be less a left-wing isolationist than an old-fashioned conservative scold who harks back to the particularism of the late diplomat George F. Kennan. Particularism stands against universalism and the muscular projection of America's values abroad; it accepts the world as it is, with all of its intractable cultural and ideological differences, and is wary of entanglements. As someone who supported the Iraq war and then admitted to being wrong about it, I have learned over time to respect—if not neces-

sarily agree with—Mr. Bacevich's worldview.

"America's War for the Greater Middle East" is Mr. Bacevich's magnum opus about everything that has been bothering him for decades regarding U.S. foreign policy. The subtitle is "A Military History," but it really isn't. History concerns itself, in part, with nuance, complexity and the entertaining of counterfactuals. It tries to grasp the multiplicity of motives and tragic choices behind any historical episode or epoch. The finest histories resemble

This antiwar polemic offers plenty of wisdom but not the whole truth.

literature more than political science. Such qualities are missing from this book, which is instead a deft and rhythmic polemic aimed at America's failures in the Middle East from the end of Jimmy Carter's presidency to the present.

The polemic starts with Mr. Carter's 1979 "malaise" speech, which called on Americans to be materially less self-indulgent and rediscover old-fashioned values. The speech was a reaction to a bad economy, a second oil shock and the Iranian Revolution—and it flopped, as Mr. Bacevich admits, becoming a milestone on the way to Mr. Carter's electoral defeat against Ronald Reagan.

Nevertheless, Mr. Bacevich finds that Mr. Carter's rhetoric "bears comparison with Abraham Lincoln at his most profound, Woodrow Wilson at his most prophetic, and Franklin Roosevelt at his most farsighted."

Mr. Carter, says Mr. Bacevich, wanted to trade "a shallow freedom for true freedom and dependence for autonomy." But because the nation opted for a shallow freedom based on consumption, America went on to fight unnecessary wars in the Middle East, mainly—and especially at the beginning—for oil.



TANGIBLE ACHIEVEMENT Celebrating Operation Desert Storm and the liberation of Kuwait City from Saddam Hussein on Feb. 27, 1991.

This is not isolationism, a word associated with those opposed to fighting the Germans and Japanese in the years leading up to World War II. But it is an extremely restrictive view of American interests abroad in an ever more globalized world. Mr. Bacevich wants a foreign policy of near-absolute purity, and so he is alienated not only from the neoconservative interventionism of the younger Bush administration but also from the "amoral machinations" of the Nixon and Ford administrations. Here he is less like George Kennan than Rand Paul.

"From the end of World War II to 1980, virtually no American soldiers were killed in action" in the Middle East, he writes. "Since 1990, virtually no American soldiers have been killed in action anywhere *except* in the Greater Middle East." True, but the end of the Cold War and Soviet support for regimes in Iraq and Af-

pseudo-event. It may have prevented Iraq's explosion from a Balkan level of violence to a Rwandan level. Foreign policy and military strategy are often not about accomplishing anything positive but about keeping even more negative things from happening.

This is how the book goes. It sweeps you along, unless you are willing to stop and say: Hey, wait a minute, that's not the whole truth. Nevertheless, there is wisdom aplenty in one of Mr. Bacevich's key propositions, which is that in all the decades that the Americans sent troops to fight in the Middle East—from Ronald Reagan's dispatch of Marines to Beirut in 1983 to Barack Obama's effort to topple Libyan dictator Moammar Gadhafi in 2011—there was far too little appreciation of the region's deeper problems: "the vacuum left by the eclipse of British imperial power; intractable economic backwardness," or, in a larger sense, the granular intractability of warring tribes and sects. As Mr. Bacevich puts it, "references to countries like Oman and Somalia" in too much American thinking "implied that they were more or less interchangeable with Norway or the Netherlands."

In other words, American policy makers, especially in the run-up to the Iraq War, didn't know what they were dealing with. Whatever differences one might have with Mr. Bacevich's broad indictment, it's hard to argue with that compelling, often-enough-true insight.

Mr. Kaplan's most recent book is "In Europe's Shadow: Two Cold Wars and a Thirty-Year Journey Through Romania and Beyond." He is a senior fellow at the Center for a New American Security.

BOOKS

'What today is a *problem*—will one day be a *task*; what today is a vision and faith of a single individual, will one day become a law for *all*.' —Erich Mendelsohn

Holy Rubble and Rabble

Till We Have Built Jerusalem

By Adina Hoffman
Farrar, Straus & Giroux, £19.77

BY MATTI FRIEDMAN

'WHOEVER DID NOT SEE Jerusalem in its days of glory has not seen a beautiful city in his life," the Talmud says of the days when Herod's temple shone at the center of a city that symbolized the gateway to the divine. The world was given 10 allotments of beauty, the sages say, and Jerusalem got nine.

Along the wall of the same temple, unmentioned by these sayings, was a noisy commercial street 25 yards wide where 2,000 years ago you could barter for a goat, change money, and find weavers, butchers, prostitutes and some murderous zealots. It was a short walk to the hippodrome, where you could brawl with rival fans and, if you were lucky, see a really good chariot crash. One imagines a Temple priest, pausing mid-sacrifice, sighing as he glances at the earthly Jerusalem over the wall.

In "Till We Have Built Jerusalem: Architects of a New City," Adina Hoffman gives us the story of three gifted architects who brought their talents to the city two millennia later, between the world wars. By this time Herod was long gone, replaced by the British, but the tension between the imagined city and the real one remained.

One architect was a dictatorial German-Jewish modernist; another a British civil servant who hoped to stay away from Britain as long as possible; the third a creature of the old polyglot Middle East—a Greek, a Christian and a Mason. Sifting through official documents and private letters, Ms. Hoffman, an American writer who has spent many years in Jerusalem, resurrects these forgotten men and succeeds in adding fascinating human detail to the cityscape. Almost everything in the book was new to me, though I've lived in Jerusalem my entire adult life and have passed some of the buildings she describes thousands of times.

I now wonder, for example, how I could have spent days in the maternity ward of the hospital on Mount Scopus without knowing anything about the man who designed the building. This was Erich Mendelsohn, an architect of brilliant reputation in Germany who came to Palestine in the 1930s hoping not just to escape the Nazis but also to bring together Jews and Arabs through architecture and to create "a union



GRAND FACADE The Palace Hotel being refurbished in 2009. Built in 1929 by Palestine's Supreme Muslim Council, it went bankrupt in the 1930s and then served as various government offices. It is now the Waldorf-Astoria Jerusalem.

between Prussianism and the life-cycle of the Muezzin." The Jews, he thought, didn't know from beauty—they lost their aesthetic sense in exile and had to be "trained anew to see." Mendelsohn had in mind just the guy to do it. Indeed, he thought he should be entrusted with the design of the entire country.

That this didn't happen was a continual source of annoyance, but he had a good time living in a defunct Jerusalem windmill with his bohemian wife, dressing the maid like "part of the windmill," and designing a lovely library and villa for the magnate Salman Schocken, another displaced German with an outsize personality. Mendelsohn's plan was so detailed and authoritarian that it included instructions for how residents were to push back their chairs after meals.

Now I know, thanks to Ms. Hoffman's book, that Mendelsohn's angular design for the Anglo-Palestine Bank that opened in 1939 on Jaffa Road was meant to echo the "stark verticals" of buildings in Hebron. I know that he imagined the Mount Scopus hospital building, completed the same year on the desert's edge, as stretching "from Jerusalem to Saudi Arabia" and that the construction workers called its small domes "breasts." The stories in Ms. Hoffman's account brought new pieces of

Jerusalem to life and made me more alert to the choices, good and bad, made by those who put the city together over the years.

Mendelsohn didn't last long in Jerusalem. One gets the impression that it was too small a stage, the vision of an Arab-Jewish symbiosis too unlikely, and that the "Orient" was insufficiently interested in Erich Mendelsohn's ideas about how it should look. When the Wehrmacht drew distressingly close to Palestine in 1941 he decided, upon second thought, that California might be a better choice.

If some of the city's best modern buildings are Mendelsohn's, the British civil servant Austen St. Barbe Harrison is behind what may be the two most beautiful of all: Government House, finished in 1931, and the Rockefeller Archaeological Museum, which opened in 1938. Both were meant to serve as temples to a peaceful Palestine under British rule, and both reflect less a Middle Eastern style than a Western imagining of a Middle Eastern style—a beautiful approach in itself and no less genuinely local than any other.

After a few quiet years in the 1920s, Harrison watched friction between Arabs and Jews burst into violence, complicating his building projects and eroding any optimism about the future. In a letter, a British sculptor

whom Harrison brought over in 1934 described Jerusalem as "fundamentally depressing." Harrison stayed in the city exactly one day longer than the 15 years necessary to qualify for his government pension.

Erich Mendelsohn came here in the 1930s hoping to unite Jews and Arabs through architecture.

What the third architect of this book, Spyro Houris, thought of all this is an interesting question, but despite the author's best attempts, Houris remains a cipher, his thoughts on the city lost along with all but the barest details of his life—birth in cosmopolitan Alexandria in 1883, a move to Jerusalem, the design of some beautiful villas, and death in the city in 1936.

Ms. Hoffman sympathizes with the subjects of her book, with their hopes for a different kind of place, and with their disappointment. She regrets the way commerce downtown mars pretty facades with ugly signs advertising ugly clothes, the unsightly metal detectors and security guards outside her characters' buildings, rags that "droop from

Catching Nature on the Wing

The Rarest Bird in the World

By Vernon R.L. Head
Signal, 243 pages, £14.99

BY JULIE ZICKEFOOSE

WHAT CAN ONE TELL of a bird from its wing? Enough to discern, many years and much discussion later, that it was unknown to science. The Cambridge University Expedition of 1990, collecting biological specimens in a little-known desert plain of Ethiopia, found a road-killed bird from which they recovered a single wing. Had they known they'd just bagged the first specimen of the rarest bird in the world, the Nechisar nightjar, they'd have scraped the sand for each brittle bone and matted feather.

Two decades later, author Vernon R.L. Head set out to Ethiopia as part of a team of four, to look for the living bird. They were on a naturalist's errand but also an artistic one, to witness and possibly photograph the nocturnal owner of this dried wing in life; to bring it, through their quest, into the world of the known and living; and to give it color and voice and presence. This all-consuming, panoramic experience is magically captured in the measured pace and erratic but studied progress of Mr. Head's exquisite book, "The Rarest Bird in the World."

There are many species of nightjars populating the profound darkness of the Nechisar plains; the problem for the travelers is to find the one that no one has seen alive. And this must be done by torchlight, from a rolling vehicle. They know nothing of the bird's natural history, or why it has never been seen before. They'll be lucky just to glimpse it, much less come away

knowing anything of how it lives. In the end, all they—and the reader—learn about the nightjar is that it exists, before its broad wings, slashed with white just below the wrist, bear it off into the dark again.

The four friends move through natural areas left pristine by the dubious beneficence of tsetse flies. Mr. Head's gently rocking, unabashedly purple prose is dense with surprising metaphor and exquisitely descriptive phrases, the kind that make a reader double back to savor them twice. Within a few lines, you know you're in for a Nabokovian ride. "It was quiet and the heat felt dead. Nothing moved except the wings of parasites."

There are many species of nightjars in Ethiopia; the problem is to find the one no one has seen alive.

Mr. Head, a bird-watcher and active conservationist, was joined by Ian Sinclair, an ornithologist and the author of multiple books on African birds; Dennis Weir, a retired police officer and preternaturally expert birder from Belfast; and New York birder Gerry Nicholls. Through the author, we come to see how there are different species of birders, just as there are different species of birds.

It was Mr. Sinclair, Mr. Head writes, who "showed me how to sense a bird, how to smell it with the ears." Later, the author describes spotting a rare hummingbird on his first birding expedition with Mr. Nicholls: "He had found a shard of sunshine shaped by the forest that

cut a tiny hole in the canopy," he writes. "Its light was fragile and sharp, stretching up and pulling tightly at the sun. It was tied to a flower, lighting the petals in a glow-

Because the team is chasing a phantasm, the hope of a bird about which nothing is known other than the structure and markings of one dried wing, Mr. Head builds his

learnt of its rareness because less than fifty birds are thought to remain. It is seldom airborne because it is uncomfortable in the sky. . . . Unable to roam and find new homes, it is now trapped, confined to a single tiny tract of land. It has become a relic, a memory of a past habitat, a memory of change."

The author wanders off down jungled paths in flights of language so evocative that one hardly cares where he's headed; it's enough just to hear his song. And in a particular bit of alchemy, the experience of reading his book closely mimics bird-watching itself. Catching the fluted phrase of a solitaire in a dripping cloud forest, pausing to savor the perfect melding of sound, scent and place; then finally putting binoculars on the singer for an electrically intimate connection: This is the essence of birding.

As these birders know, "discovering" a species may not be the best thing for it. The Spix's macaw, discovered in 1817 by Johann von Spix, lived in Brazil, but "collectors of cage birds so coveted it that just a hundred and eighty years after its discovery it was extinct in the wild. . . . Today this macaw knows only the shadows of wire mesh, flying in stunted space. . . . Our greed for its beauty has ultimately stolen this bird from the wild." A deep reverence for all creatures, especially the last and fewest, suffuses this book with an oddly hopeful melancholy. The seekers find their nightjar. More study is needed. But it hardly matters; the search and Vernon Head's telling are more than satisfying enough.

Ms. Zickefoose is the author and illustrator, most recently, of "Baby Birds: An Artist Looks Into the Nest."



JULIE ZICKEFOOSE

ing red warmth. . . . We watched as a hummingbird came to laugh. Gerry laughed with the bird. We laughed together. The bird buzzed: backwards, upwards, downwards, then forwards, and jerked into a new position on the air. To us it seemed to be having fun. Blurred wingless, its long tail hung like a flying snake—airborne, floating and white in tassels."

story as a sort of punctuated memoir of other such quests, embroidered by musings on conservation, rarity and extinction. Mr. Head has spent much of his life witnessing the last stand of a number of bird species, and the refreshing oddity of the stories he spins lights the way. Of the vanishing Liben Lark of southeastern Ethiopia he writes: "We had

OPINION

REVIEW & OUTLOOK

A Dutch Warning for Europe

The answer to the question in Wednesday's Dutch referendum should have been easy: Should the Netherlands ratify the European Union's trade agreement with Ukraine? That the "No" campaign thumped "Yes" by a 61%-38% margin is a symptom of the failure of the political center in the Netherlands, and in Europe.

The Dutch political class was surprised by the referendum on the EU association agreement with Ukraine, which was forced when an "anti-establishment" political blog garnered the 300,000 signatures necessary to call such a vote. At first the liberal-labor coalition of Prime Minister Mark Rutte tried to ignore the looming vote, hoping turnout below the requisite 30% would nullify the result. Only belatedly did Mr. Rutte and others realize they needed to campaign actively for the deal with Ukraine, and by then they were too far behind their opponents.

The result is an embarrassing rebuke to Europe's policy of engaging with Ukraine as a check on Vladimir Putin's Russian expansionism. Russian Prime Minister Dmitry Medvedev welcomed the vote on Twitter, writing that the result was "an indicator of the Europeans' attitude to the Ukrainian political system."

Jack Lew's Political Economy

CEOs have learned to keep mum in the Obama era, lest their companies be punished like J.P. Morgan after Jamie Dimon criticized some parts of Dodd-Frank. So it's worth noting the candid reaction after a new U.S. Treasury rule scuttled the merger between Pfizer Inc. and Allergan PLC.

The companies ended their \$150 billion tie-up after Treasury Secretary Jack Lew issued new rules that made it harder for companies like Pfizer to move to Ireland to legally lower their taxes. Pfizer will have to pay Allergan a breakup fee of \$150 million, though Allergan shares are still down more than \$10 billion since the Treasury ambush.

Pfizer CEO Ian Read defends the company's planned merger in an op-ed nearby, and his larger point about capricious political power helps explain the economic malaise of the past seven years. "If the rules can be changed arbitrarily and applied retroactively, how can any U.S. company engage in the long-term invest-

ment planning necessary to compete," Mr. Read writes. "The new 'rules' show that there are no set rules. Political dogma is the only rule."

He's right, as every CEO we know will admit privately. This politicization has spread across most of the economy during the Obama years, as regulators rewrite long-standing interpretations of long-

standing laws in order to achieve the policy goals they can't or won't negotiate with Congress. Telecoms, consumer finance, for-profit education, carbon energy, auto lending, auto-fuel economy, truck emissions, home mortgages, health care and so much more.

Capital investment in this recovery has been disappointingly low, and one major reason is political intrusion into every corner of business decision making. To adapt Mr. Read, the only rule is that the rules are whatever the Obama Administration wants them to be. The results have been slow growth, small wage gains and a growing sense that there is no legal restraint on the political class.

Pfizer's CEO nails the reason for slow growth and small wage gains.

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Backward to Athens

It's been nearly five months since Greece's last near-crisis, so another financial tremor was overdue. Sure enough, a general strike this week came as Prime Minister Alexis Tsipras heats up his feud with Greece's creditors and the creditors feud with each other.

The trigger is the long-delayed review of the bailout deal Greece struck in August. The review is supposed to measure Athens's progress on implementing fiscal and supply-side reforms as a prelude to unlocking the next tranches of aid due under that €86 billion (\$97.85 billion) agreement. Athens will need another of those payouts, of nearly €6 billion, to make a €2.8 billion debt repayment due to the European Central Bank in July.

But there's not much progress to review. Reforms to pensions, one of Athens's biggest budget lines, remain undone. Mr. Tsipras's left-wing Syriza party is debating cuts to benefits for retirees who enjoy the most generous payouts, a class that includes many pro-Syriza government unions that launched Thursday's national strike. Creditors are blocking Syriza's Plan B, which is

to increase pension contributions—also known as taxes—even further to preserve benefits. Athens is dragging its feet implementing a bankruptcy-law overhaul and privatizations mandated by last year's bailout.

The main "reform" Athens has managed so far are some of the tax increases creditors demanded, including applying the 23% value-added tax to a larger number of goods and imposing new personal-income and corporate taxes. Greece's first two bailouts increased revenue as a percentage of gross domestic product to nearly 36% in 2014 from around 31% before the 2010 crisis, according to the OECD, and that percentage will have risen since. Creditors seem to think this is good for the budget, but it's a growth killer.

All of which is worth remembering as Mr. Tsipras demands substantial debt relief, the International Monetary Fund argues for some debt forgiveness, and Germany resists any write-downs at all. No amount of debt will be sustainable if the Greek economy isn't growing, and Greece can't get the growth spurt it needs without supply-side reforms.

America's East Asian Bargain

New Japanese laws took effect last week that empower Japan's military to defend U.S. forces that come under attack, even if Japan isn't targeted. Count this as one of many important facts Donald Trump overlooks when he blasts U.S. allies and proposes withdrawing from the Western Pacific.

"We take care of Japan, we take care of South Korea" and "we get virtually nothing" in return, Mr. Trump said last month. He threatens to renegotiate or abrogate the long-standing treaties under which the U.S. today bases some 50,000 troops in Japan and 28,000 in South Korea.

But these aren't one-sided or unaffordable deals. Tokyo and Seoul now pay nearly half of local U.S. military costs—some \$2 billion a year for Japan and \$900 million for South Korea. The U.S. troops based there cost the U.S. taxpayer less than they would if they came home. And that's without counting their value in sustaining decades of peace and prosperity in a region previously marked by catastrophic wars.

The four largest U.S. military-construction projects in the Pacific are costing U.S. taxpayers only \$7 billion because Japan and South Korea are paying more than \$30 billion. According to an April 2015 tally from U.S. Pacific Command, Seoul is providing 93% of the nearly \$11 billion needed to expand Camp Humphreys, which is set to host almost all U.S. forces in Korea by 2017.

Tokyo is paying 94% of the nearly \$5 billion needed at Marine Corps Air Station Iwakuni, in

southern Japan, and 100% of the roughly \$12 billion to replace the Futenma facility on the southwestern island of Okinawa. Tokyo is even paying 36% of the \$3 billion needed for new U.S. facilities on the central Pacific island of Guam, which is U.S. territory.

South Korea spends about 2.5% of GDP on defense, which is lower than America's 3.5% but still in the world top 10. Its military, backed by universal male conscription, is the world's front line against the nuclear arsenal, long-range missiles and global-proliferation racket of North Korea. Japan is the leading local bulwark against Chinese domination of East Asia. Spending 1% of GDP on defense is too little, but Japan has increased spending for four years running.

At significant political cost, the Abe government reinterpreted Japan's U.S.-imposed constitution to allow "collective self-defense," paving the way for the new laws that took effect last week. Tokyo can now defend the U.S. against North Korean missiles. Whenever U.S. ships patrol the South China Sea, Chinese planners now must also account for Japan's fleet, which is larger than Britain's.

Japan's Prime Minister Shinzo Abe and Singapore's Prime Minister Lee Hsien Loong have gone public recently praising the U.S. role in Asia and warning about the damage from a short-sighted withdrawal. Americans should understand that these countries are not free riders and forward deployments in Asia are crucial to U.S. security.

Panama Bernie



WONDER LAND
By Daniel Henninger

Bernie Sanders caused the Panama Papers. Bernie of Vermont didn't do it by himself, of course. The world's most famous socialist, and Hillary Clinton's albatross, had a lot of help. Spare me the crocodile tears over the immorality of tax avoidance. Panama is an indictment of government greed.

After World War II, the governments of the West established tax regimes to support the reconstruction of their nations. Six decades later, that tax machinery, which runs the social-welfare states in the countries Bernie Sanders cites in every campaign stop as a model for America, has run totally amok—an unaccountable, devouring monster. Billionaires aren't the only ones who run from it.

Most governments, including America's, overtax their citizens to feed their own insatiable need for money. Then the legal thieves running the government and their cronies, unwilling to abide the tax levels they created, move their wealth offshore to places like Panama. Arguably, all the world's people should be able to move their assets "offshore" to escape governments that are smothering economic life and growth, which has stalled in the U.S., Europe and Asia.

Speaking of crocodile tears, Barack Obama spent Tuesday bragging that corporate tax inversions are akin to Panama Papers' tax avoidance. Mr. Obama said "corporations," another swearword invoked by Mr. Sanders at every stop, are "gaming the system."

Well what about that "system?" Mr. Obama is saying, with Bernie Sanders and Hillary Clinton in his echo chamber, that U.S. corporations should suck it up on America's 35% corporate-tax rate, the developed world's highest, and simply send that money to *him*. Why? Because he's gotta have it. To spend.

Other than their national health-care systems, many of which are effectively bankrupt, most Europeans would be hard put to explain what it is their high-tax governments actually do with their money.

Suppressed for generations by high tax rates and regulatory minutiae, most Europeans survive in an economic half-life of gray and black markets, with their assets protected by cash-only transactions, bartering and endless hours devising off-the-books deals involving family real estate, inflated art prices and anything else they can hide from the taxman. The Beatles actually wrote a song about it in 1966—"Taxman," a grim ode to all this.

Governments with unsated "needs" for revenue exist in Europe, Africa, Russia and South America. The Associated Press this week reported that in Russia today shell companies exist simply to pay the bribes that are the price of daily life.

One way or another, most people living in the countries run on the Obama-Sanders-Clinton model even-

tually go searching for their own private Panama. When private capital is under public assault, it will hide. From the wealthiest to the poorest, it creates a world of chiselers, not productive citizens.

Sen. Sanders gave his Wisconsin victory speech in Laramie, Wyo., backgrouned by the smiling, bobbing heads of his 20-something voter base. In Western Europe, which is Sanders Land, those 20-somethings are the subject of a permanent economic discipline called high youth unemployment.

The Sanders campaign isn't about idealism. It's about the misallocation of capital. "Misallocation of capital" is a phrase utterly alien to socialists, and increasingly to most of the modern Democratic Party.

His politics produced the Panama Papers, an indictment of government greed.

In the now-extinct Democratic Party—the party of Hubert Humphrey, Jimmy Carter and Bill Clinton—room existed for the private sector to breathe. Not yet unhinged completely from economics, Democrats understood the symbiosis between healthy private production and public revenues. Both Presidents Carter and Clinton deregulated economic life.

No longer. The deconstructed party of Barack Obama, Elizabeth Warren, Bernie Sanders and forced-recruit Hillary Clinton says: Just keep squeezing them.

This week marked a historic moment in the Democratic drift toward low-growth Euro-socialism. Both California and New York raised the minimum wage to \$15. California Gov. Jerry Brown, who in his career has been every Democrat that ever was, summarized the true meaning of the new party. "Economically, minimum wages may not make sense," he said, but they make sense "morally, socially and politically."

It has been my view for some time that to help her navigate Bernie's new Democratic world Hillary Clinton should bring in Lady Gaga as a consultant. An expert in magic realism.

Sen. Sanders is getting mocked now by Hillary Clinton and her supporters for a catastrophic interview he gave this week to the New York Daily News, revealing he knows little about his own proposals. But France's Socialist President François Hollande knew everything about his economic proposals. What difference does it make?

The day before losing to Bernie Sanders in Wisconsin, Mrs. Clinton argued: "I think we need a nominee who's been tested and vetted already. For 25 years they've thrown everything they could at me, but I'm still standing."

Tested, vetted and still standing. On the available evidence so far, that isn't this year's criteria for the American presidency.

LETTERS TO THE EDITOR

No Wonder U.S. Manufacturing Has Fled

William A. Galston provides a thoughtful discussion about the loss of U.S. manufacturing, exploring the impact of imports, which is another way of saying that manufacturing and employment have moved overseas ("Why Trade Critics Are Getting Traction," Politics & Ideas, March 31). This is attributed by some to the venality of and lack of patriotism by managers in the U.S. There is another dimension that must be considered.

The board of a sock manufacturer concludes that it needs another plant. The CEO and CFO do an analysis for opening a new plant in the U.S. They factor in the highest corporate-tax rate in the world along with the costs of preparing the required EPA applications and a multiyear delay while the EPA considers it without knowing if they will be success-

ful. Assuming the facility is approved, they factor in the costs of union-level wages and benefits, including mandated health care along with requirements necessary to comply with Dodd-Frank. The list goes on.

Completing the analysis, they find that covering these costs and making a reasonable profit requires pricing every pair of socks at \$50. Alternatively, they could open the new plant overseas and continue to price their socks at \$4.

The simple fact that the U.S. is the most expensive and problematic place in the world to manufacture products must be taken into account. Until the U.S. becomes a more attractive place for manufacturing, don't expect it to return.

BILL EMERSON
West Palm Beach, Fla.

The Icann 55 Internet Proposal Is a Good One

In "Stopping Obama's Internet Giveaway" (Information Age, March 22), L. Gordon Crovitz quotes a passage from my March 2 CircleID.com article in which I was critical of former Icann CEO Fadi Chehade's less than complete response to a letter of inquiry from three senators.

I had previously questioned the propriety of the December 2015 announcement that Mr. Chehade, while still an employee of the Internet Corporation for Assigned Names and Numbers, and absent advance notice to the Icann board, had agreed to be co-chair of the advisory committee to China's World Internet Conference. WIC appears to have the aim of supplanting Icann's multistakeholder model with multilateral government dominance, and to oppose the version of Internet Governance that abhors the type of state information censorship exemplified by China's so-called Great Firewall.

While the quote is correct, and while I respect Mr. Crovitz's viewpoint, I wish to make clear that I am not opposed to the final IANA transition and accompanying Icann accountability proposals. The package just adopted at Icann 55 in Mar-rakesh is a sound blueprint that, while composed of interdependent compromises, will nonetheless provide a substantial improvement in the accountability of Icann's board to its multistakeholder community if faithfully implemented over the coming months.

PHILIP S. CORWIN
Washington

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OPINION

An Overheated Climate Alarm

By Bjorn Lomborg

The Obama administration released a new report this week that paints a stark picture of how climate change will affect human health. Higher temperatures, we're told, will be deadly—killing “thousands to tens of thousands” of Americans. The report is subtitled “A Scientific Assessment,” presumably to underscore its reliability. But the report reads as a political sledgehammer that hypes the bad and skips over the good.

It also ignores inconvenient evidence—like the fact that cold kills many more people than heat.

The White House launches a scary campaign about deadly heat. Guess what: Cold kills more people.

Climate change is a genuine problem that will eventually be a net detriment to society. Gradually rising temperatures across decades will increase the number of hot days and heat waves. If humans make no attempts whatsoever to adapt—a curious assumption that the report inexplicably relies on almost throughout—the total number of heat-related deaths will rise. But correspondingly, climate change will also reduce the number of cold days and cold spells. That will cut the total number of cold-related deaths.

Consider a rigorous study published last year in the journal *Lancet* that examined temperature-related mortality around the globe. The researchers looked at data on more than 74 million deaths in 384 locations across 13 areas: cold countries like Canada and Sweden, temperate nations like Spain, South Korea and Australia, and subtropical and tropical ones like Brazil and Thailand.

The *Lancet* researchers found that about 0.5% of all deaths are associated with heat, not only from acute problems like heat stroke, but also increased mortality from cardiac events and dehydration. But more than 7% of deaths are related to cold—counting hypothermia, as well as increased blood pressure and risk of heart attack that results when the body restricts blood flow in response to frigid temperatures. In the U.S. about 9,000 people die from heat each year but 144,000 die from cold.

The administration's new report refers to this study—it would be difficult to ignore, since it is the world's largest—but only in trivial ways, such as to establish the relationship between temperature and mortality. Not once does this “scientific assessment” acknowledge that cold deaths significantly outweigh heat deaths.

The report confidently claims that when temperatures rise, “the reduction in premature deaths from cold are expected to be smaller than the increase in deaths from heat in the United States.” Six footnotes are attached to that statement. But one of the cited papers doesn't even estimate cold deaths; another flat-out disagrees with this assertion, projecting that cold deaths will fall more than heat deaths will rise.

Further, the figure that made it into news reports, those “tens of thousands” of additional deaths, is wrong. The main model that the administration's report relies on to estimate temperature-related mortality finds, in a worst-case scenario, 17,680 fewer cold deaths in 2100, but 27,312 more heat deaths—a net increase of 9,632.

Moreover, the model considers cold deaths only from October to March, focusing on those caused by extreme temperatures in winter. Most cold deaths actually occur during moderate temperatures, as the *Lancet* study shows. In the U.S., about 12,000 people die from extreme cold each year but 132,000



ISTOCK

die from moderate cold. In London, more than 70% of all cold-related deaths occur on days warmer than 41 degrees Fahrenheit. Although extreme temperatures are more deadly, they occur only a few days or weeks a year, whereas moderate cold comes frequently.

Thus, one of the central findings in the administration's new report is contradicted by a large number of scientific studies from around the globe. A 2009 paper from the European Union expects that the reduction in cold deaths will definitely

outweigh extra heat deaths in the 2020s. Even near the end of the century, in the 2080s, the EU study projects an increase in heat deaths of “between 60,000 and 165,000” and a decrease of cold deaths of “between 60,000 and 250,000.” In other words, the effects will probably balance each other out, but warming could save as many as 85,000 lives each year.

An academic paper published two years ago in *Environmental Health Perspectives* similarly shows that global warming will

lead to a net reduction in deaths in both the U.K. and Australia. In England and Wales today, the authors write, statistics show that heat kills 1,500 people and cold kills 32,000. In the 2080s, they calculate that increased heat will kill an additional 3,500. But they find that cold deaths will drop by 10,000. In Australia the projections suggest 700 more heat deaths but 1,600 fewer cold deaths.

Globally, one estimate of the health effects of climate change, published in 2006 by *Ecological Economics*, shows 400,000 more respiratory deaths (mostly from heat) by midcentury, but 1.8 million fewer cardiovascular deaths (mostly from cold).

In pushing too hard for the case that global warming is universally bad for everything, the administration's report undermines the reasonable case for climate action. Focusing on only the bad side of the ledger destroys academic and political credibility.

Although there is a robust intellectual debate on heat and cold deaths, there is a much simpler way to gauge whether people in the U.S. consider higher temperatures preferable: Consider where they move. Migration patterns show people heading for warm states like Texas and Florida, not snowy Minnesota and Michigan.

That's the smart move. A 2009 paper in the *Review of Economics and Statistics* estimates that because people seek out warmth, slightly more die from the heat, but many fewer die from the cold. In total, the actions of these sun-seekers avert 4,600 deaths in the U.S. each year. You won't be surprised to learn that the study wasn't mentioned in the administration's half-baked report.

Mr. Lomborg, director of the Copenhagen Consensus Center, is the author of “The Skeptical Environmentalist” (Cambridge Press, 2001) and “Cool It” (Knopf, 2007).

Obama Is Wrong About Pfizer's Merger and Growth

By Ian Read

In the pharmaceutical industry we develop medicines and therapies to address worldwide health challenges. The work is complex and deeply gratifying. At Pfizer we employ more than 30,000 highly skilled people in the U.S. alone and invest almost \$8 billion annually in R&D, much of it in the U.S.

Surely we benefit from world-class academic institutions, a highly skilled labor force and other attractions of doing business in the U.S. But the important point is so do our foreign competitors. And they pay significantly less for the privilege. So we compete in a global marketplace at a real disadvantage. The U.S. tax code has among the highest rates in the Western world and forces its multinationals to pay U.S. tax on income earned abroad if they want to bring it back to this country.

The real-world consequences are

significant. In Cambridge, Mass., where Pfizer has a state-of-the-art research lab, we are surrounded by foreign-owned competitors' facilities. When those companies invest in their facilities, it is often as much as 25% to 30% cheaper than every dollar we put into research and jobs. Why? Because our competitors don't have to pay the penalty imposed on U.S. corporations bringing earnings back to America. We can invest less—because of a broken tax system.

Pfizer has long worked with Congress to make the U.S. tax system more competitive and fair. In the absence of tax reform, we undertook a proposed merger with Allergan PLC in good faith and after intense study and review of current laws. This strategic transaction, driven by strong commercial and industrial logic, would have made it easier to invest in the U.S.

On Monday the U.S. Treasury announced a third set of new rules governing corporate redomiciling,

or so-called inversions. It surprised many because Treasury Secretary Jack Lew said in 2014 that “we do not believe we have the authority to address this inversion question through administrative action. If we did, we would be doing more. That's why legislation is needed.”

A broken tax system puts America's companies at a competitive disadvantage.

This week's Treasury action interprets the tax laws in ways never done before. This ad hoc and arbitrary attempt to single out and damage the growth opportunities of companies operating within the current law is unprecedented, unproductive and harmful to the U.S. economy.

The action was accompanied by much unfortunate rhetoric about

tax avoidance. No one was shirking their U.S. tax bills. In a merger with Allergan PLC, an Irish company, we would have continued to pay all federal, state and local taxes on our U.S. income. All that these new rules will do is create a permanent competitive advantage for foreign acquirers. Simply put, there will be more foreign acquisitions of U.S. companies resulting in fewer jobs for American workers.

What fails to get noted is our steadfast commitment to science and good corporate citizenship. More than half of Pfizer's 1,000-plus R&D collaborations take place in the U.S., where our partners include academic hospitals, government organizations, nonprofits, foundations, patient advocacy groups and other pharma companies.

Companies like Pfizer and Allergan contribute to the communities in which we operate. To be pilloried as “deserters” when we are trying to stay competitive on a

global stage so that we can continue to invest in the U.S. is wrong-headed. Government policy should encourage investment certainty and job creation. Combining these two businesses would have had a positive impact on the lives and livelihoods of many people.

While the Treasury's proposal is a shot at Pfizer and Allergan, this unilateral action will hurt other companies as well. If the rules can be changed arbitrarily and applied retroactively, how can any U.S. company engage in the long-term investment planning necessary to compete? The new “rules” show that there are no set rules. Political dogma is the only rule.

Pfizer will continue to make medicines that significantly improve lives. We are proud of our heritage, our commitment to patients and we will continue to drive for cures.

Mr. Read is chairman and chief executive officer of Pfizer Inc.

Yemen's Looming Migrant Crisis

By Mohammed Abdiker

Obock, Djibouti

They arrive daily by the hundreds now. Frustrated university graduates unable to find jobs at home; drought victims who've seen their livestock perish; victims fleeing violence spawned by religious or tribal conflict.

Two months ago, it was perhaps only several dozen a night, every one of these men and, increasingly, women, arriving on foot, sometimes having walked for months to reach this seaport. So eager are they to cross the Bab el Mandeb, a dangerous stretch of water separating them from the Arabian Peninsula,

that they will embark on journeys that can seem almost biblical.

Known as the “gateway to grief,” the strait's treacherous waters have swallowed more than 3,700 African migrants since 2006. Across the 28-kilometer strait lies Yemen, a country ravaged by bitter conflict. But to these job seekers—overwhelmingly Ethiopian, with a few Somalis, Sudanese and Eritreans—the conflict is no deterrent. If anything, it has become an important selling point for those arranging passage.

“Saudi Arabia is their destination. Many are returning to jobs they had there before,” says Ali Abdallah Al-Jefri, who directs the International Organization for Migration's (IOM) Migrants Response Center here. Human smugglers tell the migrants that because of the raging violence in Yemen, “now is a good time to try to go back to Saudi Arabia,” Mr. Al-Jefri says. Instead, it's the worst time.

Take Dawit Deresseh, an Ethiopian migrant. Mr. Deresseh, 30 and landless, had already crossed Djibouti twice in the past 12 months. He made one trip last year to a construction job in Saudi Arabia, but was repatriated with IOM's help after losing his arm in a car wreck. He explained that he was in a smuggler's vehicle with 26 other pilgrims when it struck a land mine near the Saudi border. “All 27 came from Ethiopia,” he said. Everyone else was killed. Nonetheless, within months of returning to Ethiopia, he was back again to cross the Bab el Mandeb, so desperate are he and his family for a regular income.

With the world's attention on the million-plus migrants and refugees streaming across the Mediterranean from Syria to the European Union, the deadly route running through Djibouti can seem almost a side-show. It will soon take center stage. Many of these migrants—already about 10,000 have been counted since January, compared to about 80,000 for all of 2014—are part of a growing population of vulnerable men, women and children who have disappeared upon leaving Djibouti. Some have died at sea trying to enter Yemen, including 44 confirmed drowned so far this year. Others have been kidnapped or tortured. The exact numbers are still unclear.

Further complicating matters: Because any African labor crossing Yemen is, by definition, unregulated, governments of the region simply don't know how many have successfully made the journey. Until humanitarian organizations like IOM gain access to them, details on the migrants' conditions will remain murky. But what we do know is that thousands of migrants have already been kidnapped by smuggling gangs operating across the Yemeni countryside, holding men and women for ransom.

Africans risk a perilous sea crossing and a trek through a war zone seeking jobs in Saudi Arabia.

In March, after IOM helped 300 Ethiopians return from Yemen, many of the them told us of the hardships they endured at the hands of kidnapers. “Ahmed” told of brutal torture and raping and killings. “Ali” related how his siblings in Saudi Arabia had to pay the kidnapers 10,000 Saudi riyal (\$2,668) for his release. But he considers himself fortunate, lamenting how others didn't share his fate, describing the inhuman cruelties he witnessed.

But even under the protection of organizations like ours, migrant safety can't be guaranteed. Last month, armed men entered our center in Hodeidah firing their weapons, killing a 16-year-old migrant

when a bullet pierced the wall he was hiding behind.

Making matters worse, many migrants end up as pawns in a propaganda war, with both sides to the Yemeni conflict claiming the other is arming these outsiders as mercenaries. As a result, upon being intercepted these migrants will languish in government facilities, often without sufficient food, medical attention or proper sanitation, until they are released for lack of funds to care for them.

While it's no secret that mercenaries are operating in Yemen, we don't believe either side is recruiting destitute, weak and abused Ethiopian migrants. Many make this perilous crossing simply to return to jobs they once held, after having been expelled due to changes in work-permit regulations—a common occurrence in the migrant world whenever authorities promise to crack down on irregular workers.

While few migration emergencies match Yemen for the severity of the terror being inflicted on its victims, what's happening in this region is part of a growing world-wide scourge of violence wherever migrants roam. Wherever governments permit unregulated migration to fester, regulation is reduced to the whims of smugglers, often violent criminals who value profits over human rights and human lives. Migrant passage everywhere should be legal, safe and secure for all.

Mr. Abdiker is the director of the department of operations and emergencies at the International Organization for Migration.

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ARTS & ENTERTAINMENT

MERLE HAGGARD (1937-2016):

Brilliance Born in a Boxcar

APPRECIATION
JIM FUSILLI

THE SONGS OF MERLE HAGGARD, a bard of the working man, had their roots in country, but they inspired musicians in other genres of American music as well. As a linchpin of the so-called Bakersfield sound, which added an earthy edge to the kind of country coming from Nashville, Tenn., Mr. Haggard foreshadowed outlaw country and country rock, and for more than 50 years composed, sang with a rich, penetrating baritone and played songs that blended a firsthand knowledge of life's trials and travails with a fervent hope for better times ahead. He died on April 6, his 79th birthday.

As a boy, Mr. Haggard began to compile trying experiences that would serve him well as a songwriter. Merle Ronald Haggard was born in a converted boxcar in Oildale, Calif., just outside of Bakersfield. After his father died suddenly while Merle was still a child, Mr. Haggard began to teach himself guitar and to commit crimes that started off petty but escalated in their severity.

A promising musician with a voice influenced by honky tonk's Lefty Frizzell, by 1956 Haggard was playing clubs and roadhouses. But a robbery led to confinement in San Quentin Prison. After witnessing a Johnny Cash concert at the fabled penitentiary, Mr. Haggard joined a country group in prison and earned his high-school equivalency diploma.

Mr. Haggard signed on with Wynn Stewart's band as a bassist and, at the same time, began a solo career. When his third single, "(My Friends Are Gonna Be) Strangers," landed high on the Country & Western charts in 1964, he formed a band, the Strangers, featuring a plucky electric guitar played by Roy Nichols. His cover of "The Fugitive," released in 1966, became the first of his almost 40 No. 1 country hits, which included his compositions "Mama Tried," "Workin' Man Blues," "Sing Me Back Home" and "If We Make It Through December." Other Haggard compositions that became standards include "The Bottle Let Me Down" and "Today I Started Loving You Again," written with his wife Bonnie Owens.

In 1969, Mr. Haggard courted controversy with his song "Okie From Muskogee," in which he disparages hippies and promotes traditional values. Embraced by Middle America, the song was honored by the



COUNTRY PROUD
Merle Haggard performing circa 1985.

Country Music Association, as was the album of the same name. Though it defined Mr. Haggard, perhaps too narrowly, he also composed a song that supported interracial love, "Irma Jackson," which he released in '72. It was not as well-received as "Okie From Muskogee."

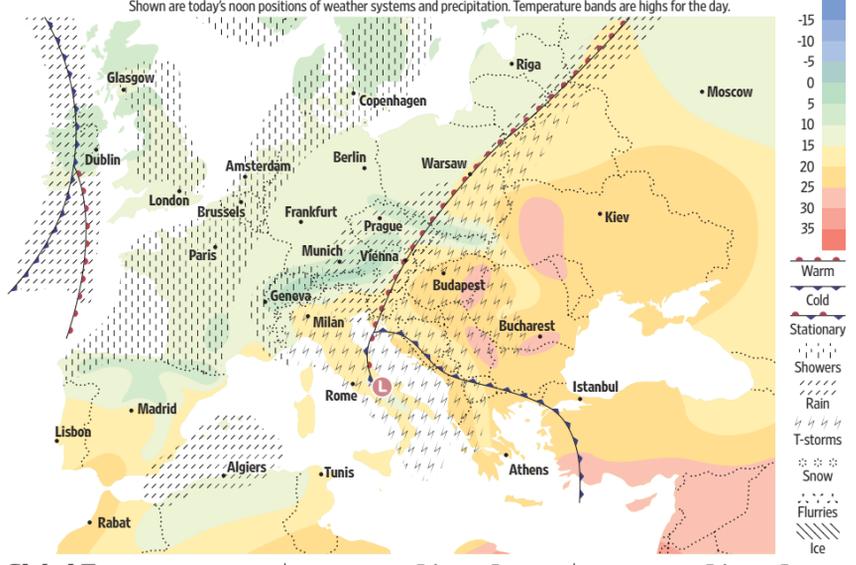
By then, Mr. Haggard's songs had crossed over into the rock-and-pop world. Joan Baez, the Byrds, the Grateful Dead, the Nitty Gritty Dirt Band and even Dean Martin covered his songs. But Mr. Haggard remained committed to the country side of the ledger, recording a 1970 tribute to Bob Wills and western swing in which Mr. Haggard revealed his skills as a fiddle player. In the 1970s, he had 16 No. 1 hit singles on the

country charts. Mr. Haggard struggled with substance abuse and financial setbacks in the late '80s and into the '90s, though his reputation as a songwriter remained stellar as covers of his songs by contemporary singers charted and appeared in films. In 2005, he released "America First," a song that lamented the state of the country's infrastructure while the government was engaged in nation-building elsewhere. He issued his final solo album, "Working in Tennessee," in 2011, and four years later he and Willie Nelson scored a No. 1 album with "Django and Jimmie," a tribute to Django Reinhardt and Jimmie Rodgers. The 78-year-old Mr. Haggard was in fine voice, his characteristic blend of defiance and

tenderness golden in the lines he sang. Mr. Haggard was inducted into the Nashville Songwriters Hall of Fame in 1977 and the Country Music Hall of Fame in 1994. He received a Kennedy Center Honor in 2010 for his contributions to American culture. When his journey from a boxcar and a prison cell to the heights of popular music ended with his death, Mr. Haggard was firmly established as an extraordinary composer and artist who spoke plainly from the heart to those who felt the power of his convictions.

Mr. Fusilli is the Journal's rock and pop music critic. Email him at jfusilli@wsj.com and follow him on Twitter @wsjrock.

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Global Forecasts

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

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	11	4	pc	13	6	c
Anchorage	9	4	pc	9	4	c
Athens	23	13	pc	23	13	t
Atlanta	18	8	pc	16	4	s
Baghdad	33	17	s	34	21	s
Baltimore	13	1	s	9	-3	sh
Bangkok	37	29	s	37	28	s
Beijing	25	9	s	29	7	s
Berlin	14	3	pc	15	6	pc
Bogota	20	11	pc	20	10	c
Boise	27	11	s	26	12	pc
Boston	12	1	c	8	-2	c
Brussels	12	5	pc	14	5	c
Buenos Aires	22	14	sh	20	12	r
Cairo	39	29	pc	38	22	c
Calgary	24	6	pc	15	0	s
Caracas	31	25	pc	30	24	pc
Charlotte	17	5	pc	13	-1	pc
Chicago	6	-4	sn	4	-2	pc
Dallas	25	13	pc	24	16	pc
Denver	18	6	pc	21	8	c
Detroit	7	-4	sn	2	-7	sf
Dubai	33	23	pc	31	22	t
Dublin	9	0	r	7	1	t
Edinburgh	11	4	pc	9	2	r
Frankfurt	13	2	pc	14	6	pc
Geneva	10	4	c	12	4	sh
Hanoi	26	22	pc	28	22	pc
Havana	29	19	s	28	18	s
Hong Kong	27	23	c	27	22	pc
Honolulu	29	21	pc	29	21	pc
Houston	26	12	pc	25	15	pc
Istanbul	23	15	pc	22	14	pc
Jakarta	32	26	c	32	26	c
Johannesburg	19	9	c	21	10	pc
Kansas City	16	-1	s	16	10	pc
Las Vegas	22	14	sh	21	13	c
Lima	27	21	pc	27	20	pc
London	13	6	pc	11	3	r
Los Angeles	20	15	sh	18	13	r
Madrid	15	3	pc	17	6	pc
Manila	34	27	s	35	26	s
Melbourne	20	12	pc	22	14	c
Mexico City	26	12	pc	27	13	pc
Miami	29	19	pc	28	19	s
Milan	19	9	t	18	8	c
Minneapolis	2	-6	pc	6	2	s
Montreal	30	18	pc	27	17	sh
Montreal	5	-5	sf	1	-9	sf
Moscow	13	6	pc	20	11	c
Mumbai	34	27	pc	35	28	pc
Nashville	17	2	pc	12	2	s
New Delhi	36	21	pc	37	23	pc
New Orleans	25	15	pc	24	16	s
New York City	10	3	c	7	-2	sn
Omaha	14	-3	s	15	9	s
Orlando	30	14	s	26	12	s
Ottawa	1	-9	sf	-1	-11	sf
Paris	13	4	pc	12	3	sh
Philadelphia	12	3	pc	9	-1	sn
Phoenix	26	18	t	28	16	s
Pittsburgh	8	-3	sf	2	-7	sf
Port-au-Prince	32	21	pc	33	21	sh
Portland, Ore.	28	11	pc	22	8	pc
Rio de Janeiro	32	24	s	32	25	s
Riyadh	33	17	t	32	19	s
Rome	20	11	t	17	7	t
Salt Lake City	23	12	pc	20	11	sh
San Diego	21	16	sh	19	15	r
San Francisco	19	13	sh	19	12	sh
San Juan	31	23	pc	30	24	pc
Santiago	21	7	pc	20	6	s
Santo Domingo	31	21	pc	31	21	sh
Sao Paulo	32	19	pc	33	20	s
Seattle	24	9	pc	19	8	pc
Seoul	18	6	s	19	8	pc
Shanghai	22	13	pc	22	12	pc
Singapore	33	26	pc	33	27	pc
Stockholm	10	2	c	10	0	pc
Sydney	23	18	pc	25	18	pc
Taipei	28	20	pc	27	20	pc
Tehran	22	12	pc	19	12	c
Tel Aviv	31	21	pc	33	21	pc
Tokyo	22	9	pc	21	11	pc
Toronto	4	-8	sf	-2	-9	c
Vancouver	19	7	pc	16	7	s
Washington, D.C.	14	3	pc	9	0	sn
Zurich	9	5	r	11	4	sh

The WSJ Daily Crossword | Edited by Mike Shenk

CHASING A PITCH | By Marie Kelly

The answer to this week's contest crossword is a Major League Baseball team.

Across

- 1 Site of fighting in early 1942
- 7 Fillable flatbread
- 11 Schnauzer sound
- 14 Slayer of Niobe's sons
- 15 Surrounded by
- 16 LXVII tripled
- 17 "Think nothing of it"
- 18 Rebounding shot
- 20 Kickboxing and kendo
- 22 Make fun of, in a way
- 25 World Baseball Classic uniform letters
- 26 Tommy Lasorda's retired number
- 27 Imperfectly
- 28 Sommelier's suggestion
- 30 Joe holder
- 33 Armada action
- 35 River near Tarascon Castle
- 37 Company eschewers
- 38 Words after that or easy
- 39 Council member, perhaps
- 40 Three-under-par score on a hole
- 43 River near Balmoral Castle
- 44 Opinions
- 45 Catcher Berg who worked as a spy in WWII
- 46 Restorative place
- 49 Pee Wee Reese's retired number
- 50 Euro division
- 51 Majorette, at times
- 56 Nicholson wore one in "The Shining"
- 57 Player with a store
- 61 Phil Rizzuto's retired number

► Email your answer—in the subject line—to crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, April 10. A solver selected at random will win a WSJ mug. Last week's winner: Mandi Delahunty, Woodacre, CA. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

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- 24 Furtive
- 28 Henry VIII's third Catherine
- 29 "___ only a game"
- 31 Pitch coincidence
- 32 Starter's words
- 34 Sacramento paper
- 35 Breaks down
- 36 Woman as an object?
- 38 Gray-headed crow
- 40 Openly confessing
- 41 Jacket parts
- 42 Ballpark quaff
- 47 Pro runner
- 48 Unfocused dread
- 50 Ant's prize
- 51 Not quite ready for release
- 52 "Lady Marmalade" preposition
- 53 Rush, e.g.
- 54 Patty and Selma's niece
- 55 Caroline du Sud, par example
- 58 Wizards' gp.
- 59 Mom's order
- 60 Protested org. of the 1960s

Previous Puzzle's Solution

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BUSINESS & TECH.

INSIDE:
MONEY & INVESTING

A \$5.19 Billion Bet on Junk Bonds

MARKETS | B5



Uber Rival Gathers Speed

Didi Kuaidi's valuation is more than \$25 billion **TECHNOLOGY | B3**

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THE WALL STREET JOURNAL.

Friday - Sunday, April 8 - 10, 2016 | B1

Allergan Wraps Up Licensing Agreement

By DENISE ROLAND

LONDON—Allergan PLC completed a licensing deal to develop drugs for Alzheimer's and other neurological conditions just hours after the collapse of its \$150 billion tie-up with Pfizer Inc., underlining its determination to move on as a stand-alone company.

Under the pact, Allergan will pay \$125 million up front to Heptares Therapeutics, a U.K.-based biotechnology company wholly owned by Japan's Sosei Group Corp., plus \$665 million in milestone payments for the successful completion of clinical trials. A further \$2.5 billion in payments, in addition to royalties, will depend on the eventual commercial success of the drugs.

Allergan also has agreed to invest \$50 million in a joint research-and-development program to advance several drugs to mid-stage human testing.

The move could help assure investors that the sudden withdrawal of the Pfizer deal in the face of new rules from the U.S. Treasury Department designed to prevent so-called corporate inversions won't disrupt business as usual at Dublin-based Allergan.

The deal follows on the heels of the collapse of its tie-up with Pfizer.

The White House and the Treasury Department countered criticism of the new rules, arguing that they were closing unfair loopholes that allow large companies to shift their tax affairs to countries with less burdensome levies by merging with smaller firms.

Chief Executive Brent Saunders on Wednesday said Allergan could "act immediately if we saw the right opportunity with the right growth profile and the right strategic logic."

Malcolm Weir, chief executive of Heptares, said Allergan's focus was apparent in his interactions with the company. "We never got any sense of breaking of stride with Allergan," he said. "They always showed a face of very clear focus on what they were trying to do with their business."

The deal involves three classes of drugs in early-stage development that aim to treat symptoms of Alzheimer's, such as cognitive problems and psychosis. The most advanced program has two drugs in early human testing.

Several other large pharmaceutical companies, including Pfizer, AstraZeneca PLC and Teva Pharmaceutical Industries Ltd., have struck licensing deals to access Heptares's technology, though the Allergan deal is its biggest yet.

Technology such as Heptares's helps researchers design drugs more closely tailored to their targets.

VW Faces Clash With Labor Chiefs

By WILLIAM BOSTON

BERLIN—Volkswagen AG's powerful labor leaders clashed publicly with the car maker's management on Thursday, accusing it of using its emissions-cheating scandal as subterfuge for cost-cutting and job reductions.

The move represents a significant break in ranks at Volkswagen, and it opens up a new front in the car maker's battle to resolve the scandal, amid several criminal and civil probes, its own internal investigation, lawsuits and an expensive effort to fix as many as 11 million affected cars. The company's most senior labor

leaders, who in Germany also serve as influential directors on the company's supervisory board, have so far backed Chief Executive Matthias Müller as he spearheads a restructuring and cost-cutting effort at the company.

Labor leaders took aim at Herbert Diess, a top Müller deputy who has run the car maker's Volkswagen brand for less than a year. Volkswagen's works council, in-house labor representatives close to the IG Metall trade union, wrote a scathing letter to staff, attacking Mr. Diess and demanding a commitment to protect jobs for the Volkswagen brand's 120,000 employees at its six



Labor leaders took aim at VW brand chief Herbert Diess, right.

factories in Germany.

"We have the impression that the diesel scandal is slyly being used to make workforce reductions that were not an issue just a few months ago," Bernd Osterloh, the influential head of the works council, said in the letter to Volkswagen employees.

Mr. Diess wasn't immediately available for comment. Karlheinz Blessing, board member for human relations at the Volkswagen parent company, said the company welcomed the labor leaders' "offer to negotiate a long-term pact for the future."

Messrs. Osterloh and Diess don't share the close relationship the labor chief had with his predecessor heading the Volkswagen brand, Martin Winterkorn. Mr. Winterkorn also served as chief executive of the entire Volkswagen group until resigning last year in the wake of the company's admission that many of its

Please see VW page B2

Samsung Lowers Price to Broaden Appeal

Phone maker offers more budget models to capture emerging-market consumers

By JONATHAN CHENG

SEOUL—Samsung Electronics Co., after being dethroned in 2014 and 2015 as the No. 1 smartphone brand in China, India and Indonesia, is winning back consumers in these key markets with a simple policy: slashing prices.

Until this year, Siddharth Sharma, a 35-year-old resident of New Delhi, didn't consider buying a Samsung phone because devices offered by startups such as India's Micromax Informatics Ltd. offered similar features for about two-thirds the price.

But in January, Mr. Sharma found a Galaxy J2 smartphone that fit his budget. The phone, launched last September in India, has long battery life, fast data speeds and the bright screen he wanted—all for roughly \$130. Previously, such a Samsung model would have cost twice that, he says.

"The quality is much better," says Mr. Sharma, comparing it with the low-cost brands he had used before.

The South Korean tech giant's newfound aggression in low-end phones is a gamble that it can win a race to the bottom against local and global competitors.

In February, China's Xiaomi Corp. unveiled a new flagship device, with the same powerful processor as Samsung's premium smartphones, for as low as \$250. Apple Inc. in March launched a cheaper version of its iPhone at \$399, ensuring the smartphone price war will continue this year.

Samsung's flagship high-end phones cost more than \$600, but in the past year it has been adding high-end features to its low and midtier phones that cost between \$100 and \$300.

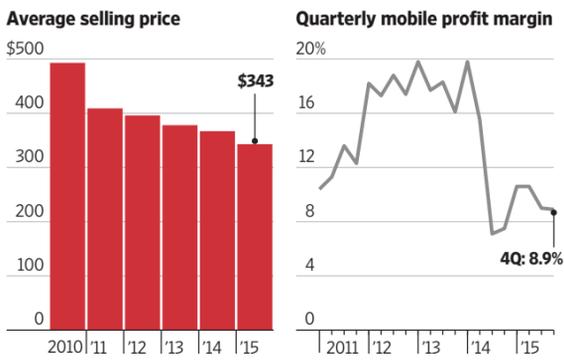
The Galaxy J series, which has gained traction in India and Indonesia, was redesigned to look more like Samsung's top-of-the-line Galaxy S series. For less than half the price of its flagship devices, the phones that cost \$100 to \$250 offer



Samsung's push to sell low-cost phones in Indonesia helped it overtake a local rival, which briefly had the most market share.

Rapid Decline

Samsung's push into emerging markets could worsen the company's falling smartphone prices and profit margins.



Sources: IDC (selling price); the company (profit margin) THE WALL STREET JOURNAL.

features such as data-saving mode, which allows consumers to limit data usage—an important feature in emerging markets where mobile data plans often are capped.

Analysts warn that price cuts will hit Samsung's margins and isn't a long-term solution to turn around its ailing smartphone business, which

saw its operating profit plummet 60% in the fourth quarter of last year to 2.23 trillion won (\$1.85 billion) from two years earlier.

On Thursday, Samsung said it expects to earn 6.6 trillion won in operating profit across the entire company in the first three months of this year as it moved up the release of its



Samsung's Galaxy J2 smartphone is catered for emerging markets.

new flagship Galaxy S7 smartphone into the first quarter.

Even with that boost, profit would only be modestly higher than a year earlier, and 22% off from the first three months of 2014.

Even if Samsung finds success in boosting its emerging-market share, it will put more pressure on its profit margins,

which remain suppressed roughly at or below 10%, despite pledges from executives during the past year that the company would be able to nudge its margins back consistently into the double-digit percentage points.

Analysts estimate Apple's gross margin at about 40%.

Last year, Samsung's global smartphone market share fell to 22.5% from 31% in 2013, according to data from research firm Gartner, while its mobile profit margins fell to 8.9% from 16.1% during that same stretch.

Company executives say they plan to revive mobile profit margins by continuing to reduce production costs and slimming down the number of smartphone models. D.J. Koh, who took the reins as Samsung's mobile chief in December, said in an interview that cost cuts would take time. "Material costs you can't decrease in a day," he said.

Samsung phones still cost about 25% more than their local rivals in these countries, Please see PRICE page B3

Amazon's Fashion Secret: Full Price



Celebrity Lauren Conrad, second from left, on 'Style Code Live.'

By SUZANNE KAPNER

Amazon.com Inc. has crushed rivals by offering cut-rate prices on everything from books and electronics to diapers. But to attract fashion brands, it has employed a new strategy: promising full price.

With that pledge, the Internet retailer is making headway attracting a crowd that for years had rebuffed its approaches. Dozens of brands now sell directly to Amazon, including department store stalwarts such as Nicole Miller, Calvin Klein, Kate Spade, Lacoste and Levi Strauss.

"Amazon understands fashion is different from its core business," said Joëlle Grünberg, the North American chief executive of Lacoste, which started selling select items on Amazon last year. "They discount when products aren't selling, but they don't mark down at crazy rates."

Fashion has been one of the last e-commerce holdouts because the fit and feel of clothing is important to shoppers. Only 15% of apparel was purchased online last year, compared with 65% of computers, according to Forrester Research. Please see FASHION page B2

Apple Has History Of Unlocking iPhones

By JOE PALAZZOLO AND DEVLIN BARRETT

The roots of the current standoff between Apple Inc. and the Federal Bureau of Investigation reach back to 2008, with the unexpected discovery of a suspect's iPhone apparently forgotten inside a bag of diapers.

Lawyers and investigators involved in the 2008 prosecution of Amanda and Christopher Jansen, a young married couple from Watertown, N.Y., remember it as one of the

most horrific cases of child sex abuse they had ever seen.

History may remember it for another reason. It is believed to be the first case of a federal judge ordering Apple to assist the government in unlocking an iPhone—and the technology giant not only complied; it helped prosecutors draft the court order requiring it to do so.

The recent dispute over the locked iPhone 5C of Syed Rizwan Farook, one of the San Bernardino shooters, ended Please see UNLOCK page B3

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Boeing Urges Action On Bank Nominee

By Jon Ostrower

Boeing Co. Chief Executive Dennis Muilenburg said Thursday that one of its customers can't take delivery of new planes because of the continuing closure of the U.S. Export-Import Bank to big-ticket financing.

Mr. Muilenburg called for swift action by the Senate Banking Committee to reopen the bank to all business by approving the nomination of a new board member.

Customers of Boeing have been unable to secure financial support from the bank since last July, even though Congress extended Exim's mandate in December.

Mr. Muilenburg said at the bank's annual conference that Boeing may face a delivery slowdown for customers that rely on export financing.

He said **Ethiopian Airlines** had told Boeing that it cannot take delivery of new jets without export credit guarantees from the bank.

Mr. Muilenburg also said it was recently shut out of a satellite deal with Singapore because of the absence of ex-

port-credit financing as an option, a source of financing on which its commercial space business is heavily reliant.

"This deserves a vote," Mr. Muilenburg said.

Boeing and jet-engine supplier **General Electric Co.**, are the among the biggest recipients of the bank's financial support, which enables airlines to get access to commercial financing at comparatively competitive rates.

The bank hasn't been able to achieve the quorum of three board members required to approve financing deals over \$10 million.

The Obama administration has submitted a nominee for the third seat, Mr. Muilenburg said, but the approval is stalled in the Senate Banking Committee, chaired by Sen. Richard Shelby (R., Ala.).

The bank has been a hot-button political topic for both sides of the political spectrum, with critics calling it a vehicle for corporate welfare.

Defenders of the bank, including President Barack Obama, say the bank is critical to supporting U.S. manufactur-

M&S Continues to Feel Pressure

By Saabira Chaudhuri

LONDON—British retailer **Marks & Spencer Group PLC** reported a 1.9% rise in sales for its fiscal fourth quarter as food sales helped outweigh a continuing slump in its clothing and home division.

The sales update is a first under Chief Executive Steve Rowe, who took the reins on Saturday. He faces the task of turning around M&S's clothing and home sales, which have struggled for a string of quarters, while continuing to grow its food arm.

London-based M&S warned that it continues to expect currency pressures and challenging trading conditions to heavily impact its full-year profitability.

On Thursday, the retailer reported a 4% increase in food sales for the 13 weeks ended March 26, although sales were flat on a comparable basis as M&S said it chose to improve its margins in this business. Sales fell 1.9% in the clothing and home business while comparable sales declined 2.7%.

"Turning around our clothing and home business by improving our customer offer is our number one priority," said



CHRIS RATCLIFFE/BLOOMBERG NEWS

Quarterly sales at the company's clothing and home unit fell 1.9%

Mr. Rowe, an M&S veteran who started out doing small jobs for the company in 1983 at the age of 15.

The results underscore the pressure on Mr. Rowe to set out a clear strategy at M&S's full-year earnings update next month on how he plans to revive nonfood sales.

"The outcome of his plans will ultimately determine the success or otherwise of M&S' share price performance for the immediate future," said Shore Capital analyst Clive Black.

Mr. Rowe, who continues to head M&S's clothing and home

arm, has in the months before becoming CEO moved to improve variety, pricing and availability in the division while making senior management changes. On Thursday, the new CEO said the moves hadn't gone far enough, adding that "although the sales decline in clothing and home was lower than last quarter, our performance remains unsatisfactory and there is still more we need to do."

He said M&S has ratcheted down promotional activity, instead cutting prices in a more sustainable fashion. The price of women's black jeggings—

leggings that resemble jeans—for instance, has dropped to £17.50 from £19.50, or to \$24.71 from \$27.54, which more than doubled units sold from a year earlier. White T-shirts for men fell to £6 from £7.50, leading to a unit sales increase of 46%.

The retailer said it now expects full-year clothing and home gross margin to be between 2.4 and 2.5 percentage points, narrowing its previous guidance for the top end of 2 to 2.5 percentage points.

Peel Hunt analyst Jonathan Pritchard said he is looking to Mr. Rowe "to hopefully usher in a new strategy" during the company's full-year earnings report next month, describing M&S results between 2010 and 2015 as "profoundly disappointing."

Analysts have suggested Mr. Rowe should look to sell underperforming stores, improve staff engagement, streamline its clothing and home brands and improve product quality in the division.

"Short-term pain is required if M&S is to return to past earnings levels in a sustainable manner," Mr. Pritchard said.

—Olga Cotaga contributed to this article.

FASHION

Continued from the prior page search Inc. But just like so many other traditional shopping habits, clothes shopping is yielding to the ease of the Internet.

The change means more choice and convenience for shoppers, but it is another blow to traditional department stores and the malls they anchor.

While shoppers still like to visit brick-and-mortar stores to try on clothes, Amazon's Prime membership, which includes free, two-day shipping, helps make buying apparel online a less risky proposition.

"It's so much easier than going to a store," said Karen Gestwicki, a 44-year-old real-estate broker in Charlotte, N.C., who recently bought a pair of Jack Rodgers sandals on Amazon. When Ms. Gestwicki recently was looking for dresses her first stop was the Internet retailer "because Amazon has the biggest selection."

For brands, Amazon offers growth at a time when department-store sales are sluggish. Amazon's North American overall sales last year rose nearly 25% to \$63.7 billion, while sales at Macy's Inc. fell 3.7% and Kohl's Corp. sales inched up 1%. The two chains are closing stores and cutting staff.

Brands known to be picky about their distribution are tiptoeing onto Amazon, including Ralph Lauren Corp., which sells shoes directly to the on-

line retailer. There are still holdouts, however, including Nike Inc., Tory Burch, Rag & Bone and many of the European luxury-goods players, which are turned off by Amazon's down-scale image and concerned about third-party sellers listing merchandise below suggested pricing.

"Product by the pound" is how one fashion executive described Amazon, adding, "Why would you undercut your own distribution channels by selling to them?"

An Amazon spokeswoman declined to comment for this article.

Amazon has long struggled to crack into the fashion world. A decade ago, Amazon CEO Jeff Bezos visited Seventh Avenue showrooms to try to generate interest, but apparel executives were reluctant to entrust their brands to a retailer known for cut-throat prices and a utilitarian approach to displaying products, according to people familiar with the meetings.

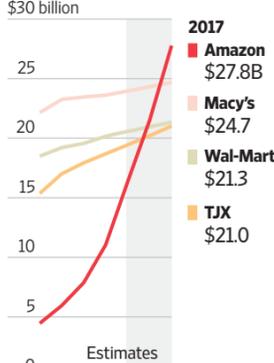
Mr. Bezos set about building a fashion beachhead without them. Amazon acquired Shopbop.com, an online seller of designer apparel and accessories, in 2006. Later it wooed Cathy Beaudoin away from Gap Inc. to run its fashion business. In 2009, it bought shoe retailer Zappos.com and launched flash-sale site MyHabit.com in 2011.

It also has improved its presentation. Amazon built a photography studio in Brooklyn in 2013 to shoot clothing, shoes and accessories and create magazine-like spreads on its

Clothes Horse

Amazon is expected to unseat Macy's as the largest U.S. apparel seller by next year.

U.S. apparel and accessories sales \$30 billion



Source: Cowen and Company

THE WALL STREET JOURNAL.

website.

For those that don't sell on Amazon, the company has another message: watch out. The retailer is creating private-label products to fill gaps in its lineup. It recently introduced seven labels, including Franklin & Freeman men's shoes and Society New York women's dresses.

Last month, Amazon launched a live fashion show that it streams each evening from its website. "Style Code Live," which combines a QVC shop-at-home broadcast with MTV-like celebrity guests, highlights items that are sold on the site. "We have a bad rap, and that's not fully accu-

VW

Continued from the prior page diesel-powered cars contained software meant to deceive emissions tests.

Until now, the labor boss and Volkswagen brand chief have kept any conflict in the background as the company wrestled with the fallout from the ballooning emissions scandal. But in an emotional letter,

excerpts of which were published on IG Metall's website, Mr. Osterloh cites a "grave loss of trust;" he calls Volkswagen brand management "unreliable" negotiating partners; and accuses Mr. Diess of lacking a coherent plan to revive the company.

The split risks becoming a serious internal distraction as Volkswagen struggles to cope with the wider scandal around the world. Labor representatives hold half the seats on

Volkswagen's board. The state of Lower Saxony, where most of the German jobs are located, holds two more seats, guaranteeing labor a veto over any decision to slash jobs. It also has a significant say over the future of Mr. Diess at the company.

Mr. Diess riled labor leaders late last year with a 12-point plan to restructure the Volkswagen brand. It is the group's largest business by sales, but barely ekes out a profit. The

plan calls for phasing out unprofitable models, cutting costs by more than €5 billion (\$5.70 billion) and boosting productivity by as much as 10%.

Mr. Diess also faces trouble with labor in the U.S., where Volkswagen is challenging a National Labor Relations Board decision to allow maintenance workers at its Chattanooga plant to organize as a distinct group. A decision on Volkswagen's appeal is expected later this month.

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Business Watch

L BRANDS INC. Company to Revamp Victoria's Secret

L Brands Inc. said it would restructure its Victoria's Secret business, as the retailer reported better-than-expected growth Thursday across its established stores in March. The restructuring comes two months after Sharen Turney resigned as Victoria's Secret chief executive.

L Brands plans to reorganize Victoria's Secret into three units: Victoria's Secret Lingerie, PINK and Victoria's Secret Beauty. Leaders at each unit will report directly to Chairman and Chief Executive Leslie Wexner.

Victoria's Secret same-store sales grew 2% in March as a decline in the beauty segment was offset by growth in PINK and lin-

erie. Company wide, same-store sales rose 3% at L Brands, also the parent of Bath & Body Works and La Senza. L Brands said total company sales increased 4.7% to \$1.03 billion.

—Joshua Jamerson

WYNN RESORTS LTD. Macau Resort Update Lifts Firm's Shares

Wynn Resorts Ltd. shares on Thursday hit their highest point since August after the casino oper-

ator hosted an investor day and gave an update on its next resort in Macau. Shares, up 29% over the past three months, rose nearly 12% to \$100.11 in morning trading in New York. The stock, which hasn't traded above \$100 since August, reached as high as \$99.62.

The company gave a financial outlook for Wynn Palace, a \$4 billion hotel slated to open in June in Cotai, a strip of reclaimed swampland in Macau that has become prime ground for developments.

—Joshua Jamerson



BOBBY YIP/REUTERS

The Wynn Palace, seen in 2015, is set to open in June.

Siemens CEO Joe Kaeser said the effort would be part of its Innovation AG unit, which aims to explore new technology trends.

—Robert Wall

Didi Valued Over \$25 Billion

HONG KONG—Investors in China's homegrown competitor to **Uber Technologies Inc.** have revved up the ride-sharing company's valuation to more than \$25 billion.

By *Juro Osawa, Kane Wu and Rick Carew*

Beijing-based **Didi Kuaidi Joint Co.** is close to completing its latest funding round to raise more than \$1.5 billion at a valuation of more than \$25 billion, according to people familiar with the situation.

Didi Kuaidi's biggest existing backers, social-network company **Tencent Holdings Ltd.** and online shopping giant **Alibaba Group Holding Ltd.**, are participating in the latest round, the people said.

The Chinese startup received strong demand from new and existing investors and expects to complete the round

by the end of this month, according to the people.

While many global startups, including some in Silicon Valley, have had difficulty raising money amid a slowdown in the global economy, Didi Kuaidi has been an exception. Its valuation has soared from just \$6 billion in February 2015 when it was formed from the combination of two competing taxi-hailing companies.

The latest fundraising comes as growth in private funding for China's tech sector is slowing because investors are becoming more cautious due to volatility in China's stock market and slowing economic growth.

In the past six months, such funding amounted to about \$4.5 billion, less than the \$6.7 billion raised in the previous six months, according to data from Hong Kong-based **AVCJ Research**. While more fresh capital is flowing into leading players in each category such as

Didi Kuaidi, startups that aren't dominating their segments are struggling to raise new funds, venture capitalists say.

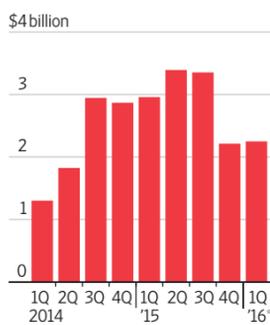
China's biggest Internet companies have taken sides in the battle for the country's ride-hailing market. While Didi Kuaidi's investors include **Tencent** and **Alibaba**, backers of **UberChina**, Uber's Chinese affiliate, include **Baidu Inc.**, China's biggest search provider.

In China, Didi Kuaidi and **UberChina** are locked in a fierce battle to attract riders and investors. Both companies are providing huge subsidies to drivers and riders to sign up for their services.

Didi Kuaidi dominates the country's taxi-hailing market, and has a larger share than **UberChina** in the private-car-hailing segment, though the two companies disagree on the exact figures. Didi Kuaidi has expanded its private-car services to compete more di-

Cooling Down

Private funding for China's technology sector



*Preliminary
Source: AVCJ Research
THE WALL STREET JOURNAL.

rectly with Uber, while adding other services such as buses and chauffeurs.

UberChina last year raised \$1.2 billion at a valuation of more than \$8 billion.

FBI Tool Can't Hack Newer iPhones

By *DEVLIN BARRETT*

The secret technique used to unlock the iPhone of a terrorist from San Bernardino, Calif., doesn't work on newer phone models, the director of the **Federal Bureau of Investigation** said.

FBI Director James Comey, in a speech Wednesday night, also said the FBI had bought the phone-opening tool from an unidentified private third party. He said he is confident both the FBI and the third party could keep it secret if government officials decide they want it to remain secret.

The FBI said last week it had found a way to open the phone in question, ending for the moment a contentious legal fight with **Apple Inc.** about whether the government could force the technology firm to write software that would help investigators open the phone and examine the suspect's data.

Apple had resisted that effort, saying that doing what the FBI wanted would compromise the security of millions of other iPhones.

The iPhone in question, a 5C model, was used by Syed Rizwan Farook before he and his wife opened fire at a holiday party of his co-workers, killing 14 and injuring 22. Since an undisclosed third party showed the FBI last month how to open a 5C, the FBI has been testing to see if the method could be used on newer models of iPhones, like

the 5S and the 6.

"This doesn't work on the 6's, doesn't work on 5S's," Mr. Comey said Wednesday in response to a question from an audience member at Kenyon College in Ohio, where he was speaking to students about privacy.

The revelation underscores the fact that tough legal issues remain in the broader dispute between the FBI and Apple over criminal investigators' access to encrypted information.

Asked for comment Thursday, an Apple spokesman referred to a statement issued by the company when the FBI first said it had been able to open the phone.

At the time, the company said it would "continue to help law enforcement with their investigations, as we have done all along, and we will continue to increase the security of our products as the threats and attacks on our data become more frequent and more sophisticated."

Mr. Comey said the government is still debating whether to tell Apple what the security flaw is that let them into Mr. Farook's phone. "That's an interesting conversation, because if we tell Apple, they're going to fix it and then we're back where we started," Mr. Comey said.

The FBI had sought Apple's help working around a security feature that erases the phone's data after 10 unsuccessful password attempts.

Startup Take New Tack on Batteries

By *DON CLARK*

FREMONT, Calif.—**Enovix Corp.** is taking an unusual approach to address user complaints that batteries of mobile devices run out of power too quickly.

Where others have focused on boosting energy storage capacity by changing battery chemistry, the Silicon Valley startup is betting on a shift in manufacturing technology that borrows techniques from makers of computer chips and solar cells. Enovix expects to produce batteries for wearable devices and other mobile applications with at least double the capacity of existing products.

The company, originally called **MicroAzure**, hasn't said much about its plans. But it is likely to attract attention because of its backers, which include chip makers **Cypress Semiconductor Corp.**, **Intel Corp.** and **Qualcomm Inc.**

They and other investors have pumped more than \$100 million into the company, which expects to begin com-

mercial manufacturing in the second half of 2017.

T.J. Rodgers, founder and chief executive of Cypress, acknowledges that many battery startups have made lofty claims with few tangible results. "There is much more hype in the battery world than there is in the silicon world," Mr. Rodgers said. But he added of Enovix: "I think these guys will be important."

Mr. Rodgers has helped make waves beyond chips before, including Cypress's successful investment in the solar panel maker **SunPower Corp.** Enovix plans to set up a factory near SunPower's in the Philippines, benefiting from that company's manufacturing expertise, Mr. Rodgers said.

Enovix Chief Executive Harold Rust and co-founder Ashok Lahiri, the company's chief technology officer, have been working on silicon components together since they met in 1984 at **International Business Machines Corp.**'s former disk-drive operations. Murali Ramasubramanian, the startup's senior director of re-

search and development, also worked at IBM.

In their latest venture, the three co-founders tried to rethink the lithium-ion batteries found in most mobile devices and electric cars. Such batteries normally are manufactured by rolling or folding layers of flexible materials to produce cylinders or other shapes.

One Enovix goal is to cut down on wasted space. The company estimates that 34% of the weight and about 43% of volume of a typical lithium-ion battery comes from materials that don't help store energy, such as polymer layers that separates the materials involved in generating electric current.

Enovix instead fabricates flat, rectangular battery structures from silicon wafers using lithography, etching and other techniques common in making chips.

The approach, along with a thin metal film and a ceramic rather than polymer separator, reduces the proportion of inactive materials to about 25%, the company says.

Another differentiator is in Enovix's choice of material for a key battery component called an anode, which usually is made of graphite. Silicon has long been studied as an alternative, but it tends to be used sparingly because it can swell and lead to failures. Mr. Rust said Enovix has been able to create a 100% silicon anode, using a porous structure akin to Swiss cheese that can tolerate swelling, he said. "We have an anode that is three times as good at storing energy than others," Mr. Rust said.

Other companies have talked up rival approaches. **Enevate Corp.**, a startup in Irvine, Calif., recently disclosed plans to deliver batteries for mobile devices and drones with 70% silicon anodes. Jarvis Tou, an Enevate executive vice president, said its batteries charge unusually quickly. They are produced using rolls of materials, which he said are less expensive than silicon wafers and more flexible in size. "We went this route so we can create larger and larger batteries," Mr. Tou said.

Mr. Rust said Enovix expects to also achieve very low production costs. It can stack layers of batteries to create many sizes—including, possibly, batteries for cars one day, he said.

The key test for Enovix will be finding big customers, said Christopher Robinson, an analyst at Lux Research who was briefed on the company's plans.

Mr. Rust said the company doesn't expect to begin manufacturing until it has purchase commitments, but it isn't yet ready to name potential customers.

For the moment, Enovix keeps processing wafers to refine its production techniques at a pilot plant in Fremont, Calif., a rarity in a portion of Silicon Valley that has largely shifted from manufacturing to other high-tech chores.



Silicon wafers are processed to make high-capacity batteries at Enovix's pilot unit in Fremont, Calif.

ZTE Takes Hit Amid Concerns Over Probe

By *JURO OSAWA AND JOANNE CHIU*

ZTE Corp.'s shares plunged on Thursday upon resuming trading after a monthlong suspension, as the Chinese telecommunications giant contends with allegations that it violated U.S. trade laws.

Last month, the U.S. Commerce Department imposed trade sanctions on ZTE for allegedly violating rules that restrict exports of American

technological goods to Iran and other nations.

While the sanctions have since been suspended, ZTE said Wednesday that U.S. investigations "may result in criminal and civil liabilities under U.S. laws," and it cannot fully assess the potential legal liabilities or their impact on the company's finances.

The sanctions, which took effect March 8, created a threat to ZTE's business as it hindered the company's ability

to procure U.S. components and software.

Two weeks after the sanctions took effect, the U.S. government agreed to suspend them until June 30 as long as ZTE cooperates with Washington.

ZTE shares were suspended from trading in Hong Kong as of March 7 because of the U.S. sanctions. On Thursday, the stock fell 10% to 12.70 Hong Kong dollars (US\$1.64).

Earlier this week, Shen-

zhen-based ZTE, which sells smartphones as well as networking equipment for carriers, overhauled its top management, replacing three of its most senior executives including its chief executive.

On Wednesday, ZTE also reported its 2015 financial results, which had been delayed last month due to the U.S. trade sanctions. Its revenue and profit were lower than forecasts the company issued in January.

PRICE

Continued from page B1
but that is down from about 40% before its shift, according to Tarun Pathak, a Gurgaon, India-based analyst for Counterpoint Technology Market Research.

Samsung declined to comment about its pricing strategy.

In India, the new strategy has helped Samsung regain its market share—rising to 26% in the last quarter of 2015 from

22% in the previous quarter—and beat local rival Micromax.

The chief executive of Micromax resigned in February as the company's market share slid. In Indonesia, where Samsung briefly was surpassed in overall mobile phone sales by low-cost rival **Evercoss Indonesia** in the second quarter last year, the South Korean company's new phone releases helped it regain the No. 1 position in the third quarter.

Analyst Mr. Pathak estimates that in Indonesia, the average wholesale selling price

of all Samsung smartphones fell to \$145 for the first nine months of 2015, the most recent period for which data is available, down by about one-fourth in cost from the same period a year earlier.

In China, where Samsung plunged to No. 6 in smartphone market share last year after reigning as the undisputed leader for years, it launched the **Galaxy A** series, a midrange smartphone that boasts better front-facing cameras. Mr. Koh, the Samsung mobile chief, said the

worst is behind, and the numbers in China would reflect a rebound in coming months.

The risk for Samsung is that its price cuts could erode its premium brand, said Patrick Moorhead, principal analyst at Moor Insights & Strategy.

"If they continue to discount the Samsung brand, they will need to keep selling at a discount to Apple and that hurts them greatly in the future," he said.

—Eric Bellman in New Delhi and Min-Jeong Lee in Seoul contributed to this article.

BUSINESS NEWS

U.S. to Probe Aluminum Trade Amid China Surge

By JOHN W. MILLER AND SCOTT PATTERSON

The U.S. International Trade Commission said on Wednesday that it will investigate the global aluminum trade and its impact on the U.S. aluminum industry, an inquiry that could help pave the way for new import tariffs.

The ITC said it would look into foreign government policies that drive overproduction, a swipe at China, which has drastically increased output of the metal this century, contributing to falling prices and the closing of U.S. smelters.

The ITC said it would hold a hearing Sept. 29 and deliver its report to the House Ways and Means Committee by June 24, 2017. The investigation was requested by a letter sent to the ITC in February by the committee. House Ways and Means Committee.

Century Aluminum Co., one of the last smelter operators in the U.S., and the United Steelworkers union, which represents thousands of workers in the industry, have been lobbying the U.S. government for such an inquiry. They have also asked the U.S. government to file a complaint to the World Trade Organization.

In a statement, the Aluminum Association said that “overcapacity, particularly in China, is of paramount concern to the aluminum industry” as are “questionable trading practices” that have hurt U.S. producers.

U.S. producers have said they have evidence showing that some Chinese aluminum producers have received billions of dollars in subsidies, including access to loans below market rates.

Chinese officials have denied overproduction, saying the problem is weakening demand because of a tepid global economy.

Chinese aluminum exports have soared to \$23.8 billion in 2015 from \$6.2 billion a decade ago, helping prices to fall 40% in the past five years, to \$1,500 a metric ton from \$2,500 a metric ton. In 2015, China produced 32 million tons of the metal, accounting for more than 50% of global aluminum production, double the level in 2005.

Meanwhile, the U.S. is importing more aluminum than ever. U.S. imports last year accounted for an estimated 40% of U.S. consumption, compared with 14% in 2010, according to the U.S. Geological Survey.

By the end of this year, only four aluminum smelters are expected to remain operational in the U.S., down from 23 in 2000, leaving annual U.S. aluminum output at 565,000 metric tons, down from 2.1 million tons five years ago and 3.7 million tons in 2000, according to the CRU Group.

Hong Kong-listed China Hongqiao Group Ltd., has become the biggest aluminum producer in the world, surpassing Russian behemoth United Co. Rusal PLC.

Some Chinese companies have already come under fire from U.S. authorities. The Commerce Department last month said it would investigate China Zhongwang Holdings Ltd. for trying to avoid U.S. import tariffs by transshipping aluminum through third countries.

China Zhongwang and China Hongqiao declined to comment. China’s Commerce Ministry didn’t respond to a request for comment.

Succession Tests Venture Firms

By DOUGLAS MACMILLAN AND DEBORAH GAGE

The decision by John Doerr, one of Silicon Valley’s most prominent investors, to step aside as frontman of **Kleiner Perkins Caufield & Byers** reflects the battle venture-capital firms face to stay relevant.

The 64-year-old Mr. Doerr said last week that he would become the firm’s chairman, giving up his managerial role as partner after nearly four decades. The move strips him of his vote on Kleiner’s investment committees for future funds, people familiar the matter said, meaning he will no longer be able to bet the firm’s money on startups, as he did on Google Inc. and Amazon.com Inc.

Mr. Doerr won’t be able to approve investments in future funds, or have legal obligations to those funds’ investors, but he still will recommend and discuss deals, and can sit on boards.

The shift followed years of internal debate about how to prepare Kleiner for the future, which intensified last year after the trial of a gender-bias lawsuit against the firm by a former partner. The firm prevailed, but court testimony cast it in an unflattering light.

While Mr. Doerr is respected by many at the firm and helped recruit several investors, some partners worried that the firm relied on him too much, and that his outside presence hampered it in developing new leadership, the people said.

Over the past year, a group of Mr. Doerr’s colleagues and associates, including senior partner Ted Schlein and executive coach Bill Campbell, proposed that Mr. Doerr take a reduced role in a new fund it was raising, said people familiar with the matter. Rather than resist—or retire—he worked with them on a plan letting him spend more time mentoring and weighing in on investments, the people said.

Kleiner is now pitching the new fund to limited-partner



Kleiner Perkins’s John Doerr, shown in 2015, is said to have helped craft the firm’s transition plan.

investors, said people familiar with the matter.

A Kleiner spokeswoman declined to comment on behalf of the firm and Mr. Doerr. Messrs. Schlein and Campbell couldn’t be reached.

Succession is tough to plan because “investing is a mental sport, so you can play for a long time,” said Venky Ganesan, managing director at **Menlo Ventures**, which last year began the process of retiring two of its six investing partners. “You need to have an honest conversation of when it is the right time to go.”

What retirement means varies from firm to firm. At Menlo, it means staying active for three or four years, sitting on boards and cutting back on financial interests in the firm to make room for younger partners. **Foundry Group**, based in Boulder, Colo., has said it has no plans to expand beyond its five-member team and will close shop whenever they decide to move on.

But for firms that plan to carry on, the lack of a succession plan can be a mortal weakness, said Dick Kramlich,

chairman of New Enterprise Associates, one of Silicon Valley’s biggest venture firms. “I think it’s a congenital problem,” Mr. Kramlich said. “A lot of firms are going to be addressing this issue going forward.”

Mr. Kramlich, who co-founded NEA in 1978, a year after personally investing in Apple Computer, said he created the chairman role in 2013, after observing a lack of

‘I think it’s a congenital problem,’ one industry veteran said of succession.

continuity among partners from one fund to the next. “It was pretty obvious that most people in our business lurch from partnership to partnership,” he said.

Venture firms can find their prospects diminish quickly when they fail to cultivate young partners. **U.S. Venture Partners** parted ways with several investors who made

bets several years ago in startups that didn’t return capital, counting on the next generation to take their place, said a person familiar with the firm. Instead, several young partners defected to other firms, the person said.

Jacques Benkoski, a partner at U.S. Venture Partners, declined to comment.

Last year, USVP raised a \$300 million fund, less than half the size of its previous fund from 2008.

“It’s why you don’t see longevity of a significant number of firms,” said Ashton Newhall, a co-founder of venture-fund investor **Greenspring Associates**. “They fumble passing the baton.”

Mr. Doerr, who joined Kleiner in 1980, is credited with investing in Sun Microsystems, Netscape and Genentech, in addition to Google and Amazon.

But some current and former partners blame him for the firm’s decline after steering its funds into money-losing clean-tech investments and missing the first wave of social media.

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MONEY & INVESTING

Argentina to Issue First Global Debt Since 2001

BOND MARKETS | B8

Bank Dividends Can Work Against Investors

HEARD ON THE STREET | B8

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As of 4 p.m. ET EUR/GBP 0.8084 ▲ 0.14% YEN/DLR ¥108.06 ▼ 1.58% GOLD 1236.20 ▲ 1.12% OIL 37.26 ▼ 1.30% 3-MONTH LIBOR 0.62880% 10-YR TREAS ▲ 19/32 yield 1.689%

Old-School SNB Prefers Silence...

BY BRIAN BLACKSTONE

ZURICH—Central bankers have cemented their status as among the most powerful—and voluble—forces in financial markets.

And then there are the Swiss.

In an era when their counterparts are making speeches, testifying before lawmakers and promising whatever drastic action is necessary, Switzerland's monetary-policy makers stick to the old ways, where central bankers are rarely seen on a big stage and even more rarely heard.

The conservative style isn't without consequences. The small country is surrounded by monetary-policy makers who appear more active in trying to guide markets and their currencies. Staying quiet means fewer tools as the Swiss confront what is widely viewed inside and outside Switzerland as an overvalued franc that could threaten the country's export-driven economy.

But it also keeps Swiss officials from appearing to make promises they can't keep. And

it limits the danger of having the economy become too dependent on the central bank. Implicitly, it raises the question: Do central bankers need to talk so much?

"After the financial crisis, there was a trend toward more transparency," says Peter Rosenstreich, head of market strategy at Swissquote Bank. "People at first embraced that, but now we are seeing that it adds extreme amounts of volatility unnecessarily."

Swiss National Bank Chairman Thomas Jordan and other top SNB officials held their first news conference of 2016 on Wednesday—to unveil the new 50 franc bank note—but didn't discuss monetary policy.

There have been only a handful of speeches from the three members of the SNB's board posted on the bank's website this year. In sharp contrast, on Thursday alone the European Central Bank released the minutes of its March meeting while at least four council members gave testimony or speeches, with the bank's chief economist sig-

Please see SILENT page B7

...While ECB Chatter Keeps a Lid on Euro

BY CHRISTOPHER WHITTALL

For the European Central Bank, old habits die hard.

The ECB says it doesn't target the exchange rate. But bank officials have a habit of stepping up to talk the euro down whenever it rises too far.

MONEYBEAT Investors often see roughly the \$1.15 mark as a level that sends the eurozone's central bankers to the microphones.

That happened again on Thursday. The euro climbed as high as \$1.1456 in early European trading before two senior ECB officials made speeches underlining the bank's readiness to provide fresh monetary easing if needed. Thursday's comments helped push the euro down against the buck to below \$1.14.

Before Thursday's speeches the euro had gained roughly 5% against the dollar year-to-date, and that complicates the central

bank's attempts to boost stubbornly weak inflation.

"The effects of a strong currency are still the same—it creates problems for economies fighting [to increase] inflation," said Matthew Cobon, head of interest rates and currency at Columbia Threadneedle Investments.

"The ECB may still want to address that indirectly through broader comments about additional stimulus," he said.

The ECB has form when it comes to talking down the euro.

When the euro was heading toward the \$1.15 level in October last year, Yves Mersch, a member of the ECB's executive board, said

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MONEYBEAT



Read the continuously updated look inside the markets, free online at wsj.com/moneybeat



Working a coconut plantation in the Philippines, the world's largest producer of coconut oil.

Price Goes Nuts as Coconuts Go Trendy

BY LUCY CRAYMER

Coconut oil prices have soared nearly 20% in a month, largely because of the growing popularity of specialty products such as coconut water.

In supermarkets, coconuts are being sold with pull tabs to be drunk like beer. Coconut sugar is being touted as healthier for diabetics. And U.S. actress Gwyneth Paltrow is among celebrity coconut fans, once revealing she swishes around virgin coconut oil for oral health and whitening her teeth.

Such trendy products come from young green coconuts, fresh coconut and the trees' flowers. That leaves less dried coconut—copra—to be made into the conventional oil that

is used in everything from dish detergent to medicine.

The result has been a jump in prices since February, to an average in March of \$1,448 a metric ton, according to World Bank data released late Wednesday. That is more than 50% higher than the average price in 2013.

Meanwhile, the interest in specialty products is only expected to grow.

Global consumption of coconut water jumped 13% from 2014 to 2015, following a 24% increase the previous year, according to data from beverage research firm Canadean.

The trend toward specialty products is being felt throughout the coconut industry, suggesting that prices for conventional oil aren't likely to drop

significantly in the near future, analysts say.

Farmers in the Philippines, the world's largest producer of coconut oil, for example, are increasingly being asked to harvest younger coconuts, as middlemen chase after the higher prices they net over fully mature ones.

In the Philippines, coconut-water exports more than doubled to 66.3 million liters and virgin coconut oil was up 61% to 34,227 metric tons in the 11 months to November 2015, according to the latest available data from the United Coconut Associations of the Philippines.

In the same period, copra and coconut-oil exports fell slightly, and the industry

Please see NUTS page B7

Oil and Water Don't Mix

The Philippines, the world's largest producer of coconut oil, has seen exports of oil made from dried coconut stagnate while demand for products like water, made from younger coconuts, booms.

	2015 exports*	Change from previous year
Coconut water	66.3 million liters	105%
Fresh coconuts	3.2 million pieces	88
Virgin coconut oil	34,227 metric tons	61
Copra	480 metric tons	-0.6
Coconut oil	816,330 metric tons	-1.5
Desiccated coconut	62,166 metric tons	-40

*January-November

Source: United Coconut Associations of the Philippines

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Earnings Outlook Too Bearish

BY STEVEN RUSSOLILLO

This equity rally has few believers. That might actually bode well ahead of what is expected to be another poor earnings season.

The S&P 500 has surged about 12% since bottoming in February and is roughly flat for the year. Yet a funny thing has happened throughout the market's rebound: The skeptics still are pretty pessimistic.

AHEAD OF THE TAPE Short interest, or bearish bets, on the average S&P 500 stock jumped to as much as 3.5% of available shares by mid-February, according to data provider Markit. That is the highest since November 2009, capping an upswing that began last August during the summer selloff.

While short interest has since edged lower from the February high, it remains at a still-elevated 3.1%. So why haven't the bears lost much conviction? One



Alcoa releases results Monday.

reason is the looming earnings season, unofficially kicking off with Alcoa Inc.'s quarterly report on Monday.

In short, earnings aren't expected to be good.

By FactSet's count, first-quarter earnings are forecast to log a contraction of 8.5%, with energy companies garnering much of the blame. As recently as December, the S&P 500's earnings-growth rate was projected to be slightly positive during the

first quarter.

Furthermore, if earnings fall again, it will mark the fourth consecutive quarterly decline. The last time that happened was during the financial crisis.

Of course, earnings estimates have a propensity for falling too far just before the reporting period begins. Companies often hurdle the lowered bar.

The S&P 500 has risen during three of the previous four earnings seasons, according to John Butters at FactSet.

While such positive "surprises" are nothing new, the market's reaction to a better-than-expected round of earnings might not be typical.

With pessimism, and short interest, so high, earnings surprising to the upside could prolong the recent rally.

The bears may be growling, but the bulls might have the last laugh.

Email: tape@wsj.com

J.P. Morgan: We're Just Right

BY EMILY GLAZER

J.P. Morgan Chase & Co. says it is huge, but only in the best way, and just sprawling enough to serve its clients without being unmanageable.

Those were among the takeaways as the country's biggest bank by assets again argued that its size is a benefit and not a problem that should worry shareholders or regulators.

In a proxy statement released Thursday morning, J.P. Morgan pushed back against a shareholder proposal for a bank breakup, pointing to its business synergies, benefits of scale and value to clients.

The bank also said it has slimmed down even more in the past year, reducing assets by about \$200 billion, dropping its regulatory capital surcharge by 1 percentage point, and nearly wrapping up an effort to simplify its business.

Less than 24 hours earlier, however, Chairman and Chief Executive James Dimon's annual shareholder letter touted the virtues of the bank's size

and ability to absorb losses—for the entire industry in certain cases.

J.P. Morgan "alone has enough loss absorbing resources to bear all the losses, assumed by [a 'stress test' issued by the Federal Reserve], of the 31 largest banks in the United States," Mr. Dimon wrote in his 50-page letter. He added that large U.S. banks are far stronger because of regulations and higher capital requirements.

Yet J.P. Morgan has continued to face more-forceful questions from analysts, investors and shareholders during the past year over whether it might be better for shareholders if the global bank broke itself up into smaller, more-manageable units. The issue of whether banks should be broken up is also a consistent topic on the presidential campaign trail.

The bank said in its proxy that the board reviewed a breakup analysis with management that was presented throughout its February 2015 investor day. It "concurred in

the conclusion that continuing our strategy and delivering on our commitments is the highest-certainty path to enhancing long-term shareholder value."

That presentation also referenced \$18 billion in pretax synergies, and the bank said Thursday that each of its businesses benefits from its \$9 billion in annual technology spending, which includes more than \$600 million the bank expects to spend this year on cybersecurity.

The shareholder vote was requested by Bartlett Naylor, a shareholder activist and a financial-policy advocate at the consumer-rights group Public Citizen.

He and others have raised the issue multiple times in previous years with other big banks as well, without getting much traction.

Mr. Naylor proposed that J.P. Morgan as well as Citigroup Inc. each create an independent board committee to address whether the bank would be more valuable to

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MARKETS DIGEST

Nikkei 225 Index

15749.84 ▲34.48, or 0.22%
 High, low, open and close for each trading day of the past three months.



STOXX 600 Index

328.10 ▼2.55, or 0.77%
 High, low, open and close for each trading day of the past three months.



S&P 500 Index

2041.91 ▼24.75, or 1.20%
 High, low, open and close for each trading day of the past three months.



International Stock Indexes

Region/Country	Index	Close	Latest NetChg	% chg	Low	52-Week Range	High	YTD % chg
World	The Global Dow	2264.86	-15.24	-0.67	2033.03	2033.03 - 2643.78	2643.78	-3.1
	MSCI EAFE	1604.00	-2.58	-0.16	1471.88	1471.88 - 1956.39	1956.39	-6.5
	MSCI EM USD	807.65	-1.38	-0.17	691.21	691.21 - 1067.74	1067.74	1.7
Americas	DJ Americas	488.34	-5.74	-1.16	433.38	433.38 - 525.25	525.25	0.2
Brazil	Sao Paulo Bovespa	48409.20	312.96	0.65	37046.07	37046.07 - 58574.79	58574.79	11.7
Canada	S&P/TSX Comp	13255.52	-91.94	-0.69	11531.22	11531.22 - 15524.75	15524.75	1.9
Mexico	IPC All-Share	45049.89	-232.08	-0.51	39256.58	39256.58 - 46307.61	46307.61	4.8
Chile	Santiago IPSA	3090.07	5.37	0.17	2730.24	2730.24 - 3361.36	3361.36	5.0
U.S.	DJIA	17541.96	-174.09	-0.98	15370.33	15370.33 - 18351.36	18351.36	0.7
	Nasdaq Composite	4848.37	-72.35	-1.47	4209.76	4209.76 - 5231.94	5231.94	-3.2
	S&P 500	2041.91	-24.75	-1.20	1810.10	1810.10 - 2134.72	2134.72	-0.1
	CBOE Volatility	16.39	2.30	16.32	10.88	10.88 - 53.29	53.29	-10.0
EMEA	Stoxx Europe 600	328.10	-2.55	-0.77	303.58	303.58 - 414.06	414.06	-10.3
	Stoxx Europe 50	2724.36	-16.76	-0.61	2556.96	2556.96 - 3602.76	3602.76	-12.1
Austria	ATX	2210.18	-29.42	-1.31	1929.73	1929.73 - 2695.57	2695.57	-7.8
Belgium	Bel-20	3319.99	-25.38	-0.76	3117.61	3117.61 - 3910.33	3910.33	-10.3
France	CAC 40	4245.91	-38.73	-0.90	3892.46	3892.46 - 5283.71	5283.71	-8.4
Germany	DAX	9530.62	-93.89	-0.98	8699.29	8699.29 - 12390.75	12390.75	-11.3
Greece	ATG	554.50	0.38	0.07	420.82	420.82 - 857.92	857.92	-12.2
Hungary	BUX	26397.46	99.35	0.38	20452.90	20452.90 - 26452.41	26452.41	10.4
Israel	Tel Aviv	1443.50	-0.42	-0.03	1383.34	1383.34 - 1728.89	1728.89	-5.6
Italy	FTSE MIB	16818.25	-422.66	-2.45	15773.00	15773.00 - 24157.39	24157.39	-21.5
Netherlands	AEX	428.73	-2.28	-0.53	378.53	378.53 - 510.55	510.55	-3.0
Poland	WIG	47231.36	-120.72	-0.25	41747.01	41747.01 - 57460.44	57460.44	1.6
Russia	RTS Index	859.24	-4.05	-0.47	607.14	607.14 - 1092.52	1092.52	13.5
Spain	IBEX 35	8292.90	-105.70	-1.26	7746.30	7746.30 - 11884.60	11884.60	-13.1
Sweden	SX All Share	472.48	-6.16	-1.29	432.78	432.78 - 564.90	564.90	-6.5
Switzerland	Swiss Market	7761.35	-6.88	-0.09	7425.05	7425.05 - 9537.90	9537.90	-12.0
South Africa	Johannesburg All Share	51146.82	-37.50	-0.07	45975.78	45975.78 - 53535.12	53535.12	0.9
Turkey	BIST 100	81164.66	-346.61	-0.43	68230.47	68230.47 - 88651.88	88651.88	13.2
U.K.	FTSE 100	6136.89	-24.74	-0.40	5499.51	5499.51 - 7122.74	7122.74	-1.7
Asia-Pacific	DJ Asia-Pacific TSM	1326.96	8.70	0.66	1188.42	1188.42 - 1621.10	1621.10	-4.5
Australia	S&P/ASX 200	4964.10	18.20	0.37	4765.30	4765.30 - 5982.70	5982.70	-6.3
China	Shanghai Composite	3008.42	-42.17	-1.38	2655.66	2655.66 - 5166.35	5166.35	-15.0
Hong Kong	Hang Seng	20266.05	59.38	0.29	18319.58	18319.58 - 28442.75	28442.75	-7.5
India	S&P BSE Sensex	24685.42	-215.21	-0.86	22951.83	22951.83 - 29044.44	29044.44	-5.5
Japan	Nikkei Stock Avg	15749.84	34.48	0.22	14952.61	14952.61 - 20868.03	20868.03	-17.3
Singapore	Straits Times	2813.59	2.34	0.08	2532.70	2532.70 - 3539.95	3539.95	-2.4
South Korea	Kospi	1973.89	2.57	0.13	1829.81	1829.81 - 2173.41	2173.41	0.6
Taiwan	Weighted	8490.25	-23.05	-0.27	7410.34	7410.34 - 9973.12	9973.12	1.8

Source: SIX Financial Information; WSJ Market Data Group

Currencies

Yen, euro vs. dollar; dollar vs. major U.S. trading partners

Country/currency	Thu in US\$	per US\$	YTD chg (%)
Americas			
Argentina peso-a	0.0688	14.5260	12.3
Brazil real	0.2701	3.7030	-4.9
Canada dollar	0.7597	1.3163	-4.9
Chile peso	0.001467	681.80	-3.8
Colombia peso	0.0003214	3111.31	-2.0
Ecuador US dollar-f	1	1	unch
Mexico peso-a	0.0559	17.9023	4.1
Peru sol	0.2952	3.3873	-0.8
Uruguay peso-e	0.0319	31.320	4.7
Venezuela boliviar	0.100150	9.99	58.4
Asia-Pacific			
Australia dollar	0.7509	1.3317	-3.0
China yuan	0.1547	6.4632	-0.5

London close on April 7

Country/currency	in US\$	per US\$	YTD chg (%)
Europe			
Bulgaria lev	0.5823	1.7174	-4.6
Czechia kuna	0.1516	6.595	-5.9
Euro zone euro	1.1386	0.8783	-4.6
Czech rep. koruna-b	0.0421	23.732	-4.6
Denmark krone	0.1530	6.5351	-4.9
Hungary forint	0.003648	274.12	-5.6
Iceland krona	0.008068	123.94	-4.8
Norway krone	0.1200	8.3303	-5.8
Poland zloty	0.2648	3.7763	-3.8
Russia ruble-d	0.01468	68.121	-5.3
Sweden krona	0.1227	8.1531	-3.5
Switzerland franc	1.0472	0.9549	-4.7
Turkey lira	0.3500	2.8573	-2.1
Ukraine hryvnia	0.0388	25.7595	7.4
U.K. pound	1.4086	0.7099	4.6
Middle East/Africa			
Bahrain dinar	2.6519	0.3771	-0.003
Egypt pound-a	0.1126	8.8792	13.4
Israel shekel	0.2641	3.7870	-2.7
Kuwait dinar	0.3415	0.3016	-0.6
Oman rial	2.5971	0.3850	0.02
Qatar riyal	0.2745	3.642	-0.006
Saudi Arabia riyal	0.2667	3.7501	-0.1
South Africa rand	0.0658	15.1880	-1.9
WSJ Dollar Index	86.46	-0.03	-0.03

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

Coupon	Maturity, in years	Country/	Yield	Latest	Spread Over Treasuries, in basis points	Previous	Month Ago	Year ago	Previous	Month ago	Year ago
5.500	2	Australia	1.884	118.1	114.3	106.2	128.4	1.883	1.967	1.804	
4.250	10	2.462	77.2	69.0	68.3	47.2	2.447	2.592	2.360		
3.500	2	Belgium	-0.459	-116.2	-118.1	-135.2	-70.6	-0.442	-0.446	-0.186	
0.800	10	0.356	-133.4	-138.3	-137.9	-153.7	0.374	0.530	0.352		
4.250	2	France	-0.443	-114.6	-117.0	-134.1	-68.5	-0.431	-0.436	-0.165	
0.500	10	0.438	-125.2	-130.2	-135.9	-141.9	0.455	0.550	0.470		
0.500	2	Germany	-0.501	-120.5	-122.0	-141.7	-77.7	-0.481	-0.511	-0.257	
0.500	10	0.094	-159.6	-163.5	-168.3	-152.9	0.122	0.225	0.159		
4.500	2	Italy	0.054	-65.0	-72.5	-94.8	-43.2	0.014	-0.042	0.088	
2.000	10	1.398	-29.2	-47.3	-44.5	-69.8	1.284	1.464	1.191		
0.100	2	Japan	-0.235	-93.9	-96.8	-111.4	-49.9	-0.228	-0.208	0.021	
0.100	10	-0.058	-174.8	-181.4	-195.5	-152.7	-0.057	-0.047	0.361		
0.500	2	Netherlands	-0.485	-118.9	-122.4	-141.3	-71.3	-0.484	-0.507	-0.193	
0.250	10	0.192	-149.8	-154.9	-155.2	-161.2	0.208	0.356	0.277		
4.350	2	Portugal	0.312	-39.2	-47.5	-69.9	-51.1	0.265	0.207	0.009	
2.875	10	3.236	154.6	123.9	104.2	-26.3	2.996	2.951	1.626		
4.500	2	Spain	0.060	-64.4	-72.2	-94.4	-45.0	0.017	-0.039	0.070	
1.950	10	1.621	-6.9	-24.1	-32.6	-71.0	1.516	1.582	1.178		
3.750	2	Sweden	-0.651	-135.5	-139.0	-151.1	-85.3	-0.651	-0.605	-0.333	
1.000	10	0.719	-97.1	-107.9	-136.8	-148.2	0.678	0.540	0.406		
1.250	2	U.K.	0.355	-34.9	-34.3	-49.3	4.5	0.397	0.413	0.565	
2.000	10	1.330	-35.9	-37.2	-42.6	-29.5	1.385	1.482	1.593		
0.875	2	U.S.	0.704	...	...	...	...	0.740	0.906	0.520
1.625	10	1.690	...	...	...	...	1.757	1.908	1.888	

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.; MDEX: 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 4/6/2016

Commodity	Exchange	Last price	Net	One-Day Change Percentage	Year high	Year low
Corn (cents/bu.)	CBOT	361.50	3.50	0.98%	378.25	347.25
Soybeans (cents/bu.)	CBOT	904.00	-4.00	-0.44%	922.25	856.00
Wheat (cents/bu.)	CBOT	457.75	-5.25	-1.13	493.50	442.25
Live cattle (cents/lb)	CME	121.775	-0.075	-0.06	131.350	118.775
Cocoa (\$/ton)	ICE-US	2,870	-42	-1.44	3,211	2,746
Coffee (cents/lb.)	ICE-US	119.75	-1.75	-1.44	136.40	113.35
Sugar (cents/lb.)	ICE-US	14.40	-0.22	-1.50	16.75	12.61
Cotton (cents/lb.)	ICE-US	58.87	0.12	0.20	64.30	54.53
Robusta coffee (\$/ton)	ICE-EU	1497.00	27.00	1.84	1,568.00	1,342.00
Copper (\$/lb.)	COMEX	2,0735	-0			

MONEY & INVESTING

U.S. Stocks Decline Amid Bid for Safety

By Aaron Kurlhoff and Christopher Whittall

U.S. stocks slid, the yen strengthened and U.S. government bonds rose in a broad pullback from risk Thursday.

The gain in traditional havens added to concerns about the strength of a rally that has sent stocks roaring back from their mid-February lows.

The continued rise of Japan's currency this year, despite aggressive stimulus measures from the Bank of Japan, has also raised investors' concerns about central banks' ability to stoke growth.

The Dow Jones Industrial Average fell 174.09 points, or 1%, to 17541.96 Thursday. The S&P 500 fell 1.2%, and the Nasdaq Composite lost 1.5%.

The yield on the 10-year Treasury note fell to 1.689% Thursday, its lowest level since Feb. 11, compared with 1.753% Wednesday.

"What we have here is a big case of uncertainty about what's next for monetary policy and the most urgent case is in Japan," said Brian Jacobsen, chief portfolio strategist at Wells Fargo Funds Management.

The dollar declined 1.2% against the yen to ¥108.407. Japan's currency has climbed higher this year partly as investors remained cautious in response to market swings and sluggish global economies.

The European Central Bank has faced a similar problem as Japan—a strengthening currency despite ramped-up stimulus efforts. On Thursday, ECB chief economist Peter Praet suggested the bank could launch additional measures to cushion any new shocks to the economy.

In the U.S., minutes from the Federal Reserve's March policy meeting released Wednesday showed officials were unlikely to raise interest rates in April.

Financial shares suffered

the biggest declines in the S&P 500, falling 1.9%, with some analysts saying a slower pace of interest-rate increases threatens to undermine bank earnings.

The KBW Nasdaq Bank Index of large U.S. commercial lenders lost 2.9%, while Citigroup and Bank of America fell 3.8% and 3.2%, respectively.

The Stoxx Europe 600 lost 0.8% to 328.10, weighed down by a fall in bank shares, which may suffer if the ECB decides to push interest rates further into negative territory. Shares in European banks fell 2.2%.

U.S. crude oil lost 1.3% to \$37.26 a barrel as doubts persisted that major oil producers will agree to rein in output.

In Asia, Chinese stocks slipped amid worries about the imminent expiration of temporary restrictions on large shareholders selling domestic stocks.

The Shanghai Composite Index fell 1.4%. The Nikkei Stock Average rose 0.2%.



Journalists photograph images of the new 50-franc Swiss bank note on Wednesday in Bern.

SILENT

Continued from page B5

naling that the ECB could ease policy further. The SNB's first postmeeting news conference isn't until June—one of two it schedules each year, compared with four from the U.S. Federal Reserve and eight from the ECB. (One wrinkle in Switzerland is that its entire governing board participates.) The SNB first started giving news conferences in the 1970s when it was headed by Fritz Leutwiler, considered one of the most prominent Swiss central bankers of the 20th century.

Like its peers, the Swiss central bank releases statements to explain its monetary-policy decisions. But unlike the Fed, ECB, Bank of England and others, it doesn't publish meeting minutes—and Mr. Jordan opposes doing so.

The SNB does publish a three-year inflation forecast. But because it has wide berth on its inflation objective—to keep it under 2%, compared with other central banks that want inflation right around 2%—it is less clear what type of response the SNB's forecasts might imply.

"The SNB is on balance less transparent than the ECB or the Federal Reserve," says Stefan Gerlach, chief economist at BSI Bank and until last year deputy governor of Ireland's central bank, "or the BOE or the [Swedish] Riksbank or the

Bank of Norway."

Communications from central bankers can have a whip-sawing effect on markets. The most recent case in point: The U.S. dollar weakened, including against the Swiss franc, after Fed Chairwoman Janet Yellen suggested in a speech last week that the Fed would go slow on future rate increases.

The ECB sent stock and bond markets up in March after expanding its bond buying and lowering interest rates further into negative territory, then back down later the same day when ECB President Mario Draghi signaled rates may not go down any further.

The conservative streak of the Swiss doesn't mean they aren't willing to experiment. They embraced an extreme form of forward guidance in 2011. Amid a persistently strong franc at the height of the euro crisis, the SNB pledged to keep the euro from trading below 1.20 Swiss francs, and to intervene in markets if needed.

Faced with mounting financial risks from the hundreds of billions of francs worth of foreign currencies on its balance sheet, the SNB abandoned the franc ceiling in January 2015 without warning. No one at the SNB greased the wheels with the markets in advance, and the franc soared.

Since then, the Swiss have stuck to a tight script, emphasizing their willingness to do more if needed while maintaining the mantra that the franc is too strong.

Analysts at lender Nordea estimate that the Swiss franc is 20% overvalued against the euro, the currency of Switzerland's main export destination, the eurozone. The euro fetched 1.0871 francs in late European trading Thursday, meaning the franc is up about 10% since the start of 2015.

To limit gains in the franc, which SNB officials routinely say is "significantly overvalued," the SNB pushed its key interest rate on bank deposits to minus-0.75% in January 2015 and has kept the door open to reducing it further.

Even if the Swiss policy makers wanted to manage expectations, they might fail in the current environment. The economy is small and very exposed to trade, making it sensitive to the franc's level particularly against the euro. With the eurozone economy about 20 times bigger than Switzerland's, the ECB's decisions typically have more sway over the franc than the SNB's.

A communications revamp seems unlikely. Because the SNB board is so small, publishing meeting minutes might harm the bank's policy discussions, Mr. Jordan has said. One concern is that it might stoke speculation in markets over who said what.

"No central bank should simply jump on the latest monetary-policy bandwagon without careful consideration," Mr. Jordan said in January 2014. "Sometimes, transparency can be counterproductive."

BTG: Inquiry Clears Ex-CEO

By Luciana Magalhães

SÃO PAULO—Brazilian investment bank BTG Pactual said Thursday that an internal investigation found "no basis to conclude" that allegations of misconduct and corruption against its former chief executive officer, André Esteves, were "credible, accurate or supported by reliable evidence."

Mr. Esteves resigned as chairman and CEO of BTG last November, days after he was arrested as part of an investigation into alleged corruption at state-controlled oil company **Petróleo Brasileiro SA**. Mr. Esteves's arrest prompted many clients to pull money from investment funds managed by the bank, which has been forced to sell assets and significantly shrink its operations as a consequence. The value of the bank's traded units has dropped by almost half since the day before Mr. Esteves's arrest.

mittee in December, comprising two independent directors and one nonindependent director, to investigate the allegations against Mr. Esteves, the bank's former controlling partner.

The independent investigation is seen as an effort by BTG, once a growing regional investment bank, to try to rebuild its credibility. But the effects of the effort may be limited, Max Felipe Bohm, analyst at independent research firm Empiricus, said. "The impact is small, as this is something internal, and won't change market perceptions much about the bank."

Prosecutors allege that Mr. Esteves and a Brazilian senator tried to obstruct justice by

attempting to persuade a suspect in the Petrobras corruption case not to agree to a plea bargain. Mr. Esteves has denied the allegations through his lawyer. He was released to house arrest in December but had to turn over his passport and was prohibited from entering BTG Pactual's premises or having any dealings related to it.

BTG said Thursday that the Brazilian arm of global accounting and consulting firm KPMG LLP collected electronic and hard-copy documents from more than 50 BTG employees.

About 430,000 documents were reviewed by lawyers from Quinn Emanuel Urquhart & Sullivan LLP and the Veirano law firms as well, the bank said.

William Burck, co-managing partner of the Washington office of Quinn Emanuel, said the investigation was carried out with full independence and no interference by the bank.

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EURO

Continued from page B5

in a speech that the strong euro was contributing to "renewed downside risks" for growth and inflation. Mr. Mersch said that the bank "would not hesitate to act" to boost inflation if necessary.

Soon after, the euro began to fall. By late November it was back down to below \$1.06.

On Aug. 24 the euro traded above \$1.15 on concerns that China would devalue its currency. The following day, Vítor Constâncio, vice president of the ECB, said the bank "stands ready to use all instruments available in its mandate" to respond to material changes in the inflation outlook.

ECB President Mario Draghi has also previously talked about the deflationary pres-

ures caused by a strong euro. Eurozone consumer-price inflation in March was minus-0.1%, slightly higher than minus-0.2% the previous month, but still well below the ECB's medium-term target of just below 2%.

The recent appreciation in the euro has come as the dollar has fallen, as investors conclude that the Federal Reserve is in no rush to raise interest rates. Higher rates tend to boost a country's currency.

But Thursday's comments also came just as investors begin to say that global central banks, including the ECB, are moving away from measures aimed at aggressively weakening their currencies.

The ECB's latest package of measures, in March, appeared to be aimed more at boosting credit growth than targeting the currency.

Many economists say low-

ering interest rates is the most powerful way to weaken the euro, and the ECB did just that last month. Mr. Draghi appeared to play down the chances of further cuts, though minutes released Thursday showed the ECB's governing council didn't rule them out altogether at that last meeting.

"The currency is still an issue," said Thuska Maharaj, a global strategist at J.P. Morgan Asset Management. "But the ECB is rightly moving away from a pure focus on the currency [in] contrast to last year."

Even so, many investors believe there is only so much euro strength the ECB will tolerate. "I think the chances are that the ECB has to cut rates again if euro-dollar exceeds \$1.17," said Andrew Millward, head of European macro trading at Morgan Stanley.

Lovely Bunch of Coconuts

The production of higher-value goods from younger coconuts means there are fewer coconuts for making oil.



Coconut flower
Coconut sugar is produced from the sap, or liquid, that comes from the cut flower of the coconut palm. The sap is boiled and dehydrated to produce the sugar.

Sources: staff reports Photos from left: iStock; European Pressphoto Agency; iStock; AFP/Getty Images THE WALL STREET JOURNAL.



Young green coconut
Around nine months; used for coconut water.



Mature coconut
Around 12 months; virgin coconut oil is pressed using the fresh flesh of the coconut.



Copra
Dried flesh; pressed for coconut oil for use in everything from lipstick to cookies to biofuel.

NUTS

Continued from page B5

group predicts they will drop 6.9% to 2.1 million metric tons in 2016 from last year.

"Increase in cost of production narrowed down margins, and the industry players naturally moved towards high-margin [coconut] products," said Maduka Perera, owner of **Ceylon Tropics**, a coconut business in Sri Lanka.

Meanwhile, supplies will continue to feel pressure. The Philippines is still reeling from the 2013 Super typhoon Haiyan, which damaged or destroyed 44 million coconut palms—about 15% of its trees. It will take at least until next year for new trees to bear fruit.

And Indonesia, the world's top harvester of coconuts, hasn't undertaken a program to replace old coconut trees that because of age are seeing less fruit, meaning plantations are producing less nuts. The government is instead focused on expanding rice, corn and soybean production.

Manufacturers aren't likely to stampede to coconut-oil substitutes, analysts say. That is because substituting with, for example, petroleum-based fatty alcohols can disrupt product formulas and threaten a product's branding as being environmentally friendly.

Palm-kernel oil, which is produced from the seed of the oil palm, may get a boost instead. James Fry, chairman at agribusiness analyst firm LMC International Ltd., sees some relief coming in the fourth quarter of this year, as the

worst of the El Niño phenomenon since 1997-1998 has passed.

The current El Niño has reduced rainfall in Southeast and Southern Asia, putting stress on coconut palms and reducing the amount of fruit on the tree.

An El Niño occurs when winds in the equatorial Pacific slow down or reverse direction. That causes waters to warm over a vast area, which in turn can upend weather around the world.

PT **Cargill Indonesia**, which crushes copra into oil, described copra supplies as the worst he has seen in 16 or 17 years, largely because of the high demand for whole coconuts.

Cargill is "struggling big time" to get hold of copra, said Satria Wardaja, Cargill's communications manager.

Fighting Talk

Speeches by members of the ECB's executive board and moves in the euro/dollar exchange rate



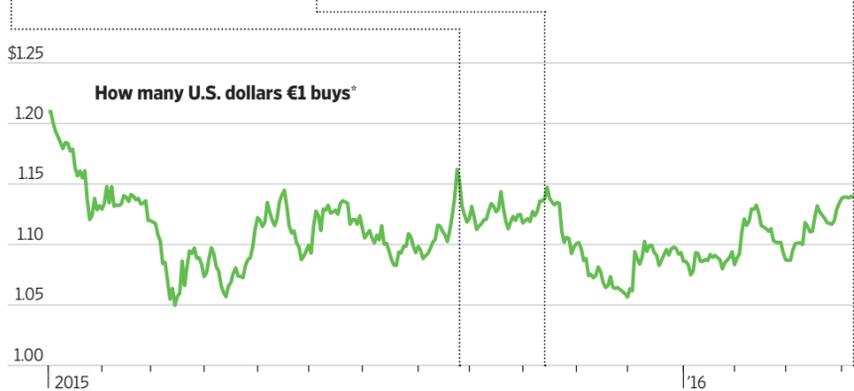
Aug. 25, 2015
Vítor Constâncio, vice president of the ECB, says the bank stands ready to use all the instruments in its mandate if needed.



Oct. 13, 2015
Yves Mersch, member of the executive board of the ECB, says the bank 'would not hesitate to act' if necessary.



April 7, 2016
Peter Praet, ECB chief economist, says additional stimulus could be launched.



*5:15 p.m. London time Thursday Sources: WSJ Market Data Group (currency); European Central Bank (speeches) Photos: European Pressphoto Agency; Agence France-Presse/Getty Images; Bloomberg News

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FINANCIAL ANALYSIS & COMMENTARY

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Bank Dividends Can Be a Danger

Investors' attachment to dividends may be doing them more harm than good, especially in banking.

European investors react badly to dividend cuts. But the chief economist at the Bank for International Settlements—the central bankers' central bank—believes that banks have been paying out too much since the crisis and that this has actually hurt their ability to lend and thus make future profits.

Several European banks have cut dividends in the past two years and investors have balked. Shares in **Banco Santander** dropped 14% in January 2015 when it announced a cut; **Deutsche Bank** and **Standard Chartered** both suffered falls of about 7% when they announced cuts last autumn; **Barclays** dropped 8% on its cut in March.

Some banks have raised capital to bolster their balance sheets while promising to continue payouts. In other words, they have asked investors for money so they can hand some of it straight

Payout Priority

Profits and dividends of 90 European banks, 2007 to 2014



*Austria, Belgium, Finland, Greece, Ireland, Portugal
Sources: BIS; Bloomberg News (photo)
THE WALL STREET JOURNAL.



smaller ones in countries like Italy.

It is affecting their ability to make new loans or engage in other activity that could help not only their profits but also the wider economy, according to Hyun Song Shin, the BIS chief economist.

"To the extent that undercapitalized banks perpetuate a weak economy and thereby keep bank stock prices under pressure, it may even be the case that paying out large

dividends also fails to promote the collective interests of bank's shareholders, let alone the wider public interest," he said Thursday.

He notes that since 2007, European banks have paid out almost as much in dividends as they have kept in retained profits, which add to capital. In France, Italy and Spain, banks have paid out more in dividends than they have retained in capital.

The really silly thing about this is that, when banks retain profits, it is still shareholders' money, as long as the profits aren't spent on bonuses or executive pay instead, of course.

Investors see returns in the form of growing tangible book values rather than in cash returns and, if more capital helps banks to engage more business and make more profits, that can only be to investors' benefit.

Obviously, investors want share-price growth and cash returns. But being too wedded to dividends in all circumstances looks like a fool's counsel. —Paul J. Davies

OVERHEARD

Poor Mongolia has had a rough ride of late. Its mining boom, based on feeding coal and copper to neighboring China, has turned into a bust. The country's currency has plunged and foreign-exchange reserves have been depleted. It did manage to raise a \$500 million bond from international markets last week, but at an interest rate of nearly 11%. Less than 3½ years ago, it paid 4.125% on a similar bond.

Prime Minister **Saikhbambieg Chimed**, speaking to investors at a Credit Suisse conference in Hong Kong, tried to put a happy face on the nonmining parts of the economy. For instance, he boasted of the country's herd of 54 million livestock, notably sheep, goats, horses, camels and yaks, which graze on the country's vast steppes. "We have the most democratic livestock, because they are free to go where they want and eat what they want," he said. That makes for the world's tastiest organic meat, apparently. Too bad meat isn't as valuable as copper.

ECB Works To Expand Its Reach

Investors have plenty of questions about the **European Central Bank's** plan to buy corporate bonds. To judge by the account of the ECB's March meeting, released Thursday, they aren't alone.

The plan will help the ECB lift its overall volume of bond purchases to €80 billion (\$91 billion) a month from €60 billion. The details of the purchases have yet to be unveiled.

Yet some ECB officials doubt the euro's ability to affect the eurozone economy and boost private investment. The meeting account cites concerns that purchases would mainly be of bonds from cash-rich corporations whose financing costs are already very low and whose investment behavior isn't constrained by the cost or availability of funding.

Financing is cheap indeed. The Bank of America Merrill Lynch euro corporate index yields just 1% and pharmaceuticals company Sanofi recently issued a three-year bond with a zero coupon and a yield of just 0.05%. But much of the activity in the European market is related to borrowers from outside the eurozone, who have accounted for around half of issuance this year, according to Société Générale.

As with other monetary experiments, the best argument for expanding purchases to company bonds is that it prevents a worse outcome, whereby financial conditions tighten through higher corporate funding costs. But it isn't the silver bullet that will improve the economic outlook.

The ECB may lead corporate borrowers to market. It isn't clear it can make them invest. —Richard Barley

Valeant Pharmaceuticals: Stepping Back from the Abyss

The road ahead won't be smooth, but **Valeant Pharmaceuticals International** finally has some breathing room.

With Wednesday's agreement to amend terms with its loan holders, Valeant has staved off the prospect of default in the near term. Reaching the deal didn't come without a cost; Valeant now has to pay a higher interest rate on its \$11.6 billion in loans, as well as a fee. Valeant maintains that it intends to file 2015 audited financial statements by April 29.

But Valeant now has until May 31 to file. Lenders also have agreed to relax inter-

est-coverage requirements.

Creditors aren't generally in the business of pushing debtors into default, of course, so these developments aren't entirely surprising. But since the majority of Valeant's enterprise value is in its debt, rather than equity, a cleaner debt picture means big gains are in order for the stock. Valeant shares are up about 40% since Monday.

More positive catalysts seem to be in the cards. Activist hedge-fund manager William Ackman, who joined Valeant's board last month, said Wednesday he is cautiously optimistic that a new chief executive will succeed

the outgoing Michael Pearson will be found in a "matter of weeks." That, along with actually filing audited financials, could close the book on months of organizational upheaval and spark another rally.

Yet the irony for equity investors is that big gains will be harder to come by once Valeant gets its house in order. After all, there is good reason to worry about Valeant's continuing financial performance, thanks to increased pushback from insurance companies and pharmacy-benefits managers.

More than half of Valeant's top 30 brands, which represent more than

half of total sales, suffered a sequential revenue decline in the fourth quarter. That includes Valeant's top-selling product, the gastrointestinal drug Xifaxan, and there is reason to worry about some products that did grow.

For instance, revenue from the diabetes drug Glumetza grew 62% from the third quarter to \$86 million, good for third place on the list. But one payer, **Express Scripts Holdings**, said in February it would exclude Glumetza from its list of approved drugs.

The Bausch & Lomb eye-care unit is a high-quality asset, but investors could use more information about its

growth profile.

And absent meaningful new acquisitions, which won't be in the cards any time soon, Valeant needs to rely on its pipeline of new drug candidates to generate growth. Recently, that has been a problem. Sales for the women's libido treatment Addyi have been a dud.

Taking a potential default off the table, even a technical one, means there likely still is upside left for the company's unsecured notes.

And equity holders could enjoy more gains from here. Until the operational picture becomes clearer, though, those are far from certain.

—Charley Grant

MONEY & INVESTING

Argentina Returns to Bonds

By Julie Wernau

After a decade and a half, Argentina is heading back to the global bond market. Argentina is planning to market a \$12.5 billion bond offering next week in the U.S. and U.K. in what would be its first global debt sale since the country defaulted in 2001.

Argentine officials led by Finance Secretary Luis Caputo are scheduled to meet with investors in New York, Los Angeles and Washington, D.C., next week, according to a letter reviewed by The Wall Street Journal on Thursday. The letter was sent to potential investors by **Deutsche Bank**, one of four lead underwriters of the bond offering.

The other underwriters are **HSBC Bank PLC**, **J.P. Mor-**



Finance Secretary Luis Caputo will meet with investors.

gan Chase & Co. and **Santander Group**.

The government plans to use proceeds from the offering to pay back holders of the

country's defaulted debt.

Argentina defaulted on more than \$80 billion in 2001, the largest sovereign default at the time. The government

has been trying to reach agreements with various groups of bondholders since then. President Mauricio Macri's administration reached a deal in February with a group of holdout U.S. hedge funds led by Elliott Management Corp. That agreement paved the way for the country's return to the international debt markets.

Under that settlement, Argentina has said it would pay creditors \$4.65 billion by April 14. But some Argentine officials have indicated this week that they may not make that deadline, which some analysts say could complicate or delay the government's plans to issue the new debt.

A hearing on that matter is scheduled for April 13 in New York.

JPM

Continued from page B5

shareholders by divesting all noncore banking-business segments.

The committee would be required to report back to shareholders within 300 days.

The bank said that wouldn't be necessary or valuable to shareholders, breaking down details of shareholder communications that already include strategy discussions. For instance, J.P. Morgan hosted more than 90 shareholder calls and meetings on topics including strategy, participated in more than 50 investor meetings, presented at 13 investor conferences and conducted 10 investor trips in the U.S., Europe and Asia.

"The Board and management do not favor size for its own sake or support or oppose any strategy on ideological grounds, but instead analyze strategy from the perspective of serving the Firm's clients, customers and communities and how we believe any particular strategic initiative will affect long-term shareholder value," according to the proxy.

The proxy also shed light on Mr. Dimon's \$27 million pay package for 2015, the highest among large U.S. bank CEOs.

J.P. Morgan's board said Mr. Dimon deserved the \$7 million boost from the prior year, or 35%, because of strong multi-year results, business simplification efforts and strengthened "control" environment, among other factors, according to the proxy statement.

"Mr. Dimon has led a multi-year effort to fortify our controls, which includes addressing issues that resulted in supervisory and enforcement actions," according to the proxy.

Mr. Dimon's pay package comprises \$20.5 million in performance-related restricted stock and \$5 million in cash, along with his base salary of \$1.5 million, according to a January filing.

This is the first year Mr. Dimon is being paid in performance share units, a type of restricted stock that has re-

quirements on how long it must be held and has the possibility of being worth nothing based on the performances of Mr. Dimon and the bank.

The new features are designed to respond to a shareholder proposal last year that nearly garnered a majority in voting against Mr. Dimon's pay package.

The bank also disclosed that the board updated its policy on director age in 2015, beyond the previous 72-year-old retirement rule. J.P. Morgan's board has two key directors who passed the threshold: lead independent director Lee Raymond, 77, and audit committee head Laban Jackson, 73, who is a liaison to regulators around the world. They both offered not to stand for reelection this year, according to

This is the first year Mr. Dimon is being paid in performance share units.

the proxy.

"The Board believes that, while refreshment is an important consideration in assessing Board composition, the best interests of the Firm are served by being able to take advantage of all available talent and the Board should not make determinations with regard to membership based solely on age," the proxy said.

The bank disclosed that the board amended its bylaws in January by adding for a right of proxy access, allowing "eligible shareholders to include their nominees for election as directors."

It was adopted following "extensive discussions with shareholders and reflects their expressed desire to have additional access to the director nomination process."

The terms include allowing a shareholder to nominate up to 20% of the board, at least two directors in any event, and allows up to 20 shareholders to group together to reach the required threshold.

The bank also said it would hold its annual shareholder meeting in New Orleans on May 17.

Finance Watch

Warning on Property As U.K. Weighs Exit

U.K. commercial-real-estate values could fall if Britain votes to end its European Union membership in June, credit-rating firm Standard & Poor's Corp. said in a report on Thursday.

The U.K. is set to hold a referendum on its relationship with the EU on June 23. Uncertainty leading up to the public vote "is likely to have a paralyzing effect on investor decisions on U.K. real-estate purchases," Marie-Aude Vialle, an analyst at the credit-rating company, said in a statement.

Exiting the EU "could potentially reverse the significant boost to real-estate asset values that the U.K., and London in particular, has experienced in recent years," S&P said in a report.

Office buildings in London's main financial district, called the City, would be worst hit, S&P

said. Housing markets, especially in London, are also susceptible, although less so than commercial property.

—Art Patnaude

BNP PARIBAS IPO Is in the Works For Hawaiian Unit

French bank **BNP Paribas SA** is planning an initial public offering of its First Hawaiian Bank subsidiary as early as June, according to people familiar with the matter.

First Hawaiian would seek to raise roughly \$1 billion in an of-

fering valuing it at between \$4 billion and \$5 billion, according to people familiar with the matter.

Should the sale go as planned, it would be the largest U.S. bank IPO since Citizens Financial Group Inc. went public in a \$3 billion offering in 2014.

—Maureen Farrell

OCBC Lender to Acquire A Barclays Business

Singapore-based **Overseas-Chinese Banking Corp.** said Thursday that its private-bank-

ing unit has signed a deal to buy **Barclays PLC's** wealth- and investment-management business in Singapore and Hong Kong for \$320 million in cash.

The purchase price is equivalent to 1.75% of Barclays's wealth assets under management in Singapore and Hong Kong.

The assets under management, which total about \$18.3 billion, will be transferred to Bank of Singapore, OCBC's private-banking unit, the lender said in a statement to the Singapore Exchange.

The acquisition will allow OCBC to increase its share of the wealth-management business in Asian financial centers at a time when it is seeking to grow in its four key markets: Singapore, Malaysia, Indonesia and greater China.

OCBC and its counterparts across Asia are jostling to manage the growing assets of the region's wealthy families and entrepreneurs.

For its part, Barclays last month said it was planning to exit its Asian wealth business as part of its strategy of shoring up its sprawling operations and concentrating on the units it deems core.

—Gaurav Raghuvanshi



OCBC is seeking to expand in wealth management in Asia.

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Korean beauty regimens: Only for the doggedly determined
W3



OFF DUTY



The electric SUV goes over the top: Dan Neil on the Tesla Model X P90D
W8

EATING | DRINKING | STYLE | FASHION | DESIGN | DECORATING | ADVENTURE | TRAVEL | GEAR | GADGETS

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THE WALL STREET JOURNAL.

Friday - Sunday, April 8 - 10, 2016 | **W1**



This coconut cake contains only 46% of the sugar used in a typical angel food cake.

Coconut milk enriches both batter and glaze and provides an alternative source of sweetness.

Added egg yolks give the cake moisture that recipes otherwise rely on sugar to provide.

This Is Not a Sugar Bomb

Life without dessert? Unthinkable. These recipes deliver all the flavor but significantly less of the sweet stuff. You won't miss it

BY JANE BLACK

WHAT'S A SWEET tooth to do? Sugar has become the new demonized ingredient du jour. And while I'm as interested in healthy(ish) eating as the next person, for me, dessert is not negotiable. Millions of Americans are striving to cut back on sugar. In January, for the

first time, the new federal dietary guidelines set a limit for added sugars—those added to foods or drinks when they're processed or prepared, as opposed to the naturally occurring sugars in, say, fruits and dairy products—and recommended they make up no more than 10% of daily calories. A Reuters/Ipsos poll conducted soon after the new rules were announced revealed that 58% of Americans try to limit the amount of sugar they consume—
Please turn to page W2



OFF DUTY

HOW SWEET IT IS TO EAT LESS SUGAR

Continued from page W1

a greater number than those who shun calories, sodium, fat, cholesterol or carbohydrates.

To meet the federal target, the average American needs to trim sugar intake by about a third. The game is on to figure out how to bake delicious sweets with less sugar.

Joanne Chang, owner of Flour Bakery in Boston, said that sugar's often a safety net as much as a sweetener, helping to keep cakes moist, promote browning and prolong shelf life. A solid recipe will cultivate those qualities even with a reduced sugar content. Her book "Baking with Less Sugar," published last year, includes a coconut chiffon cake that slashes the sugar in her usual recipe by 46%. The low-sugar version's become so popular Ms. Chang features it as a special on the menu at both Easter and Christmas.

Still, sometimes you really can't monkey with the sugar content. "When you cream butter and sugar together, the sharp little crystals create pockets that fill the batter with air," said Shauna Sever, author of "Real Sweet," a collection of recipes made with less-refined sweeteners. "That's what creates a light fluffy texture." And that makes a big difference to the consistency of the finished cake or cookie. In contrast, "with a muffin or a quick bread, there's some other leavener to do the work." Sugar also lowers the freezing temperature of ice creams and sorbets and prevents them from freezing solid.

SWEET STRATEGIES FOR LOW-SUGAR BAKING

► Add finely chopped dried fruit to a batter to boost sweetness.

► Increase the amount of sweet spices, such as cinnamon and vanilla. These flavors suggest sweetness so you don't notice the sugar isn't there.

► Substitute overripe bananas or date paste. These have plenty of sweetness (and nutrients to boot). They also provide moisture that can be lost when you cut sugar.

These flavorful alternative sweeteners have plenty to recommend them, but it's worth bearing in mind that the dietary guideline applies to all sugars, not just the refined white kind. "Sugars are calories and no nutrients," said Marion Nestle, a professor of nutrition at New York University. "It all works the same way and everyone would be healthier eating less of it."

Indeed, I've wondered if the most sensible tactic is simply to go on the ever-unpopular eat-less-dessert diet. But after trying out the recipes at right, I'm relieved to know it won't have to come to that. If low-sugar sweets can taste this good, I'll take those and eat them, too.



Strawberry Cream Cheese Fool

Fool is a classic English dessert that pairs stewed fruit with custard. This Americanized version is kind of like a cheesecake filling studded with strawberries. Reduced apple-juice concentrate substitutes for white sugar.

TOTAL TIME: 25 minutes SERVES: 8-10

- 1 (12-ounce can) frozen apple juice concentrate
- 8 ounces cream cheese, at room temperature
- ½ cup crème fraîche
- 2 cups heavy cream
- 2 teaspoons vanilla extract
- ¼ teaspoon kosher salt
- 4 cups strawberries, hulled and quartered (or halved if berries are small)

1. Make apple syrup: Bring apple juice concentrate to a boil in a small saucepan over medium heat. Decrease heat to medium-low

and simmer until juice reduces to ¾ cup, 15-20 minutes. Keep an eye on pan to make sure juice doesn't burn. (You may need to decrease heat as syrup reduces and thickens.) Remove from heat and refrigerate until cool to the touch.

- 2. Use an electric mixer with whisk attachment on medium speed to whip together cream cheese and ½ cup cooled apple syrup. (Reserve remaining syrup for another use.) Mix until light and fluffy, 2-3 minutes.
- 3. Add crème fraîche to cream cheese mixture and whip until combined. Slowly drizzle in heavy cream and beat on medium speed until thickened, 1-2 minutes more. Whisk in vanilla and salt.
- 4. Fold in strawberries, reserving a few spoonfuls for garnish. Portion into bowls or glasses and cover with plastic and refrigerate up to 2 hours before serving.

—Adapted from "Baking With Less Sugar" by Joanne Chang

Cherry Walnut Granola

At Eleven Madison Park in New York, diners are sent home after the meal with a bag of granola. It's delicious, but more like candy than a wholesome breakfast. This version was inspired by that restaurant's parting gift but uses less than half the sweeteners. It's still addictively tasty.

ACTIVE TIME: 15 minutes
TOTAL TIME: 45 minutes
MAKES: 6½ cups

- 1 cup walnuts, chopped
- ½ cup olive oil
- ½ cup maple syrup

- ½ cup dark brown sugar
- 1 cup pumpkin seeds
- 4½ cups old-fashioned rolled oats
- ¼ teaspoon ground cinnamon
- ¼ teaspoon ground ginger
- ¼ teaspoon ground cardamom
- ¾ teaspoon salt
- 1 cup dried cherries

- 1. Preheat oven to 325 degrees. Place walnuts on a baking sheet and toast until fragrant but not browned, about 8 minutes. Let cool slightly.
- 2. In a small saucepan heat olive oil, maple syrup

and sugar over medium heat until sugar dissolves. Remove from heat.

- 3. In a large bowl, mix walnuts, pumpkin seeds, oats, spices and salt. Pour oil-sugar mixture into bowl and mix well.
 - 4. Spread mixture over a parchment-paper-lined rimmed baking sheet. Bake until lightly golden and dry, about 30 minutes.
 - 5. Remove from oven and let cool slightly. Mix in cherries so they are evenly distributed. Granola will keep in an airtight container up to two weeks.
- Adapted from Eleven Madison Park



Breakfast Cookies

Dates, soaked in hot water and whizzed in the food processor, substitute for sugar in these cookies that are great with morning coffee or afternoon tea. The recipe makes a little more date paste than you need; it's hard to whip up a tiny batch. Mix the leftovers into plain yogurt or a yogurt smoothie with bananas and apple juice.

ACTIVE TIME: 15 minutes
TOTAL TIME: 1 ¼ hours
MAKES: 9 (3-inch) cookies

- 4 ounces Medjool dates, pitted (7-8 dates)
- 5 ounces boiling water
- 2 cups old-fashioned rolled oats
- ¼ cup unsweetened shredded coconut
- ½ teaspoon ground cinnamon
- ½ teaspoon baking powder
- ½ teaspoon fine sea salt
- ¼ teaspoon baking soda
- 1/3 cup coconut oil
- ¼ cup maple syrup
- ½ teaspoon vanilla extract
- 1 large egg
- ½ cup chopped dried fruit, such as raisins, cranberries or apricots

1. Preheat oven to 350 degrees. Make date paste: Place dates in a small bowl and pour boiling water over top.

Coconut Chiffon Cake with Coconut Glaze

This cake uses less than half the sugar of a traditional angel food cake and is moist and, thanks to a generous seven eggs, decadent to boot. The cake can be stored in an airtight container at room temperature up to two days.

ACTIVE TIME: 25 minutes TOTAL TIME: 1½ hours MAKES: 1 cake

Special equipment: a 10-inch tube pan with a removable bottom

For the cake:

- 2 cups sifted cake flour
- ½ cup granulated sugar
- 1 tablespoon baking powder
- 1 teaspoon kosher salt
- 1 cup shredded unsweetened coconut
- 1 cup full-fat coconut milk
- ½ cup vegetable oil
- 7 large eggs, separated
- 1 tablespoon vanilla extract

For the glaze:

- ½ cup confectioners' sugar
- 2 tablespoons coconut milk
- 2 tablespoons shredded unsweetened coconut, plus more for garnish

1. Place rack in center of oven. Preheat oven to 350 degrees. In a large bowl, stir together cake flour, ½ cup granulated sugar, baking powder, salt and coconut until combined. Give coconut milk a good stir. In a bowl, whisk together coconut milk with vegetable oil, egg yolks and vanilla.

2. Using an electric mixer fitted with whisk attachment, beat egg whites on medium speed until frothy, 1-2 minutes. Slowly add remaining sugar to egg whites. Continue to whisk until egg whites are a bit glossy and hold a soft peak when you raise whisk, 2-3 minutes more.

3. Make a well in center of dry ingredients, then pour coconut-milk mixture into well. Use a rubber spatula to stir until well combined. Add a few large spoonfuls of beaten egg whites to batter and fold in using a rubber spatula. Add remaining egg whites and fold in gently until well combined.

4. Use a rubber spatula to scrape batter into a 10-inch ungreased tube pan with a removable bottom. Bake cake until it is pale golden and springs back when you poke it at the center, 35-45 minutes. Remove from oven and let cool in pan, upside down, on a wire rack supported by the inner tube. When cake is cool, run a knife around sides to slip off pan, then along tube and bottom to loosen cake. Quickly invert onto a plate and then flip it right-side up onto a serving plate.

5. Make glaze: In a bowl, whisk together sugar, coconut milk and coconut until somewhat thick but still easy to pour.

6. Spoon glaze over top and sides of cake, allowing extra to drip off. Sprinkle with coconut.

—Adapted from "Baking with Less Sugar" by Joanne Chang



OFF DUTY

You've Got Snail

Willing to commit to a celebrated, if wearying, 10-step beauty regimen? From South Korea come peculiar peel-off masks and creams with weird ingredients that promise a spectacularly dewy complexion

BY DANA WOOD

IF SNAIL CREAM and sheet masks are already part of your beauty routine, congratulations: You're officially on the cutting edge of beauty. Now please step aside while the other 99% of us catch up to the K-Beauty trend.

K-Beauty—the umbrella term for all South Korean imports in the skin care, makeup and bath-and-body categories—has been attracting fans in the U.S. Over the last 18 months, it's cultivated a certain gentle, nature-meets-technology ethos. Boosting its appeal is packaging that comes with poppy colors, nonsensical names like Tonymoly and bottles whimsically shaped like pandas and cracked hard-boiled eggs.

Even more hyped than the products themselves, however, is the ultra-elaborate K-Beauty skin-care regimen espoused by popular websites like Soko Glam and Peach & Lily, both of which are run by Korean Americans. Incorporating up to 10 (and sometimes more) steps, the typical regimen kicks off with a “dual cleansing” ritual (via oil- and water-based products), winds its way through a series of sheet masks, essences, serums and rich moisturizers, and wraps up with SPF 35 sunscreen. At night, you swap out the sunscreen for a thick, gloppy “sleep cream.”

Many of these beautifiers are laced with outré ingredients such as snail mucin, culled from the gooey substance snails leave in their wake and said to boost cell regeneration; bee venom (an anti-inflammatory “faux-tox” alleged to relax facial muscles); moisturizing starfish extract; and firming-and-tightening pig collagen. “For years, Korean women have focused on skin care products rather than makeup,” said Sarah Jindal, senior innovation and insights analyst for market research firm Mintel. “The ultimate goal is to achieve a complexion that has a dewy, glowing finish, one that doesn't need concealers and foundations to hide it.”

Each complexion, the reasoning goes, needs a customized routine that addresses factors such as hormonal fluctuations and lifestyle choices. The repetitive cleansings, masks and layers of moisturizers minister to skin that's suffered a



litany of assaults, which may range from hormonal shifts to wrinkle-inducing UV rays to the dehydrating effects of alcohol.

Unsurprisingly, some dermatologists applaud this skin obsession: There's a decided upside to both

Slather on snail mucin cream that feels smooth, not oily, on your skin.

expanding a regimen beyond the basics (cleansing, moisturizing) and addressing specific issues like fine lines, enlarged pores and uneven skin tone, said New York dermatologist Dennis Gross, who nonetheless doesn't prescribe 10-step protocols for his patients. A customized skin-care routine “makes good sense from a skin-bi-

ology standpoint,” he said. “But the Koreans don't own the high-way on this; most of my patients are up to at least four steps, including a daily peel and a serum.”

Freelance business consultant Soojin Min—a longtime fan of Estée Lauder, Chantecaille and Kiehl's skin care—recently added products from Korean imports Sulwasoo, AmorePacific and Hera to her daily routine and isn't put off by the extra labor they demand. “I feel they have fewer chemicals,” said Ms. Min (a statement for which there's no supporting research). The Seoul native, who splits her time between homes in Hong Kong and Bronxville, N.Y., “was happily surprised to see a K-Beauty section at Sephora when I was in Manhattan.”

For the K-curious eager to go for the glow, the best approach is to incorporate one additional step at a time. Sheet masks are perhaps

K-Beauty's most effective contribution to the world of skin care because they deliver a saturated dose of hydration to dry skin. They're an easy add-on and come in a single-dose package (as low as \$2) or 5-packs (around \$20).

Another smart, albeit pricier, approach is to follow one of Peach & Lily's well-thought-out “Korean Skincare Routine Kits.” Customized according to skin type (oily, normal, dry, etc.), these include 10 or more products, at a total cost ranging from \$225 to \$250. If that's too much of a financial commitment, start small by sampling a nightly snail-mucin cream. Don't be squeamish: The delicately scented, rich formula feels smooth, not oily, when applied to your skin. Bonus: You're less likely to scare other people after rubbing it on than if you pop up wearing one of the peel-away Freddy Kruegeresque masks.

GLOBALLY GORGEOUS

Let's face it: We're often suckers for youth-in-a-bottle promises, especially those that feel exotic. Here, a few foreign-born beauty crazes we fell for over the years.

1970s THAILAND // Four-Handed Massage

Like skating partners at the Winter Olympics, two massage therapists work in synchrony up and down your body. This '70s offshoot of a millenia-old deep-kneading technique lets partakers Zen out.



1999 INDIA // Ayurvedic Skin Care

Targeting enlightened types who are dialed-in to their dosha, ayurvedic skin care got a supermodel assist from Christy Turlington, who co-partnered on the Sundari beauty line in the late '90s. The multi-step regimen rooted in ancient-Hindu healing has fans who feel “balance” is the key to beauty, even if it takes an hour a day to achieve.

2004 FRANCE // Le Slimming

Within six months of its publication, Mireille Guiliano's diet-book juggernaut, “French Women Don't Get Fat,” was in its 20th printing and had sold a million-plus copies. Despite its mystique, it sums up the Gallic approach to staying svelte in obvious, Michael Pollan-ish terms: Eat real food. Small portions. No snacking.

2006 MOROCCO // Argan Oil

Extracted from the kernels of the argan tree, this allegedly miraculous multitasker hit supernova status with the 2006 debut of Moroccan hair treatment. The “liquid gold” has drizzled its way into “arganized” cuticle oil, lipstick and even flat irons.



2011 GERMANY // BB Cream

Essen-based dermatologist Christine Schrammek concocted the first tinted “blemish balm” in 1967, and after they hit U.S. shelves in 2011 under the “beauty balm” banner, BB creams sold close to \$9 million in the first year and spawned an alphabet of CC and DD creams.

GLOW SLICKS // A K-BEAUTY SAMPLER



Missha Cell Renew Snail Cream, \$45, sokoglam.com



Neogen Real Flower Cleansing Water, \$22, sokoglam.com



Tonymoly Panda's Dream White Hand Cream, \$12, sokoglam.com



Dr.Jart+ Liftra Contour Cream, \$60, sephora.com



Shangpree Black Premium Modeling Rubber Mask, \$20, peachandlily.com



AmorePacific Green Tea Seed Treatment Oil, \$195, sephora.com

THE HEIGHTS OF FASHION

AN UNLEVEL PLAYING FIELD

One of our favorite spring trends is the playfully punchy graphic shoe. And there's a version for everyone, whether you favor flats or a sky-high style



Low and Behold

Fendi's whimsical flat with its sculpted, stacked 1-inch heel is for those who prefer to stay lower to the ground. Its glossy patent-leather toe cap and sky-blue trim get a cheeky tweak from the wink of the brand's signature “Bag Bugs” monster eyes. Flats, \$700, Fendi, 212-897-2244



Middle Marcher

National costumes from Spanish cities like Salamanca and Segovia have always fascinated designer Manolo Blahnik, who based the squiggles on these 3 1/2-inch-heel slingbacks on a photo by José Ortiz-Echagüe of a man in traditional dress. Heels, \$775, Manolo Blahnik, 212-582-3007



Highest Flyer

For these irrepressibly animated 4-inch stilettos, happy shades of leather and suede are cut into serpentine shapes that designers Peter Pilotto and Christopher De Vos say were inspired by the look of scrolled wooden intarsia inlays. Peter Pilotto Heels, \$1,124, matchesfashion.com

OFF DUTY

COPY CAT

Court Is In Session

Update Bryan Ferry's '70s tennis-sweater look with new takes on the iconic knit

BY JACOB GALLAGHER

EACH SPRING, with visions of Björn Borg's two-handed backhand and Andre Agassi's A-plus aces in my head, I am drawn to the moss-green asphalt of my local tennis court. I uncork a fresh tube of Wilson's, step up to the baseline—and am harshly reminded that my ability to precisely land a serve ranks up there with Mr. Magoo's. I never learn. My only consolation is knowing that, off the court, I can almost pass for one of Wimbledon's immortals in my classic tennis sweater: V-neck, cable knit, ultra-preppy and reminiscent in no way of Mr. Magoo.

Consider suave Bryan Ferry over there (right) in just such a sweater. I'm unsure whether the Roxy Music frontman can wield a racket as ably as he can a Stratocaster, but this circa-1974 photo of him confirms that a tennis sweater strongly implies that its wearer has a credible backhand.

This season, like a well-turned volley, these iconic V-neck knits, first popular in the 1930s, are making a strong comeback. Back in the Depression, when club rules mandated all-white clothing, the thick wool knits were a necessity for chilly days; they kept athletes warm, yet the loose, cabled weave allowed for a full range of motion. "You needed to move in them, so they couldn't be tight fitting," said Philip Turner,



SWING TIME Roxy Music's Bryan Ferry, photographed around 1974, projects plausible athletic skill in a traditional tennis sweater.

the owner of Smart Turnout, a London-based outfitter which recreates the pull-overs that tennis and cricket players wore way back when.

Free of logos or labels, those traditional knits sported striped bands around the collar and cuffs, an indication of the club or school to which the wearer belonged—blue for Yale, orange and black for Princeton, and so on. Over time, the all-white court mandate loosened (think of Rafael Nadal's lime green and yolk-yellow outfits in recent years), and the tennis sweater became more of a player off, versus on, the courts.

"You haven't seen a pro wear one in probably 50 years, but tennis sweaters got absorbed into popular culture," said Brian Davis, the purveyor of Wooden Sleepers, an Americana-focused vintage outfitter in Red Hook, Brooklyn. "There's always a demand for that Brooks Brothers or old made-in-France Lacoste tennis sweater, especially in the spring and summer." These vintage knits tend to have a looser, squared-off fit that isn't for everyone, said Mr. Davis. Mr. Turner of Smart Turnout noted that his brand's "thick, chunky re-creations tend to come up oversized on people."

Today, designer labels such as Gucci, Dunhill and MP Massimo Piombo have revamped the classic tennis sweater, making minor adjustments to modernize its retro look. The signature cable knit remains but is rendered in lighter yarns such as silk and cotton blends for a featherweight feel. Better still, that once-blocky silhouette

Without plunging cheesily, the new tennis sweater's V dips far enough to show off a crisp button-down or polo shirt (no bare chests please, guys).

is nicely fitted now and the V, without plunging cheesily, dips far enough to show off a button-down or polo shirt (no bare chests please, guys). These tweaks give the classic a smart style advantage over sweatshirts and less pedigree'd pullovers this season.

Mr. Davis sees the potential to take the tennis sweater even further. "I would like to see a brand like Kapital, RRL or even Kanye West deconstruct the design of it," he said, stripping away its prep-school propriety so it looks more modern. While designers toed the line by tweaking the fabric and colors in their spring versions, Raf Simons showed oversized tennis sweaters for fall, with torn V-neck collars and frayed hems that give them an edgier advantage. In tennis parlance, the Belgian designer aced it.



Sweater, \$770, Gucci, 212-826-2600



Cricket Sweater, \$300, smartturnout.com



Sweater, \$450, dunhill.com

POINTS OF DISTINCTION

NOT YOUR AVERAGE JEAN JACKET

If you want to stand out—subtly—from the pack, Levi's 1953 Type II Jacket fits the bill, thanks to design details rooted in its proletarian past

BY DALE HRABI

SOME OF THE saddest words in the English language are "ordinary," "generic" and "Relaxed-Fit Khakis." Unwilling to blend completely into the Gap-clad crowd, I sporadically seek out clothing with subtle design details that will set me, infinitesimally, apart. I've made some embarrassing buys: overwrought G-Star Raw trousers with buttons in perverse places; a sweatshirt depicting a wise old owl with a unicorn horn. But I've also scored some winners, most recently the 1953 Type II Jacket (right) from Levi's Vintage Clothing, the division of the company that reproduces finds from the Levi's archives.

Ironically, I discovered this resoundingly American jacket in a Levi's store near Carnaby Street in London. I was promptly taken with its low-set pockets and the

pleats that inexplicably border its button placket—details that, according to Paul O'Neill, head of design at Levi's Vintage Clothing, relate to its origin as workwear. When Levi's originally produced jackets, as early as the 1880s, they were "for miners, cowboys, steelworkers," said Mr. O'Neill. "It became less about a functioning jacket as you got into the 1960s."

This classic was replaced by the 1961 Type III Jacket, which did away with the eccentricities in favor of a more tailored fit, copper-colored buttons and the pointed pocket flaps that are a Levi's trademark. "It became recreational wear," said Mr. O'Neill. "Half of Woodstock was wearing the Type III."

My jacket, originally issued in 1953, cost \$4.35 back then, one detail that is not intact. \$385, levi.com



LOW-SLUNG POCKETS
Workers could access these without cramping their arms. The higher, smaller, style-driven ones on Levi's modern jackets are comparably impractical.

TUCKS IN THE BACK
These were designed to give men more freedom of movement "because they were souping up their hot rods—or mining," said Paul O'Neill of Levi's.

PLEATS
Levi's historians are puzzled by these. One theory is that working men could unstitch them come fall for a looser fit accommodating heavy sweaters underneath.



She's a fan.

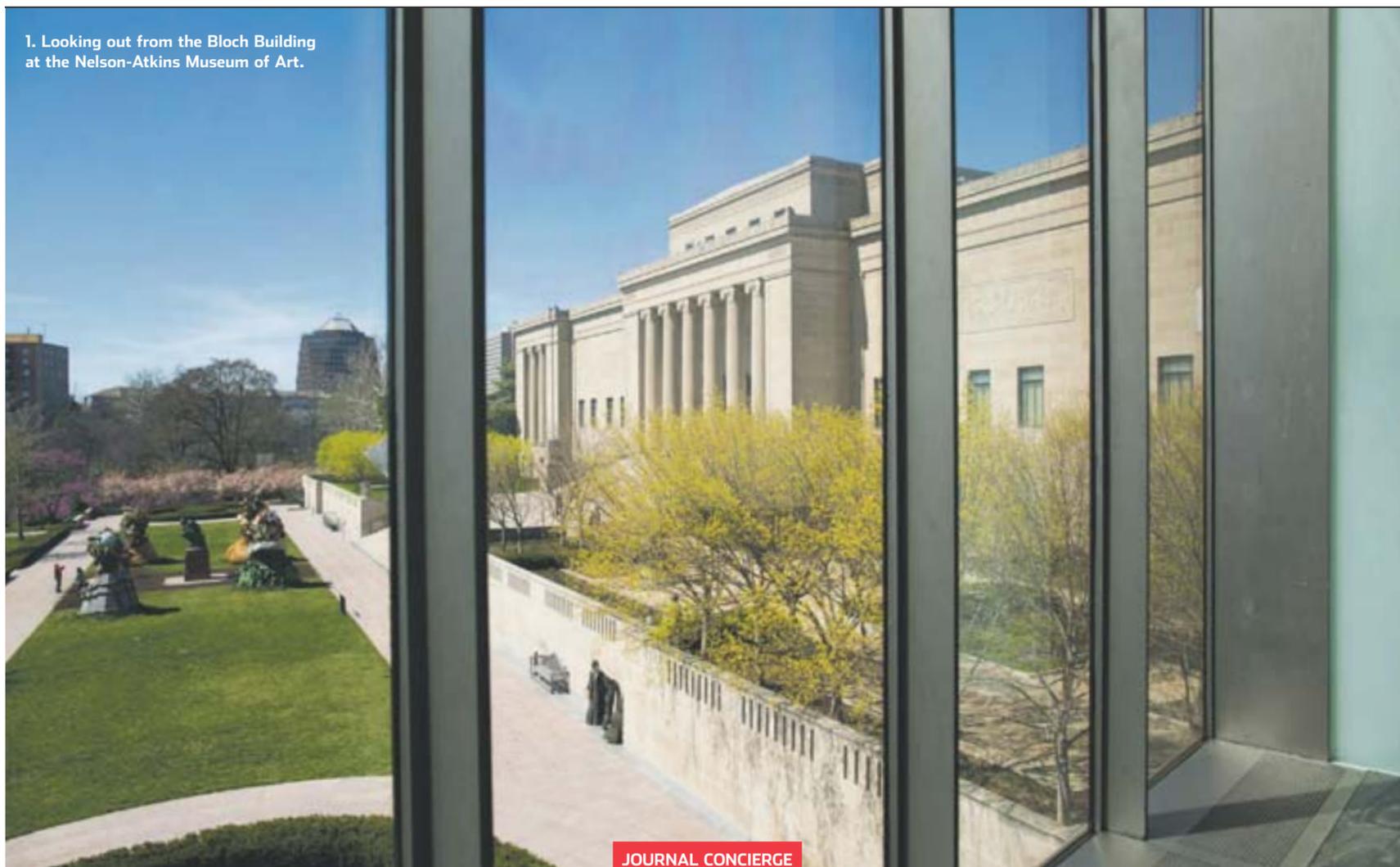


MANDARIN ORIENTAL
THE HOTEL GROUP

To find out why Lucy Liu is a fan visit mandarinoriental.com ATLANTA • BANGKOK • BARCELONA • BODRUM • BOSTON • GENEVA • GUANGZHOU • HONG KONG • JAKARTA • KUALA LUMPUR • LAS VEGAS
LONDON • MACAU • MARRAKECH • MIAMI • MILAN • MUNICH • NEW YORK • PARIS • PRAGUE • SANYA • SHANGHAI • SINGAPORE • TAIPEI • TOKYO • WASHINGTON D.C.

OFF DUTY

1. Looking out from the Bloch Building at the Nelson-Atkins Museum of Art.



JOURNAL CONCIERGE
An Insider's Guide

6. A Paper Plane cocktail at Bar Rosso.



5. Baldwin KC clothing shop.



CHRIS MULLINS FOR THE WALL STREET JOURNAL

Kansas City

In this center of Americana, the locals hold barbecue, jazz and even jeans to a much higher standard

IT WOULD BE EASY to typecast Kansas City, Mo., as the most bread-and-butter metropolis in the country, the Heartland personified, its very soul wrapped in butcher paper. After all, it's the birthplace of Charlie Parker-style jazz, Hallmark Cards and Walt Disney animation, and a mecca of low-and-slow barbecue. In downtown K.C., streets flicker with vintage neon signs and old warehouses hulk on the corners, evoking Edward Hopper's stark paintings, while the old-guard residential neighborhoods are full of Prairie School-style manses built by the captains of cattle and railroads. So, yes, Kan-



sas City is as "Americana" as it gets, but it throws visitors plenty of curveballs, too. The 1930s Nelson-Atkins Museum, for one, is known for its collection of Chinese paintings, as well as the 17-foot-tall shuttlecocks on its lawn. The West Bottoms 'hood, formerly stockyards, is now home to suave eateries and shops, while the Power & Light district is a newly throbbing music hub, and in the arty Crossroads area indie bands perform beside train tracks. With 240 neighborhoods, not counting those just across the Kansas state line, a little local guidance goes a long way. —Steve Garbarino

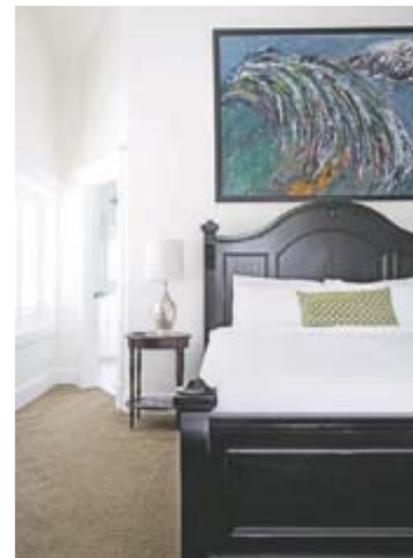
2. Mutual Musicians Foundation.



4. Ribs and other offerings at Gates Bar-B-Q.



3. Oak Street Mansion's Cuban room.



THE TRENDSETTER

Andy Spade
co-founder, *Partners & Spade* and *Sleepy Jones*; married to fashion designer and Kansas City native *Kate Spade*



THE BLUES MAN

Matt Baldwin
owner/designer of *Kansas City-based Baldwin Denim & Collection*



THE RESTAURATEURS

Colby and Megan Garrelts
Chef-owners of *Bluestem*, in Kansas City; and *Rye*, in *Leawood, Kansas*



THE CURATOR

Julian Zugazagoitia
director, *The Nelson-Atkins Museum of Art*



SHELL GAME // The Peanut. This standout corner bar has been around since 1933. There are peanut bowls on the bar and peanut shells on the floor, and it's known for triple BLTs, Buffalo wings and homemade blue cheese dressing. 5000 Main St. (original location), peanutkc.com

KC ROYALTY // Arthur Bryant's Barbecue. Calvin Trillin called this the world's best restaurant, not to mention its best barbecue pit. 1727 Brooklyn Ave. (original location), arthurbryantsbbq.com

SWING SHIFT // Mutual Musicians Foundation International. (2) After midnight on weekends, legendary jazz musicians getting off gigs around town come for jam sessions at this 1930s landmark. 1823 Highland Ave., mutualmusicians-foundation.org

FRY FOR ALL // Stroud's Fairway. Kate and I always go to Stroud's, just across the state line, for their famous pan-fried chicken. Kate's been going since she was a kid. 4200 Shawnee Mission Parkway, Kan., fairway.stroudsrestaurant.com

AWESOME SAUCE // Gates Bar-B-Q. (4) Simply the best ribs in Kansas City. The spicy ketchup-vinegar sauce is a hometown favorite. Six locations, gatesbbq.com

CHIC EATS // Genessee Royale Bistro. This fashionable cafe in the Stockyards District draws the city's creative types for lunch or for a late-afternoon glass of wine. 1531 Genessee St., genesseeroyale.com

ART ATTACK // Haw Contemporary. This influential West Bottoms gallery—owned by Bill Haw, Jr., a pioneer in the city's art scene and the son of a prominent cattle rancher and developer—primarily shows works from local and regional artists, including abstract painter Eric Sall. 1600 Liberty St., hawcontemporary.com

FOR KICKS // Sporting K.C. America's first European-style soccer club and stadium, it's making K.C. the soccer capital of the U.S. *Children's Mercy Park*, 1 Sporting Way, Kansas City, Kan., sportingkc.com

RARE FIND // The Majestic Restaurant. In the heart of downtown, this iconic steakhouse looks like it's from the Prohibition era, with high tin ceilings and old mosaic floor tiles. The KC strip and porterhouse are amazing. Start with the artichoke dip. 931 Broadway Blvd., majestick.com

SHORE LEAVE // The Ship. This sexy 2-year-old dive bar and live-music club, off an alley in the West Bottoms district, was restored from a 1930s nightclub. 1217 Union Ave., theshipkc.com

YEEHAW JUNCTION // Harry's Country Club. Honky-tonk-loving dudes in chinos frequent this live-music spot. Get the "Sea Hogs," bacon-wrapped shrimp with horseradish sauce. 112 Missouri Ave., harryscountryclub.com

TO DYE FOR // Baldwin KC. (5) One of the flagship stores for the Kansas City-born denim label that cuts American-made and finely tailored staples. Every style-savvy guy in K.C. has to own a pair of these jeans. 340 W. 47th St., baldwin.co

SOUND TRACKS // Knuckleheads Saloon. This fascinating music club has a great outdoor stage and bar by the train tracks. The rumble of passing trains only adds to the sound of the horns. 2715 Rochester St., knuckleheadskc.com

ARTFUL LODGER // Oak Street Mansion. (3) An art-centric hotel housed in a stately old red-brick manse. The rooms have different themes—Cuban, Impressionists—and pop with color. From about \$150 a night, oakstreetmansion.com

SCENIC SCENE // Bar Rosso at Hotel Sorella (6) The bar and bistro in this new hotel is housed in an elegant rotunda. It's become a local hot spot during happy hour and after the hotel's black-tie events. 901 W. 48th Place, hotelsorella-countryclubplaza.com

DIG THIS // Urban Mining. A huge midcentury furnishings and architectural-salvage market, Urban Mining is open only the first Friday, Saturday and Sunday of each month. 3923 Main St., urbanminingvintage.com

Plus, Don't Miss...Port Fonda A former food-truck phenom and James Beard Foundation semifinalist, chef Patrick Ryan serves excellent, innovative Mexican food. 4141 Pennsylvania Ave. (original location), portfonda.com // **Hi Hat Coffee** Set inside a former filling station, this is the coolest little java hut around. 5012 State Line Rd., Westwood Hills, Kan. // **Joe's Kansas City Bar-B-Que** You'll have to wait in long lines at this temple to all things smoked, but it's worth it. The owners have won countless barbecue pit competitions. 3002 W. 47th Ave., Kansas City, Kan. (original location), joeskc.com // **The Bloch Building of the Nelson-Atkins Museum of Art (1)** Opened in 2007, this glass-walled architectural stunner houses rotating shows and permanent photo exhibits. At night, it's lit up like a UFO. nelson-atkins.org

OFF DUTY

LOVE STORY

A Jasperware Jones

A grandma's unglazed stoneware seeds a collector's passion

BY MIEKE TEN HAVE

MY DESIGN taste might well be termed granny chic. It includes a penchant for chintz, toile and the Wedgwood company's jasperware. My obsession with the matte ceramic and its usually white reliefs dates to childhood visits with my grandmother in Boston. In the corners of her federal-style dining room stood scrolled-shell cupboards filled with Meissen-china figurines, Limoges snuff boxes and Necco wafer-hued jasperware that looked like talismans left by the Easter Bunny: urns, cameos and tea sets in dusty rose, lilac and celadon.

Thus began my affair with the unglazed stoneware, named for its resemblance to the tough mineral jasper, that Josiah Wedgwood invented in the 1770s, capitalizing on the European fascination with Neoclassicism that erupted after archaeologists unearthed Pompeii and Herculaneum. Accord-

ing to Tricia Foley, author of "At Home with Wedgwood," "People were bringing back artifacts from Greece and Italy. Rather than plunder, Josiah Wedgwood replicated." Intricate molds depicted Greek and Roman myths and muses, and the Wedgwood factory (and, later, other English and European companies) produced on a mass scale, which is why you can find jasperware in fine, and not so fine, antique stores across the U.S.

The ceramics looked like talismans left by the Easter Bunny.

When my grandmother died, the collection amassed with my mother in mind came to me instead. "You've always had fancy-old-lady taste," quipped my mother, whose ceramic preferences incline toward naive American lusterware. Since then, I've plucked tea sets from shabby antique-shop vitrines in Arizona (\$250

for a cobalt-blue service) and haggled over cake plates (under \$50 each) with toothless Mainers at flea markets. Though I've bought non-Wedgwood jasperware, I find the original producer's the most refined and pleasing. And I don't buy online, because it lacks the thrill of the chase.

In terms of value and history, "the less writing on the bottom, the older it is," said Alan Kaplan of New York dealer Leo Kaplan. Number and letter codes began showing up in the 1860s and country-of-origin markings around 1900. Rare tri- and multicolor pieces can be valued at many thousands of dollars. But Wedgwood still produces jasperware, and for a small sum one can begin collecting.

My china cabinet may be a dead ringer for a nonagenarian's, but nothing is too precious to use. For a recent dinner party I used jasperware creamers to hold tea lights and de-lidded sugar bowls as vases. My girlfriend studied my tablecape and dubbed its style "granny gone rogue." Fine by me.



MATTE GIRL The author's favorite inherited jasperware, notable for its tricolor design.

RELIEF PITCHERS // AND GINGER JARS AND TEACUPS TO AUGMENT, OR LAUNCH, A COLLECTION



Wedgwood Jasperware Cake Plate, about 9½ inches in diameter, \$60, Replacements, 800-737-5223



Wedgwood Crimson Jasperware Covered Jug, 8½ inches tall, \$3,450, rauantiques.com



Wedgwood Jasperware Ginger Jar, 4 inches tall, \$56, Replacements, 800-737-5223



Wedgwood Tricolor Jasperware Tobacco Jar from My Endless Attic, 4½ inches tall, \$75, rubylane.com



Jasperware Dancing Hours Teacup (3.5 inches in diameter) and Saucer (5 inches in diameter), \$1,450 for 6 assorted, Wedgwood, 877-720-3486

The Family Album

An LP collection offers more than classic-rock schlock. It can also tell children who their parents really are

BY CHRIS KORNELIS

IN THE AGE of Spotify, it's tough to justify keeping the massive collection of vinyl records that I've acquired from my parents and my decadelong career as a music writer (a profession that affords little financial security but plenty of free albums). This is especially true when the room that houses all of my LPs also serves as a home office, guest room and a play area for my two young children, Thomas and Lucy.

I'm not an audiophile or vinyl fanatic. Every time my growing family has moved, I've been tempted to give away my LPs. But as I get older, wiser and more sentimental, I've decided to hold on to those records for the same reason I'm glad my parents did: Thumbing through your parents' LP collection isn't just an opportunity to get turned on to some great music; it's a chance to learn about your folks as people.

Sure, my parents' cache of LPs was my entree to a lifelong love of the Beatles, Stevie Wonder and Creedence. But those records were also a trail of biographical breadcrumbs that my parents left for me to discover.

Once, for instance, I pointed to my mother's copy of "Rubber Soul" to defend my mop haircut. When the tactic worked, I realized mom wasn't always a mom; at one time, she was a girl who thought the Beatles were dreamy.

Meanwhile, my dad's copy of Simon & Garfunkel's "Parsley, Sage,



Rosemary and Thyme" still flaunts the index card of the library from which he borrowed it decades ago. (He maintains that he intends to return it.) I inherited his tendency to ignore due dates; when he and I ended up on the most-wanted list at just about every video-rental store in town in the mid-90s, that index card made perfect sense.

One day, my kids will rifle through the stacks of records and CDs that I can't bear to part with, and they'll find as much of my back story as they care to uncover.

When Thomas and Lucy, ages 5 and 1, ask about my neglected

copy of "The Doors," I'll tell them that, although I can't stand the band anymore, when I was 15, I had a part-time job sweeping floors at a record store owned by a guy who was obsessed with Jim Morrison. As the youngest employee by at least a generation, I was the only one there who, by the mid-90s, was still excited to put on "American Pie" and "Sweet Home Alabama." Sometimes I'd come home with a stack of old records in lieu of a paycheck.

My kids will also find the copy of John Coltrane's "Crescent" that my dad bought for me at Chicago's Virgin Megastore in 1996. (I can hear

them asking now, "Dad, what's a Virgin Megastore?") That album was my introduction not just to Coltrane but to his longtime drummer Elvin Jones. (I was a budding drummer myself.)

If my children develop a taste for swing, they might wonder why my copy of "Basie Straight Ahead" is signed by Count Basie's favorite drummer, Harold Jones. I'll tell them about the time I took a job as a counselor at a music camp in Wisconsin so I could spend a week with this Mr. Jones; it was there that I fell in love with another camp counselor whom they know as "Mom."

And if Thomas ever asks to borrow my copy of "Sgt. Pepper's Lonely Hearts Club Band," it will give me a chance to tell him that it's as much his as mine: We found it together in the bargain bin of a local record store when he was just a few months old. Record shopping was one of the first activities the two of us shared, Thomas strapped to my chest in a Baby Bjorn.

My kids are already enjoying the benefits of my hoarding. Recently, Thomas made his first discovery: "Daddy! The boy's naked!" he exclaimed. "He's not wearing a swimming suit!"

Among the stacks and shelves of vinyl and CDs, Thomas had discovered my copy of Nirvana's "Nevermind." He pleaded for me to put it on. As he listened to the erasing riff of "Smells Like Teen Spirit" for the first time, his eyes lit up and he began to bounce.

Then he began to flail. I took his hands and we formed our first father-son mosh pit, which culminated in my swinging him by an arm and leg and flinging him onto the futon.

Not everyone has a record collection to document life's milestones. But when you're creating space for your kids, you deserve a pass for not always making the most rational choices. There's nothing wrong with holding on to a few things that give your child a trail to your past—and a good excuse to mosh.

Adapted from Mr. Kornelis's book "Rocking Fatherhood: The Dad-to-Be's Guide to Staying Cool," available this month from Da Capo Press/Lifelong Books.

HOOKED ON PHONO // RECORD PLAYERS FOR KIDS



Musician Jack White has long been a vinyl evangelist, touting the format's (supposedly) superior sound, so it's no surprise that his music label would offer a relatively inexpensive record player to hook the younger generation. True to its musician-backed pedigree, the **Manny's Children's Turntable** (\$90, thirdmanstore.com) has the best audio quality of the models shown here.



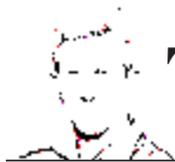
The sound of the **Crosley Cruiser** (\$100, crosleyradio.com) is a hair tinnier than the one above, and I had some trouble with its finicky tone arm, but it has two key features going for it: It runs on six AA batteries (instead of Cs that the Manny runs on) and it has a headphone jack—ideal for those times when your youngster discovers a new favorite song and plays it incessantly.



Even before my son heard the **Pyle PVT2UOR Retro Belt-Drive Turntable** (\$70, amazon.com), this appealingly orange player (available in other colors, too) was his favorite. It has the thinnest sound of the three, but what 5-year-old can tell the difference? Bless his heart for picking the only model with a built-in rechargeable battery. —C.K.

OFF DUTY

RUMBLE SEAT: DAN NEIL



Tesla Model X: Electric Meets Extravagant

LET'S ADDRESS WHAT some might consider the morally inconsistent status of an all-electric luxury SUV costing \$135,400. By design, the Tesla Model X P90D Ludicrous (that's the real name, apparently) is meant to be green and efficient—and well-to-wheel, net-to-net, EVs are way cleaner than gas-powered cars. Electric vehicles are a technical expression of our belief that the atmosphere is the blue commons, owned by all. Egalitarian in impulse, in other words.

But the Model X is also the rarest sushi of materialism, class privilege under a blister of tinted glass, a suede-lined pachinko parlor of the soul. Just remember as you pull up to Nobu in West Hollywood and supermodels come running out to the valet to take a picture with your Model X with the doors up: You're saving the planet.

Here's the hard part for most people: It can be both. A feature of a free society is that some have more than others; such are the risks and rewards of capitalism. This is a given. This is gravity. But everyone, no matter their lifestyles, can consume less. And, by the power of numbers, a lot of lesses add up to quite a lot.

So some Hollywood celebrity downsizes to a Gulfstream IV and now she's Mother Earth? Well, yes. Consider it a self-imposed carbon flat tax.

F. Scott Fitzgerald said the test of a first-rate intelligence is the ability to hold two opposed ideas in mind at the same time and still function. It also seems to apply to the Model X's famous Falcon Wing Doors, since they are simultaneously unnecessary and absolutely vital to the entire enterprise; deeply thought-through yet completely spurious; impractical and...well, more impractical. But you get used to them, because they are so cool. See above re: supermodels.

Or retired aerospace engineers. Or French tourists. Or the hardcore, mainlining petrolheads who kept me waiting in the parking lot

WINGS OF DESIRE The Falcon Wing Doors on the Tesla Model X P90D Ludicrous are at once thoughtfully engineered, largely impractical, and very, very cool.



TESLA (2)

at Venice Beach, Calif., while they selfied themselves, laughing madly, sitting in mid-row seats while the doors were up. When all the doors are open you can look through the Model X as if it were a picture window with a Tesla-shaped sill and sash.

Would minivan-style doors have been a more sensible technical solution to a mid-row door opening? Infinitely. You could have done the doors off the Dubonnet Xenia easier than the Model X. But the spell these doors cast—let's call it emotional engineering—is payoff for some of the shrewdest design money ever spent.

A bit of context: The Falcon Wing Doors came about because Tesla CEO Elon Musk liked them and wanted them, full stop. He has

said he didn't want the production car to be a dialed-back version of the concept car, which is just the sort of initiative and forward thinking that gets people cashiered from General Motors.

To aficionados, Mr. Musk's move smacked of pride since in over a century of automotive design, from the Mercedes-Benz 300SL Gullwing to the DeLoreans to Lambos, gullwing doors have always looked cool and never really worked.

To name a few of the problems: ease of entry and exit, weather sealing and wind noise. From a safety standpoint, center-hinged overhead doors cut into the kind of rectangular geometry around a door opening that lends it rigidity.

What if it snows overnight? What if it's raining? Where do you put the ski racks and bicycles and the Thule roof module full of hiking gear?

Who cares? Have you seen the doors open?

Most maddening was creating a dead-stable pivot point for the doors, which rise and fall slowly on the motorized breeze not like falcon wings but more like seagull wings, with a double fold. The solution required a heroic amount of costly magnesium in the car's dorsal spine.

Mr. Musk has copped to overreach with the Model X. Maybe he tried to do too much, what with the Model X's sensor-rich Autopilot driver aids; the dancing shuttlecraft seats; the HEPA air filtration system with the "Bioweapon Defense Mode" setting; the panoramic windscreen, a stunning soap bubble of a canopy over your head. Dude, you're forgiven. But then again, I'm not a stockholder.

Practicality for fascination. This is the card Mr. Musk continues to play to his advantage. This is the part of the Tesla business plan that might as well have been

quoted out of the Old Testament. The rich will want the riches.

Not to be confused with the Model 3 compact sedan that debuted so boffo this week, the Model X is a full-size SUV with dual electric motors front and rear, providing all-wheel drive. Although its body structure is almost entirely aluminum and magnesium, our flagship test car (P90D Ludicrous) was quoting a massive 5,381 pounds, most of it in the floor-mounted battery pack. Four-corner air suspension with five ride-height settings, from off-road to highway, is standard.

The Model X is a luxury family mover, with five-, six- or seven-passenger seating options, with a rear trunk and a frunk (a front trunk). The deeply tinted glass

The price for the "standard" Model X 70S with a 70kWh battery is \$80,000, which is about \$5,000 more than a base Model S—a fact that is academic because Tesla won't be building any base Model Xs for some time.

The company will instead be filling orders for the flagship P90D ("P" for performance). These will come with a face-flapping 713 pound-feet of insta-torque from two huge four-pole AC induction motors (\$35,000) and the famous "Ludicrous" Drive Mode (\$10,000), which essentially permits the battery to violently eject electrons in pursuit of maximum acceleration. In Ludicrous Mode, the Model X P90D max output is 532 hp.

That's the version that Tesla provided me, and I want them to know, I'm on to their game. It is very hard to find fault with a six-seat SUV that accelerates like a Formula Atlantic open-wheeler. Jeebus. Stamp the accelerator and it goes off like a sprung mousetrap. Tesla estimates 0-60 mph in a Lambo-like 3.2 seconds. While doing so, the Model X quietly withdraws everything from your pockets and scatters it conveniently under the back seats.

And then, between 50 and 100 mph, it's goodbye, Charlie. The P90D Ludicrous operates at an entirely different frame rate than just about anything on the street in L.A. It takes a sustainably harvested baseball bat to Panzer wagons like Porsche Cayenne Turbo and Range Rover Sport SVR.

Around the City of Angels, the sweet, effortless blurt of our EV hot-rod tempted me to do, well, questionable things. No yellow light ever turns red for the Model X P90D. No hole that opens up in traffic is ever too small or far away.

Falcon wings? Maybe Icarus. But if the Model X flies too close to the sun, there's always more window tint.

Elon Musk has copped to overreach with the Model X. Dude, you're forgiven.

canopy creates a pretty magical space, although (another old lesson, relearned) the California sun is too bright through the roof glass. I understand additional tinting is available.

The front and mid-row seats are mounted on powered pedestals that glide forward as if to a Strauss waltz, easing access to the third row's two cozy bucket seats. The seats' pedestal mountings allow passengers more foot room than otherwise.

All the doors open electrically, which can take some getting used to. If you get in and put your right foot on the brake, the driver's door will swing closed, even if you have not yet retrieved your left leg. The door will gently gnaw on it until you take your foot off the brake.



2016 TESLA MODEL X P90D LUDICROUS

Price, as tested: \$135,400

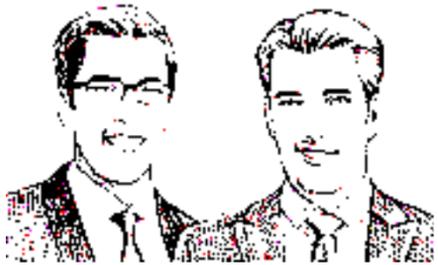
Powertrain: all-electric all-wheel system comprising dual three-phase, four-pole AC induction motors; liquid-cooled lithium-ion battery pack (90kWh nominal); on-board charger and supercharger enabled; permanent all-wheel drive.
Horsepower/torque: 532 hp/713

Length/weight: 198.3 inches/5,381 pounds
Wheelbase: 116.7 inches
0-60 mph: 3.2 seconds
Towing capacity: 5,000 pounds
Cargo capacity: 77 cubic feet (total interior storage, six-seat configuration)

MY TECH ESSENTIALS

THE PROPERTY BROTHERS

Jonathan and Drew Scott of HGTV's 'Property Brothers' on paint-picking apps and tech survival kits



Jonathan: I use and recommend the Sherwin-Williams **ColorSnap Visualizer** app. If you have a favorite painting, you can upload a photo and the app will pinpoint the colors in it and tell you which are in their line. And with their iPad app or website, you can upload a picture of a room, and it will show you what the walls will look like in different colors.



Drew: I always carry what I call my "I got your back" kit, which I keep in a **GRID-IT Organizer**. The kit has every technology connection you could possibly ever need. I have a charging plug for your car. I've got every type of memory card reader. If you ever need anything, I've got your back.



Drew: When I want to quickly take a measurement, I use my **Stanley Laser Distance Measurer**. You just put it on the wall, and it shoots a laser and instantly tells you the exact distance to the other wall within a fraction of an inch.

Drew: I'm a total organization freak, so I use **ClosetMaid** [organizing systems] a fair bit. They give you drawers, shelves and hanging units to maximize every square inch of your closet or room. The best part is you can mix and match. If at some point you have more long hanging pieces, pop the bracket off the track, move it up and you're good to go.



Drew: At my house, I can operate pretty much everything from my phone. I can be anywhere in the world and adjust the temperature, check my security cameras and talk to people in the house. I can even turn on the TVs. I use a **Crestron** system, but there's also one called Insteon that's more entry-level and doesn't have to be hard-wired.

Drew: We shoot a lot of Vines and videos for our fans, so we use the **F&V Z180S Bi-Color LED Video Light**. It's tiny but outputs so much light. I can change the color temperature to make it look like daytime, nighttime or natural light indoors.



Jonathan: The 3-D room walk-thrus that I've seen with the **Samsung Gear VR** are great. It's basically goggles that you put your Samsung phone into to view 3-D environments. I just did a demonstration, and it's like you're standing in a room.
—*Edited from an interview by Kelly Michèle Guerotto*

F. MARTIN RAMIN/THE WALL STREET JOURNAL. STYLING BY ANNE CARDENAS (ORGANIZER, MEASURER, VR)

MANSION

'Until you play it, St. Andrews looks like the sort of real estate you couldn't give away.' —Sam Snead

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

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THE WALL STREET JOURNAL.

Friday - Sunday, April 8 - 10, 2016 | W9

The Golf Homes Issue

SURF, TURF AND 18 HOLES

New luxury golf developments around the Caribbean shoot for broader appeal, targeting beach lovers and families as well as golf enthusiasts; a recording studio near the greens.



FOUR SEASONS, NEVIS

FORE SALE At the Four Seasons resort in Nevis, the Robert Trent Jones Jr.-designed golf course climbs toward Nevis Peak before descending to the edge of the Caribbean Sea. A new development there called Villas at Pinney's Beach features luxury villas with prices starting at \$3.5 million for a three-bedroom home.

BY ARIAN CAMPO-FLORES

WHEN DANIEL BUTTAFUOCO needs a break from his busy legal practice and bitter New York winters, he and his wife fly to the Caribbean island of Nevis. There he unwinds with a round of golf on a course that climbs up a mountain through lush rain forest before descending to the edge of the Caribbean Sea.

"It's beautiful," says Mr. Buttafuoco, who is

58 years old. "There are monkeys all over the golf course. The views are stunning."

The Buttafuocos currently own a three-bedroom villa at the Four Seasons Resort Estates, but they're considering upgrading to a four-bedroom, 3,400-square-foot home in a new Four Seasons development called Villas at Pinney's Beach.

The property, located on the fourth fairway and just a short walk from the sea, costs \$4.2 million. It features a contemporary design, with

vaulted ceilings and walls of glass that open to a patio, pool and guest cottage. Interior appointments include white marble countertops, mahogany doors and Bosch and Thermador kitchen appliances.

The Nevis villas are among a handful of new luxury developments cropping up around the Caribbean that appeal not only to golf enthusiasts like Mr. Buttafuoco, but to beach-lovers and those who want family-friendly activities. These

Please turn to page W10

SETTING A MEDITERRANEAN COURSE

The Spanish island of Mallorca courts affluent second-home buyers with days of golf and nights of food and wine.



BY J. S. MARCUS

MALLORCA IS MAKING a new bid for Mediterranean-bound millionaires.

The Spanish island has long been known for its rugged landscape, dramatic views and yacht-filled harbors. Now it courts second-home buyers, with more than 20 golf courses and a thriving artisanal food and wine scene.

The 2007 opening of the Golf Son Gual golf club near Palma de Mallorca, considered the island's most challenging course, helped raise Mallorca's profile as a serious golf destination. The club was founded by German businessman and golf enthusiast Adam Pamer. Andreas Pamer, the founder's son and Son Gual's general manager, says the course's new pro, South Africa-born Robert Baker, has tutored the likes of President Obama and Michael Bloomberg.

Also esteemed is the Alcana Golf Club near Pollensa, which has a coastal setting for its pro course, designed by architect Robert Trent Jones Jr. The club was

Please turn to page W15

HOUSE OF THE DAY

wsj.com/houseoftheday



KNIGHT FRANK

France
Two ski chalets in the French Alps



DANION INOCS

United States
A producer's island pad in Kauai, Hawaii



PETER TJAHJADI

Indonesia
A villa built for tropical living in Bali



SWINGING Mallorca's challenging San Gual golf course, above. Top from left, the master bedroom of the Swarovski family home near Pollensa, St. Mary's Cathedral in Palma de Mallorca, a stairway in the Swarovski home and fresh fish in Palma's Mercat de l'Olivar.

JAMES RAJOTTE FOR THE WALL STREET JOURNAL (3); NANDO ESTEVA (2, INTERIORS)

THE GOLF HOMES ISSUE

SURF & TURF HOMES WITH 18 HOLES

Continued from page W9

days, beach resorts are wooing buyers with everything from high-end fitness centers to equestrian facilities to water parks for children, says Neal Sroka, who specializes in global marketing for resort properties at Douglas Elliman Real Estate in New York.

When Mr. Buttafuoco isn't on the Robert Trent Jones Jr.-designed golf course, he says he sometimes heads to the spa for a massage or haircut.

His wife loves lounging on the beach and dining at one of several restaurants. And his grandchildren can choose among activities that include crab hunting and nature walks.

At Playa Grande on the northern coast of the Dominican Republic, plans for a new complex under construction named Amanera Villas call for about 40 homes. They

These days, beach resorts are wooing buyers with everything from high-end fitness centers to equestrian facilities to water parks for children.

range from two-bedroom, 2,400-square-foot residences that start at \$4 million to six-bedroom, 8,600-square-foot homes that can cost \$10 million or more.

So far, five have sold, mainly to buyers from the U.S. and Canada, says Pierre Charalambides, founding partner of developer Dolphin Capital.

The villas offer views of the Caribbean and an 18-hole golf course originally designed by Robert Trent Jones Sr. The course—which was just renovated by his son Rees Jones, the brother of Robert Jr.—stretches along the coastline, with 10 holes perched on cliffs. Owners can indulge in perks that include an “energy-healing” treatment near the surf.

On the Caribbean side of Mexico's Yucatán Peninsula, another set of residences is rising at the Mayakoba resort, where three hotels sit amid nearly 1,600 acres of beaches, mangroves and canals. The most posh are the Rosewood Residences, where plans call for 33 homes, most of them on three private islands.

Prices range from \$2.5 million for a two-bedroom, 3,500-square-foot home to \$5.5 million for a four-bedroom, 6,100-square-foot property. Eleven have sold, mostly to Americans, Canadians and Mexicans.

Each residence features a modern, minimalist aesthetic, with large windows overlooking a private infinity-edge pool and a lagoon. The resort's 18-hole golf course, designed by former No. 1-ranked player Greg Norman, hosts an event on the PGA tour.

Other amenities include a spa located on a private island and a children's program with activities like scavenger hunts and pirate nights.

When Charles Goldstuck, a 55-year-old music-industry executive in New York, was looking for a new winter home, he picked a 600-acre development called Albany on the southwestern coast of New Providence in the Bahamas.

He bought a lot in an area near the beach and is about to start building a seven-bedroom, 7,500-square-foot home that will include a large music and entertainment room overlooking the ocean. He declined to discuss the price, but a lot alone in that section runs about \$1.5 million.

Mr. Goldstuck says he was drawn to the vision articulated by Joe Lewis, a billionaire British businessman who is the main investor in Albany, along with golfers Tiger Woods and Ernie Els. Their aim was to build a “Monaco of the Caribbean” that allows owners to mix work and play and offers amenities for the entire family, from a day school for children to an adults-only pool where sometimes a DJ spins tracks.

Because of the robust telecommunications infrastructure, “I'm fully connected with my business around the world,” Mr. Goldstuck says. And “I really like the whole dedication to wellness.”

Some late afternoons, he likes to play a round of golf with one of his daughters at the 18-hole course, designed by Mr. Els, which is now home to the Hero World

Challenge tournament hosted by Mr. Woods.

Mr. Goldstuck also is helping guide the latest creation being built at Albany: a recording studio aimed at the numerous musicians who own properties at the resort.

Albany offers an array of residences: beachfront villas, lots for custom-built homes and condominiums designed by architects such as Bjarke Ingels that surround a 71-slip megayacht marina.

One unit for sale is a six-bedroom, 7,800-square-foot condo on the fifth floor of a building designed by architect Morris Adjmi. A reception room in the \$24 million residence opens to a wrap-around ipe wood and stone terrace that faces the ocean.

At the Ritz-Carlton resort on Grand Cayman in the Cayman Islands, the largest of five new penthouse units in an existing residential tower is also pitching the views.

The three-bedroom, 8,100-square-foot space, which costs \$16.1 million, features floor-to-ceiling windows that fully retract, extending the living space to a wrap-around terrace.

Inside, there are two master bedrooms with motorized draperies, a movie room with long sofas and finishes like light sycamore walls and marble floors.

The other four units range from 2,500 square feet to 4,000 square feet and start at \$3.9 million. The resort features restaurants like Blue by chef Eric Ripert, a La Prairie Spa and a water park for children.

For golfers, there is a nine-hole course designed by Mr. Norman that overlooks a canal and a clubhouse with a Trackman golf simulator.

Michael Lagopoulos, a 59-year-old retired Toronto banker, bought a two-bedroom, 2,400-square-foot unit in one of the residential towers four years ago for about \$2 million.

Mr. Lagopoulos says he immediately unplugs when he arrives at the resort and sometimes plays a round of golf with his 28-year-old son. “The loser buys lunch and beers, and that's typically me,” he says.



NEVIS The Four Seasons resort has an 18-hole golf course, above left, designed by Robert Trent Jones Jr. Above right, a home listed for \$5.85 million in the Stewart's Estates section of the Nevis resort, which offers views of fairways and the sea.



ISLAND GETAWAY Michael Lagopoulos, above, bought a two-bedroom unit in one of the Ritz-Carlton residential towers four years ago for about \$2 million. An 8,100-square-foot penthouse unit in the towers is currently listed for \$16.1 million. The resort includes a golf course designed by Greg Norman.



MEXICO The 18-hole golf course at Mayakoba resort on the Yucatán Peninsula was designed by Greg Norman. Prices start at \$2.5 million for a two-bedroom home at the new Rosewood Residences.



THE BAHAMAS A recently completed beachfront residence, left, at Albany, a new 600-acre development on the coast of New Providence. On the right, an interior of an Albany property by the marina.

MAYAKOBA RESIDENCES

FROM LEFT: DANIA HOFF; JULIAN ABRAMS

FROM LEFT: JULIE LARSON/THE WALL STREET JOURNAL; STEPHEN SMITH

ROLANDO DIAZ FOR THE WALL STREET JOURNAL

THE RANDALL FAMILY OF COMPANIES

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Luxury Property Spotlight



Cotuit, Cape Cod MA

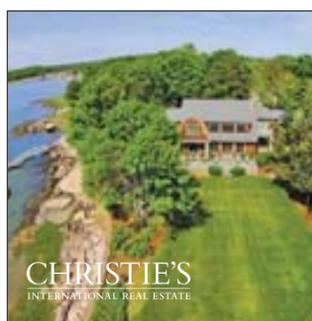
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\$3,950,000

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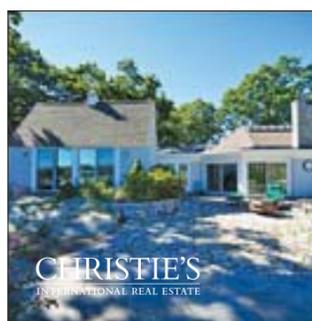
Guilford, CT

Located on Leetes Island, a peninsula where homes have been passed down from generation to generation. This 4,325 sq ft home is nestled on 2 waterfront acres, and features a wall of glass framing the view. Oversized kitchen with views, 5 bedrooms including multiple suites. Master with multiple walk in closets and a large master bath.

John Campbell 203.245.1593 x1103

\$3,995,000

RandallRealtors.com



Masons Island, CT

Stunning contemporary with panoramic water views of Fishers Island Sound. The in ground pool at water's edge is gorgeous, as are the beautiful terrace and gardens. Lot has excellent elevation. Recently renovated with 4 bedrooms, 4.5 baths and an open floor plan.

Melinda Carlisle 860.460.8002

\$2,190,000

KinlinGrover.com



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Randall Realtors, Patrice Fenton

\$3,999,000

401.212.6166

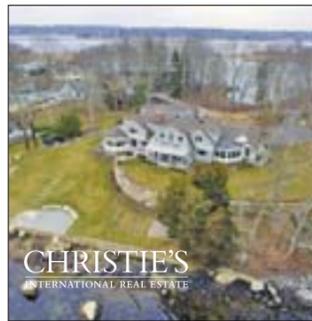


Guilford, CT

Beautifully renovated Vineyard Point residence. Boasts panoramic views of both Long Island Sound and wildlife-rich marshes. Large granite kitchen opens to a stone patio with granite pool and pergola. Brazilian cherry hardwood throughout, master bedroom suite with fireplace and loft. Spectacular family room surrounded by glass.

John Campbell 203.245.1593 x1103

\$2,295,000



Masons Island, CT

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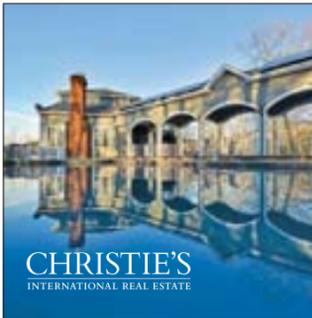
North Chatham, Cape Cod MA

Luxury home gives the perfect balance between formality and livability. Located in desirable Harbor Coves with a private beach and fronting Ryder's Cove. Features a first floor master suite, Brazilian cherry floors, and beautiful mill work throughout. Japanese waterfall, gardens, stonewalls & patio.

Kinlin Grover Harwich Port

\$2,600,000

508.432.8800



Madison, CT

Custom 4 bedroom 3.5 bath home on 2 private acres abutting conservation land miles of hiking trails. Spectacular forest, hillside and Long Island Sound views. Master suite is a spacious sanctuary with a private deck and custom bath. Arched breezeway to an in-ground pool, solar panels and irrigation.

River to Shore Group 860.767.5390

\$1,350,000



Masons Island, CT

This stately home boasts panoramic views, seclusion, and a complete modern renovation. Ideally situated with outstanding water views. An open floor plan and large gourmet kitchen add to the home's interior appeal. The fully equipped 1 br guest cottage has its own kitchen and bath. Available boat dockage for water enthusiasts.

Fran Wiehn 860.823.0707

\$1,239,000



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MANSION

HOUSE CALL | ALAN CUMMING

Seeds of Acting Grew in Tense Family Life

A Broadway and TV actor recalls growing up on a 14,000-acre Scottish estate and the rage of a father

Coming home from school at dusk was scary. The house where I grew up was near Carnoustie, on the northeast coast of Scotland. It stood on a 14,000-acre estate, about a mile from the main road. During the day, the estate was a beautiful place for a child, but when the bus dropped me off, the forested driveway was dark. I also had a rough time with my father.

My dad, Alex, was the estate's forester, which meant he was in charge of growing new trees and clearing out older ones and having them cut up at the sawmill for lumber. The property originally featured Panmure House, the main estate building built in the late 1600s. But by the time I lived there in the 1970s, all that remained was the chapel and the stables.

Our two-story house stood below the sawmill across from the tree nursery. It was a gray stone Gothic Scottish estate house provided by the landowner. There was a slate roof and windows on the ground floor with mottled circles in the glass.

I shared a bedroom with my older brother, Tom. The room was so drafty I could see my breath in the winter. The room next to ours was large—a playroom of sorts that doubled as a den. It had a little turret window looking out to the field. That's where I did my homework, at a large table while looking outside. There also was a little door that led to a secret attic in the eaves where I went to be by myself.

I had a silent childhood, with pauses between bouts of terror inflicted by my father. Our house was incredibly tense as we wondered when the next episode of rage would be unleashed. My father's violent spells weren't constant, but there was no rhyme or



BACKSTAGE Alan Cumming, right, at Chez Josephine in Manhattan in November, and, above on right, with his brother, Tom, in Scotland in 1968.

reason for the cruelty when they came. He would work himself up into a state and then explode. My mother, Mary, tolerated the situation as best she could.

I suppose the seeds of my acting studies were planted when I had to hide my feelings and try to understand my father's. I had to size up his level of energy—what part of the anger cycle he was in. I became quite good at it, reading a situation before it arrived and then making decisions based on



FREDERIC ARANDA (PORTRAIT); ALAN CUMMING (HISTORICAL)

how I was going to behave.

Carnoustie High School didn't have a drama department so acting wasn't an outlet for me until my last year. My English teacher held acting classes after school and there was the Carnoustie Theatre Club in town.

Acting for me then was about being away from home and being with people I liked and who liked me. Acting was the first thing I was really good at, so I stuck to it. I felt like I was with a family or in

a club, and it was a relief not to be chided or derided.

In May 2010, I agreed to be on the BBC version of "Who Do You Think You Are?," a TV show that interviews family members and looks into your genealogy. The night before I started filming, my brother came to my apartment in London to tell me our father told him that I wasn't his biological son. My father claimed my mother had been with another man.

I could barely breathe. By then,

I hadn't spoken to him for 17 years. I once confronted him about the violence, and that didn't go well. We never stayed in touch after that, and I never thought I'd have to speak with him again.

I took a DNA test. It turned out, I was my father's child. All the stress and emotional turmoil my brother and I had been through—I wanted to be free of my father, and this was one last grab.

I called my father to tell him about the results. When I reached him and said the DNA proved I was his son, he said, "Well I'm glad to hear that." Then the phone went dead. I called him back. "I don't know if you heard me." He was shocked.

That's when I realized I wasn't going to get satisfaction. My father was going to believe what he had made up in his head long ago instead of what I was telling him.

None of this bothers me now. I feel that everything that happens to you in the past is part of the reason you are where you are. I'm happy, so I can't regret my past. I don't think I'd be a better actor if I had a happier childhood.

Today, I live in a four-room apartment with my husband, Grant, near Tompkins Square Park in New York's East Village. The living room is filled with sunlight.

I love sitting in our window seat looking down at the park. It's the same peaceful feeling I had as a child, being away in the upstairs den of our home in Scotland, gazing out at the green landscape.

—As told to Marc Myers

Actor Alan Cumming, 51, is a writer, producer and director. He is author of the memoir "Not My Father's Son" (Dey St.) and he recently released the album "Sings Sappy Songs: Live at the Cafe Carlyle" (Yellow Sound).

PRIVATE PROPERTIES | CANDACE TAYLOR

TV Executive Fred Silverman Lists in Los Angeles

Network television executive Fred Silverman is putting his longtime Los Angeles estate on the market for \$30 million, according to listing agents Stephen Shapiro and Richard Ehrlich of Westside Estate Agency.

The Brentwood property has been Mr. Silverman's home for over 20 years, Mr. Shapiro said. The 2.63-acre gated estate has a five-bedroom main house measuring about 8,000 square feet, plus a four-bedroom guesthouse which Mr. Silverman uses as an office, Mr. Shapiro said. There is also a swimming pool, pool house and a tennis court.

Mr. Silverman has been an executive at all three major net-

works, and was known for bringing popular shows like "Three's Company" to television. In 1988 he purchased the main house, a ranch built in the early 1950s, then renovated and expanded it, Mr. Shapiro said. In 1998 Mr. Silverman bought an adjacent home that became the guesthouse. The pool house doubles as a screening room, with a drop-down screen and a projector. There is also a large koi pond with over 100 fish, Mr. Shapiro said.

Mr. Silverman, 78, couldn't be reached for comment. Mr. Shapiro said Mr. Silverman is selling because he and his wife have purchased a smaller home in Pacific Palisades.



NICK SPRINGETT (3)

A \$36 MILLION LISTING IN HONOLULU

An under-construction penthouse in Honolulu is going on the market for \$36 million, which would set a record for Hawaii condos if it fetches its asking price, according to the developers.

The unit is on the 36th floor of Waiea, a condo tower being built in the 60-acre Ward Village planned community, according to Nicholas Vanderboom and Bill Pissetsky of Howard Hughes Corp., the developer. The five-bedroom unit is the highest-priced condo currently on the market in the islands, Mr. Vanderboom said. No condo unit in the state has ever sold for more than \$20 million, he said.

Measuring about 10,100 square feet, the penthouse will



have ocean, mountain and Honolulu skyline views, Mr. Vanderboom said. Outside it will have a lanai with a private infinity pool and a pool house containing a guest bedroom, kitchen, bar and living room. The unit will be fully furnished, though the furniture is an additional cost, and will also come with a private four-car garage, he said. A six-bedroom penthouse on the floor below, which measures about 8,500 square feet, is asking \$35 million.

Sales at Waiea, which has 174 units, started in February of 2014 and the project is now over 90% sold, Mr. Vanderboom said. The penthouses weren't previously marketed, and will now be going on the multiple listing service in coming weeks, he said. Building amenities include a pool with cabanas, a dog park, an indoor golf simulator and a fitness center with a yoga room. The building is slated to be completed in late 2016.

ESTATE IN SOUTHAMPTON, N.Y., ASKS \$59 MILLION

A Hamptons estate on roughly 15 acres is going on the market for \$59 million. Located in the estate section of Southampton, N.Y., with views of Lake Agawam, the property includes a house built in the 1980s, according to Tim Davis of the Corcoran Group, who is listing the property with Deborah Srb of Sotheby's International Realty. The house has seven bedrooms and measures about 6,500 square feet. The property includes a tennis court, an outdoor swimming pool and pool house.

The property consists of four building lots, so three other houses could be built on it, Mr. Davis said. The lots are also for sale individually: The main house, which sits on about 5.5 acres, is asking \$19.75 million and the three other lots are \$13.95 million each.

The property is owned by the family of the late investor Frank H. Wyman, who bought it about 35 years ago, according to his son, Fred Wyman. After acquiring the land, Mr. Wyman, an avid golfer, built the house and did extensive landscaping, his son said, planting specialized grasses on about 6

acres so they resemble "a manicured golf course fairway." He also had homes in New York City, Vail, Colo., and the Bahamas, his son said.

Mr. Wyman died in 2013 in his 90s, and the family is selling because "we didn't feel we would use the place," the younger Mr. Wyman said.



FROM LEFT: WARD VILLAGE (RENDERING); THE CORCORAN GROUP

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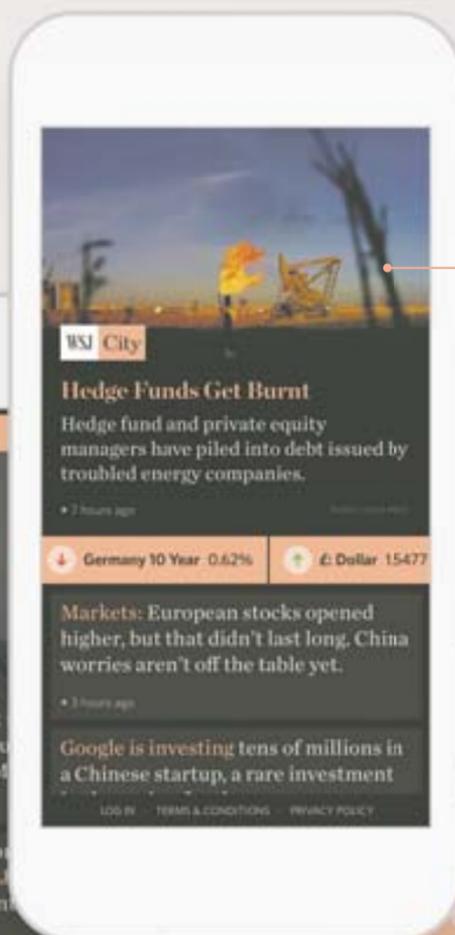
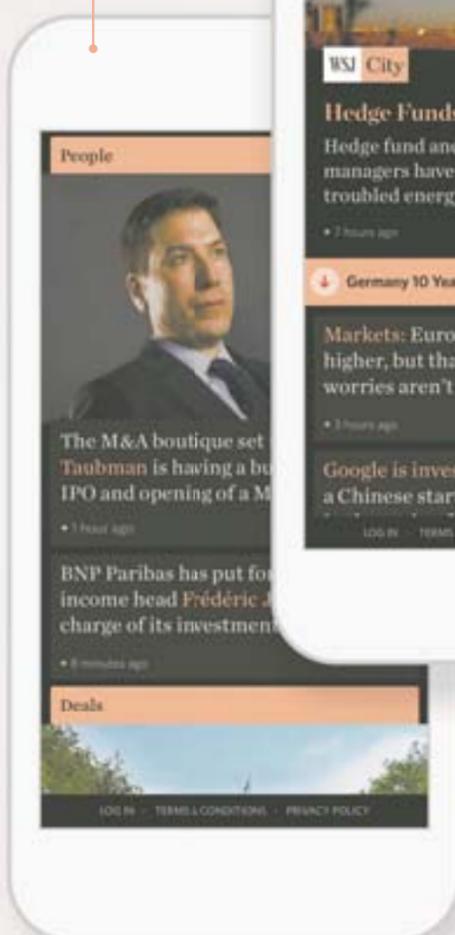
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THE GOLF HOMES ISSUE

SETTING A MEDITERRANEAN COURSE

Continued from page W9

opened in 2003 by Hans-Peter Porsche, a member of the Austro-German family of car makers.

Mallorca's emergence as a major Mediterranean golf destination and its growing inventory of eight-figure luxury villas have helped change the profile of the largest of the Balearic Island chain over the past decade.

"I play everywhere," says Antonio Garcia-Ruiz, a Palma architect who specializes in designing luxury villas. Like many golfers on the island, he plays close to home, but once or twice a year he makes the pilgrimage to top courses such as Son Gual and Alcanada.

For his own home, the 39-year-old Mallorca native has chosen a valley setting between Palma and the Serra de Tramuntana, the mountain range running along the island's northwestern edge. The villa, built piecemeal over the past decade on a 5-acre lot, started out as a tiny house that once gave shelter to a local priest.

The house "changes every year," says Mr. Garcia-Ruiz, who conceals the structure's warren of interlocking glass pavilions with fruit and



Buyers on Mallorca tend to be German and British, and many agents attribute the market's strength to the strong German economy.

olive trees. He says he has spent about \$740,000 on the project so far, with one major expense being a 42-foot-long infinity pool and adjoining bar area. The 7,500-square-foot home currently has six bedrooms and six bathrooms.

This year's addition is a children's playroom, being fashioned out of a 1,500-square-foot annex. In the future, he hopes to outfit his home cinema with a golf simulator. In the mean time, he says, he is making do with a putting cup.

Danna Swarovski says her husband enjoys Mallorca for the convenience of its many golf courses. She likes the beauty of the island and the sea. And they both enjoy its homegrown cuisine.

Ms. Swarovski is the American-born wife of Helmut Swarovski, former chairman of the Swarovski Group, the family-owned Austrian crystal and luxury-goods conglomerate. She praises the island's gentrifying metropolis, Palma de Mallorca, and the seclusion of what she calls "our little valley," the family's 350-acre estate near Pollensa on the island's northern tip. The property and its renovated 17th-century farmhouse are on the market for \$6.3 million.

The Swarovskis also own a second Mallorca estate, and they have decided they don't need both, she says. Ms. Swarovski says the family also has homes in Austria, Florida, and Barbados,

MOUNTAINSIDE The living room, above, in the home of Karin Kleine and Johannes Bruggeling, below right. The estate, on the Tramuntana range, was bought in 1998 for \$2.85 million, with another \$9.1 million invested. It is now listed for \$14.58 million. Below left, a terrace and the dining room.



but Mallorca has the best food, pointing to Palma's bustling main market hall, Mercat de l'Oliver.

The Swarovski family's other island estate is between Deià and the sea. Some of the Mallorca's most prestigious homes are nearby on the island's northwestern edge, clinging to the sides of the Tramuntanas. The area, known for its cluster of quaint villages, including Deià and Valldemossa, offers privacy along with superlative views, though some potential buyers balk at the narrow, winding roads. Homeowners here include actor Michael Douglas, whose historic estate is

now on the market, and composer Andrew Lloyd Webber.

On the island's southwest coast are Port d'Andratx, a Monaco-like cluster of villa-covered cliffs overlooking a swank waterfront, and Son Vida, a mountainside community close to Palma, whose airport is a two-hour flight from many northern European cities.

Prices are rising in Palma, where properties in the renovated historic center now command well over \$1 million. Many of the new villas close to Palma are contemporary, but the recent homes in Tramuntana tend to be traditional, often using local materials to create structures in the

"finca" style, recalling the island's centuries-old farmhouses.

Although prices bottomed out in 2014 in the wake of Europe's wider economic crisis, Mallorca now has one of the strongest residential markets in Europe, says Mark Harvey, London-based head of Knight Frank's Spanish and French networks.

The sale of high-end residential properties on Mallorca increased about 20% in 2015, he adds. Golf villas, an emerging midrange luxury category, often border courses, offering homeowners the option of keeping a golf cart in their garage so they can ride right onto the links from home. One, a 1-acre golf estate with easy access to two courses and a short drive from Palma, is on the market for \$5.52 million. The main house has six bedrooms and five bathrooms, and has immediate access to courses at the Golf Santa Ponsa club.

In Port d'Andratx, a new, three-quarter-acre estate with a main villa and a large guesthouse, has an asking price of \$19.4 million. The property has expansive sea views, a spa area, a home cinema and its own Spanish-style wine cellar, suitable for party-size tastings.

Buyers on Mallorca tend to be German and British, and many real-estate agents attribute the market's strength to the booming

German economy and the value of the pound against the euro.

High-end German buyers look for homes in Son Vida and Andratx, while some British buyers might look farther afield, like the area around Pollensa on the far north of the Tramuntana range, where there are sandy beaches as well as mountain vistas.

Mr. Garcia-Ruiz is currently designing a 43,000-square-foot, four-structure Son Vida compound, with a dozen bedrooms and more than 20 bathrooms, for a German client. "It's like a castle," he says.

In 1998, Dutch software entrepreneur Johannes Bruggeling and his wife, Karin Kleine, bought an estate on the mountainside above Deià for \$2.85 million. They gave the property and its traditional stone villa, built by a Barcelona family a few years earlier, landscaping and infrastructure upgrades.

"We bought it because of the fantastic view," says Mr. Bruggeling, 70 years old, who divides his time between the island and Düsseldorf, Germany.

The couple invested about \$9.1 million in the sloping, 9.5-acre property, adding a network of terraces, and structural improvements like a private generator and 132,000 gallons of water storage. The asking price is \$14.58 million.

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\$27.3 million
13 bedrooms, seven bathrooms

This expansive home features a flower room, gun room and billiards room. The grounds include a private nine-hole golf course, a swimming pool, three lakes, a tennis court and horse stables. Also set among the park land are formal gardens and a walled garden. Three species of deer can be hunted on this 257-acre property. A game larder is included in the sale.

Agent: Christie's International Real Estate

ANSWERS: FROM LEFT, OXFORDSHIRE, ENGLAND, SCOTTSDALE, ARIZ., LAKE COMO, ITALY



\$24.5 million
Six bedrooms, 14 bathrooms

Overlooking the sixth hole of an 18-hole golf course, this 20,805-square-foot home has two elevators and five indoor and outdoor kitchens. The property, which spans 3.92 acres, includes a virtual-reality golf simulator, a gymnasium with basketball court, a volleyball court, a rock-climbing wall and a fitness center with steam room.

Agent: The Moen Group



\$13.7 million
Six bedrooms, six bathrooms and guesthouse

This villa was commissioned by a British noble family and built in 1910. The main house has six bedrooms and a guesthouse provides two more bedrooms. The nearly 7-acre property includes man-made waterfalls, caves, ponds and an art studio. This 8,611-square-foot residence is a short walk from an 18-hole golf course.

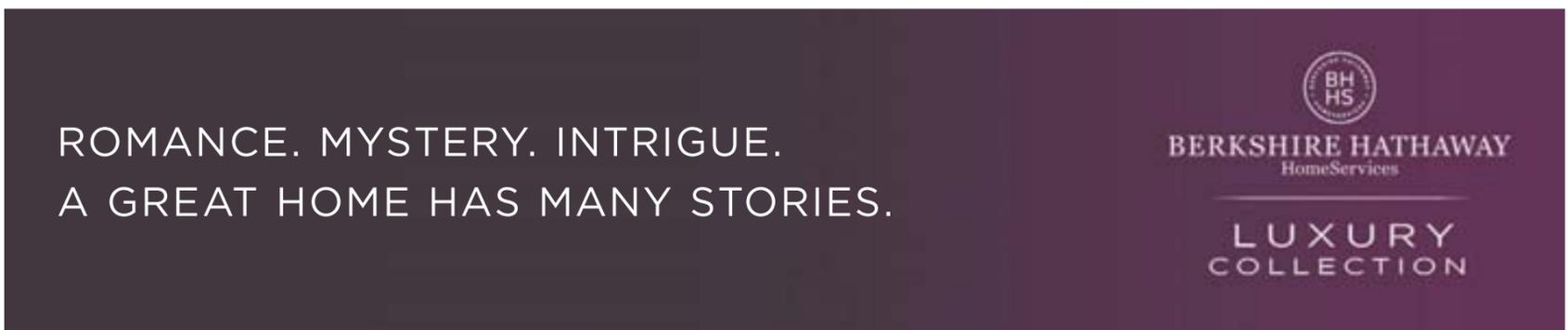
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