THE WALL STREET JOURNAL.

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Google Faces EU Antitrust Charges

European Commission accuses U.S. company of abusing dominance of Android software

BY NATALIA DROZDIAK AND SAM SCHECHNER

The European Union on Wednesday accused Alphabet Inc.'s Google of strong-arming smartphone makers and telecom firms into making its search engine the default on mobile devices, as the bloc filed a fresh set of antitrust charges that target the technology company's efforts to promote its core moneymaker: online search.

The European Commission, the EU's antitrust agency, said Google had abused the dominance of its Android mobile operating system by requiring phone makers to pre-install Google's namesake search engine on their devices if they want to include Google's Play Store, the most popular place for consumers to buy apps for Android phones.

In addition, the EU accused Google of withholding lucrative revenue-sharing agreements from handset makers and phone carriers that preload a rival search engine on their devices. That tactic would effectively ensure that Google would be the only search engine available out of the box on the majority of phones, the EU alleged.

"Google pursues an overall strategy on mobile devices to protect and expand its dominant position in Internet search," European Antitrust Commissioner Margrethe Vestager said at a news conference on Wednesday. She said Google's conduct is "stifling competition and restricting innovation in the wider mobile space."

While users can always download a new search browser and change the default, the EU has based its case on data showing that pre-installing a service and setting it as a default creates a lasting advantage, an EU official said.

Google General Counsel Kent Walker responded that "Android has helped foster a remarkable—and, importantly, sustainable—ecosystem, based on open-source software and open innovation." He said the company will work with the EU "to demonstrate that Android is good for competition and good for consumers."

The details of the case announced Wednesday—the EU's second set of formal charges against Google in just over a year—broadens the scope of the challenge Google faces from European regulators as it tries to extend the dominance of its

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What's News

Business & Finance

The EU filed antitrust charges against Google, saying the firm abused the dominance of its Android mobile operating system. A1

◆ **European stocks** continue to trail their U.S. counterparts, dashing hopes that ECB stimulus would send shares soaring this year. A1

◆ **Draghi will face** tough questions over the impact of ECB moves at a Thursday news conference. B5

◆ **Global investors** are returning to Chinese stocks, which are up 12% from their 2016 low on Jan. 28. B5

◆ **VW email suggests** a different account of events in the emissions scandal than the auto maker's version. A1

◆ **Mitsubishi said** it inflated vehicle-mileage results and used an improper fuel-economy testing method. B1

◆ **Kuwaiti oil workers** ended a three-day walkout that had almost halved the country's crude output. B5

◆ **Container operators** agreed to form a new shipping alliance to compete in the Asia-to-Europe trade. B1

◆ **The tech industry** dominates a new list of top-paying U.S. companies. B1

World-Wide

◆ **Russia has moved** artillery to areas of Syria where regime forces have massed, raising U.S. concerns the two allies may be set to return to full-scale fighting. A1

◆ **Hundreds of migrants** trying to reach Europe were feared drowned after their boat sank off Libya's coast, aid agencies said. A3

◆ **The EU said** the number of migrants arriving from Turkey has fallen sharply under a controversial deal. A3

◆ **NATO and Russian envoys** met for the first time in nearly two years amid rising military tensions between Russia and the U.S. A4

◆ **Obama arrived** in Saudi Arabia on a trip aimed at soothing ties with Gulf allies and bolstering his foreign-policy legacy. A6

◆ **Norway has violated** mass killer Breivik's human rights by keeping him largely isolated from other prisoners, a judge ruled. A6

◆ **The U.S. Supreme Court** cleared the way for terror victims to collect about $2 billion tied to Iran. A7

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Investors Bet on Political Drama

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Royal Occasion: The Queen Turns 90

IMAGES/ZUMA PRESS

BIG DAY: Queen Elizabeth II, above at the opening of a bandstand in Windsor, England, on Wednesday, celebrates her 90th birthday Thursday.

U.S. Tracks Russian Artillery In Syria

BY ADAM ENTOUS AND GORDON LUBOLD

Russia has been moving artillery units to areas of northern Syria where government forces have massed, raising U.S. concern the two allies may be preparing for a return to full-scale fighting as the current cease-fire falters, U.S. officials said.

The recent Russian redeployments of the units and the forces that operate them have been accompanied by the return of some Iranian army forces to government-controlled areas close to the front lines, according to officials briefed on the intelligence. Russia, Iran and the Iranian-backed Lebanese Hezbollah movement have been Syrian President Bashar al-Assad's main supporters in the conflict.

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European Stocks Yet to Take Off

BY RIVA GOLD

Investors started 2016 with big bets that monetary stimulus would send European stocks soaring above their U.S. counterparts this year. But nearly six weeks after the European Central Bank announced a big package of measures, U.S. stocks have left European shares trailing—a performance gap few see closing any time soon.

European stocks have hit several headwinds in recent months, including steep gains in the euro, weakness in global growth and a range of local political risks, notably uncertainty over the U.K.'s vote on its membership in the European Union. This toxic cocktail has blunted the impact of monetary stimulus on Europe's stocks.

The ECB's meeting Thursday is unlikely to change the picture. ECB President Mario Draghi said in March that he doesn't "anticipate that it will be necessary to reduce rates further." And despite anemic inflation and an unwelcome rise in the euro, a growing camp is starting to worry that the central bank may be too stimulative, arguing that further interest-rate cuts could deepen the pain for the region's banks.

Investors are taking notice. Allocations of funds to eurozone equities dropped to 15-month lows in the first week of April, while allocations to the U.S. have continued to grow, according to global fund managers surveyed by Bank of America Merrill Lynch.

While the S&P 500 is up over 2.5% this year, the Stoxx Europe 600 is down nearly 5%. In U.S. dollar terms, the ratio of the MSCI EMU Total Return Index to the MSCI US Equity Total Return Index hit its lowest level in history this month. Even Germany's mul-

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Harriet Tubman to Be Added to $20 Bill

LIBRARY OF CONGRESS/REUTERS

The abolitionist would be the first woman on U.S. paper money in more than a century. A7

Johnny Cash Trail Walks the Line At Folsom Prison

* * *

Park on penitentiary grounds seeks to deter loitering, contraband

BY JIM CARLTON

FOLSOM, Calif.—When city officials here started planning a new nature trail winding through prison grounds, they made sure it didn't run too close to the 2,300 inmates who live behind the walls of Folsom State Prison, where Johnny Cash famously performed.

Still, some in town worried that a 40-foot steel statue of Johnny Cash and other art planned for the trail might glorify the prison. A corrections official wondered if bike racks and benches could encourage loitering.

It would be enough to give any municipal parks and recreation director the blues.

Yet Robert Goss remains determined, even optimistic. "There is something about this project that is right," said Mr. Goss, Folsom's parks and recreation director, who has the unusual task of building a public recreation path on prison grounds.

Johnny Cash

Six decades after Mr. Cash made this Sacramento suburb a jukebox name with his hit, "Folsom Prison Blues," the city is embracing its link to the Man in Black and its prison in a big way.

The 2.5-mile Johnny Cash Trail, scheduled to be complete by summer 2017, will in-

Please see FOLSOM page A2

VW Crisis Comes to A Head This Week

BY WILLIAM BOSTON

WOLFSBURG, Germany—Two years ago this month, a senior executive in Volkswagen AG's U.S. business learned via email that environmental authorities suspected the car maker of rigging diesel engines to cheat on emissions.

The email exchange, reviewed by The Wall Street Journal, marks the earliest date revealed thus far that Volkswagen knew that its diesel engines were in the crosshairs of U.S. regulators.

The timing is significant in light of two milestones Volkswagen faces in its emissions-cheating scandal this week. On Thursday, it is due to submit a

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◆ Heard on the Street: A deal won't end the drama............ B8

WORLD NEWS

Canada Does the Global Economy a Favor

Canadians think of themselves as model global citizens, whether training troops in Iraq or settling refugees at home. That civic-minded spirit has now spread to economics, as Canada pursues a mix of monetary and fiscal policy that helps the world as much as itself.

Last month, Prime Minister Justin Trudeau's Liberals introduced a budget that sharply boosts spending on a raft of initiatives from infrastructure to social benefits. Because of that fiscal stimulus, the Bank of Canada has refrained from cutting interest rates, helping send the Canadian dollar sharply higher.

CAPITAL ACCOUNT
GREG IP

The higher dollar will be a drag on Canada's trade sector, diluting the budget's stimulative impact. But Canada's loss is the world's gain. In fact, Canada is faithfully executing the formula that finance ministers and central bankers from the top 20 economies agreed to pursue at their just-concluded meetings in Washington: namely, rely less on monetary and more on fiscal policy to rejuvenate growth. The problem is that Canada is virtually alone in being both willing and able.

The global economy today resembles what game theorists call a collective action problem. This is a situation where countries will end up worse off by pursuing their own interest than by cooperating. Central banks in the eurozone and Japan have cut interest rates into negative territory, for instance, in what others claim is an attempt to cheapen their currencies to bolster exports and inflation.

A new paper by Gauti Eggertsson and Neil Mehrotra of Brown University and Larry Summers of Harvard University warns that such actions become a zero-sum game in "secular stagnation," when interest rates are near zero and central banks can no longer restore full employment. Instead, easier monetary policy works mostly by bolstering exports and dampening imports, inflicting "negative externalities"—collateral damage—on a country's trading partners.

By contrast, the three argue, fiscal stimulus has positive externalities. Increased borrowing puts upward pressure on interest rates and the currency, drawing in imports. By pushing interest rates higher, it restores some of the potency that monetary policy loses when rates hit zero. The problem, they note, is that fiscal stimulus is less attractive to any one country precisely because its benefits are shared with others. If countries cooperated to "achieve more significant fiscal expansion," everyone would fare better.

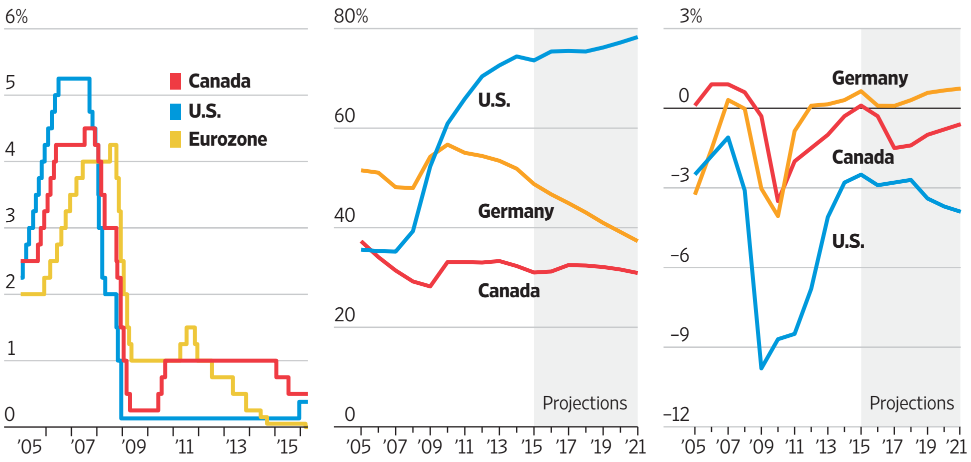
Canadian Exceptionalism

While other countries are trying to rein in deficits, Canada is boosting its own to stimulate growth.

Interest rates are close to zero... Central bank interest rate targets

...but Canada's debts* are low... Debt to GDP ratio

...so it is boosting its deficit.* Deficit as a percentage of GDP



*Debt and deficit are federal only except Germany which is total government

Sources: J.P. Morgan (interest rates); Canada Department of Finance, Congressional Budget Office, International Monetary Fund (government debt and deficits)

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It's a matter of debate whether the world is in bad enough shape to require such coordinated fiscal expansion. Unemployment in most big countries (though not Canada) is falling. Less debatable is that if anyone is going to lead the way, it should be Canada, long an exemplar of astute macroeconomic management. In the early 1990s, Canada had one of the developed world's biggest debt burdens. Years of austerity brought it down, with the help of a cheap Canadian dollar and expanding trade surplus that filled the gap left by shrinking government spending.

So while Mr. Trudeau inherited an economy laid low by sinking commodity prices, he also inherited the means to deal with it. Canada's federal debt, at just 31% of gross domestic product, is the lowest in the Group of Seven leading industrialized nations.

The International Monetary Fund, the Organization for Economic Cooperation and Development and the U.S. Treasury Department for the past year have urged any country not drowning in debt to stimulate their economies by borrowing. The IMF this month recommended the G-20 stand ready to implement coordinated stimulus equal to 1% to 1.5% of GDP.

Canada listened. "We were influenced by what we heard from the IMF and OECD and around the table at the G-20," says Bill Morneau, Canada's finance minister, in particular the greater potency of fiscal policy when monetary policy is constrained by interest rates near zero.

Stimulus measures are expected to add 0.5 percentage point to growth over the next two years, while the budget balance will swing from a slim surplus last year to a deficit of 1.5% of GDP by next year.

As an example for the rest of the world, this goes only so far. Infrastructure is the safest sort of stimulus since it is temporary and raises long-term growth (and thus the ability to repay debt). Even heavily indebted countries like the U.S. could justify such spending given the historically low level of interest rates.

But just 42% of Canada's stimulus over the next two years goes toward infrastructure. Most of the rest goes to expanded social transfers such as child benefits, unemployment insurance and old-age pensions. All are permanent obligations and some at the margin may discourage work. Canada, with its pristine balance sheet and manageable pension burden, can easily handle it; not so the U.S., much less Japan.

Politics also matter. For Mr. Trudeau's Liberals, fiscal stimulus dovetails neatly with a preference for bigger government. That's a big part of why the conservative parties that control Britain, Germany and the U.S. Congress don't want to go there.

Making the rounds last week in Washington, Mr. Morneau was happy to hold out Canada as an example for the world, but he wasn't counting on that being enough to inspire anyone to follow.

"We're Canadian," he said. "We have more humility than that."

VW

Continued from Page One

proposal to fix nearly 600,000 cars in the U.S. to a federal judge in California. On Friday, Volkswagen's board of directors is to review the company's investigation of the scandal, but under pressure from the Justice Department may keep the report confidential.

Its shares jumped 6.8% to €121.25 ($136.95) in Frankfurt on Wednesday as investors reacted to reports a settlement with U.S. authorities might be close. The ultimate costs of the remedies sought by authorities could run into the billions of dollars.

For investigators now reconstructing events that culminated in a Sept. 18, 2015, disclosure by the Environmental Protection Agency and California authorities of Volkswagen's emissions fraud, the email is the start of two conflicting versions of the story.

In one—the version put forth by plaintiffs suing Volkswagen—the email suggests Volkswagen's top management knew by April 2014 or earlier that certain of its diesel-powered engines were rigged to cheat, and from that point covered their tracks.

Volkswagen's account is very different. In public statements, sworn testimony and recent court filings, it maintains low-level engineers rigged the engines to meet U.S. nitrogen-oxide emissions standards during laboratory testing. The rigging allowed much higher emissions, and better performance, during normal driving. The engineers kept their superiors in the dark, the company insists. Once U.S. authorities began investigating, the engineers lied until forced to come clean in September 2015, Volkswagen says.

No evidence linking current or former top executives to the cheating has emerged.

Volkswagen's account, presented in a 113-page brief filed with a German court in February and reviewed by The Wall Street Journal, begins on Nov. 22, 2005.

That is when Volkswagen's product strategy committee approved funds to develop a new "clean diesel" engine, the EA 189, the centerpiece of its diesel push in the U.S.

Engineers developing the engine were unable to meet U.S. and European Union emissions targets while staying on budget and schedule, the brief says.

In November 2006, the engineers tweaked the EA 189's control software to cut NOx emissions only during lab tests. Just a few changes to the about 15,000 lines of software algorithms made the engines compliant with U.S. emissions testing, according to the brief.

No additional approvals or funding was needed, letting the engineers evade detection for a decade, it says.

Volkswagen says in the court filing that top managers only learned of elevated NOx emissions in some U.S. diesel models on May 15, 2014, when a study conducted by the International Council on Clean Transportation, the California Air Resources Board and West Virginia University was published.

But Volkswagen knew more than a month earlier that CARB was looking closely at its diesel vehicles in the U.S.

Results of the trio's study had been presented on March 31, 2014, at a conference in San Diego, Calif., and in Brussels to a working group of the European Commission.

NICK UT/ASSOCIATED PRESS

Volkswagen shares jumped on news of a potential U.S. settlement.

The following week, Stuart Johnson, head of Volkswagen's Environment and Engineering Office in Auburn Hills, Mich., received a copy of the Brussels presentation. Specifics of cars tested weren't disclosed. On April 8, Mr. Johnson contacted an ICCT analyst. "Can you please identify which cars are Volkswagen group products?" he asked in the email, reviewed by The Wall Street Journal.

The ICCT analyst told Mr. Johnson that a Volkswagen Jetta and Passat were the cars with elevated NOx emissions.

He asked Mr. Johnson to explain, but the Volkswagen executive broke off contact.

Volkswagen sent Bernd Gottweis, a quality-control officer known inside Volkswagen as "the fireman," to the U.S. to understand the "diesel issue."

On May 23, then-CEO Martin Winterkorn received a memo from him.

"No plausible explanation for the dramatically increased NOx emissions can be given to the authorities," Mr. Gottweis wrote, adding: "It is to be assumed that the authorities will subsequently examine VW systems to determine if Volkswagen has installed test recognition into the engine control software (a so-called defeat device)."

Mr. Gottweis's memo, reviewed by The Wall Street Journal, was first reported by the Bild am Sonntag newspaper in Germany. Volkswagen confirmed its authenticity.

It has fed speculation that Volkswagen tried to cover up the diesel fraud.

"If it looks like a duck and walks like a duck, what do you think it is?" asks Michael Hausfeld, a class-action lawyer among several appointed to coordinate a civil lawsuit in California on behalf of Volkswagen car owners.

According to Volkswagen's German court brief, only in May 2015—more than one year after the first email exchange—did Volkswagen's auditors suspect an illegal device manipulated emissions tests. But their investigations were blocked by engine-development engineers who "stonewalled" and misled investigators, according to the German court brief.

On Sept. 3, 2015, Volkswagen executives conceded to U.S. officials that their diesel vehicles deployed defeat devices.

FOLSOM

Continued from Page One

clude faux guard towers, 7-foot guitar picks and a prison cell-like sculpture made of giant guitar necks.

The path, winding through oak-covered hills, will offer scenic views of the 136-year-old penitentiary surrounded by granite walls—from a distance.

"Their chief concern is contraband," said Mr. Goss of prison officials. "They don't want the trail so close someone could throw something over the wall."

To ensure hikers and bikers have their fun without breaking prison rules, bright yellow signs will warn people to stick to the trail: "CALIFORNIA STATE PRISON PROPERTY. NO TRESPASSING."

"If there was a concern of security, we would not agree to it," said Jeffrey Callison, spokesman for the California Department of Corrections and Rehabilitation. The 1,200-acre property also includes a women's prison and a separate facility for men. The trail will connect two legs of a longer system.

Bicyclists and hikers on the new route will pass through woods where retired Folsom guard Jim Brown said he used to help chase down escaped prisoners. "They wouldn't get far," he said.

Mr. Goss said the entire property is monitored by

CITY OF FOLSOM

A rendering of a planned sculpture of Johnny Cash for the trail, which will wind through the grounds of Folsom State Prison.

prison guards and advises visitors not to wander off. "People shouldn't get the idea they can go hide in the woods out there," he said.

Art plans are still being worked out. Deborah Hysen, director of facility planning, construction and management for the prison system, said the art installations weren't considered part of the original deal.

She told the city she is also worried about a 90-foot pedestrian and bike tunnel under the prison entrance road "shielded from viewing from most vantage points." Plans call for lighting and motion sensors, but Ms. Hysen has asked for cameras and police monitoring.

Mr. Goss said he is hopeful those issues will be worked out.

There have been other hiccups. At one point, someone suggested a statue of Mr. Cash on horseback, with a cowboy hat.

"I don't think he was comfortable in hats," said Cindy Cash, 57, one of the singer's five children. "And he was terrified of horses."

That idea was scrapped.

Besides penning a song about Folsom Prison, Mr. Cash performed before inmates there in a 1968 concert that revived his career. Inmates gathered in the Folsom cafeteria cheered when Mr. Cash opened the concert with the lyrics: "I hear the train a comin', it's rollin' 'round the bend..."

The city's association to the song still draws visitors. They often ask if you can hear the train whistle from the prison, said Mr. Brown, who now runs a museum dedicated to the prison. Answer: yes, but only from a miniature train at the local zoo.

Most of the winning designs for the art installations planned for the trail came from Adan Romo, a Sacramento sculptor.

Eight pieces of art were approved, including a 12-foot "Ring of Fire" made of stainless steel guitar picks designed to shimmer as if ablaze.

Another will consist of 10-foot steel bars, which from one angle will show Mr. Cash's face. A smart app will help visitors navigate.

"I originally thought speakers, but I thought that could be too much Johnny Cash blaring all the time," said Mr. Romo, 41.

Mr. Cash's longtime manager, Lou Robin, said Mr. Cash "would be flattered people want to pay tribute to him and his music and do something like this."

Mr. Cash "wanted to give [inmates] hope when they got out there would be something in the outside world," Mr. Robin said.

It isn't the first time the idea of honoring Mr. Cash has come up here.

A new species of black tarantula recently found near the prison was named after him, called Aphonopelma johnnycashi. In a 2008 city contest to name a new bridge, there were so many entries for Johnny Cash, officials set up a separate category for them.

But the city council nixed the Cash name, citing rules that the bridge—which ended up as Folsom Lake Crossing—couldn't be named after a person.

At that time, Mayor Steve Miklos said he was uncomfortable tying the city so closely to the prison. "Our city is much more than a prison that Johnny Cash played and sang at," Mr. Miklos said of the city of 77,000, which besides the zoo touts a historic downtown among its attractions.

On a recent afternoon, two Swiss visitors pulled up to the prison gates in a rental car. David Roth, 30, and Yannick Gauch, 21, wanted to see Folsom as part of a Western U.S. tour.

"Of course," said Mr. Roth, "we listened to 'Folsom Prison Blues' when we drove here."

CORRECTIONS & AMPLIFICATIONS

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Hundreds Feared Dead in Mediterranean

Shipwreck last week off coast of Libya comes as fewer try to make it to Greece

Hundreds of migrants were feared drowned after their overcrowded boat sank off Libya's coast, aid agencies said Wednesday, in what would be the deadliest disaster involving people trying to reach Europe this year.

By Tamer El-Ghobashy in Cairo and Manuela Mesco in Milan


NIKITAS KOTSIARIS/EUROPEAN PRESSPHOTO AGENCY

Members of the coast guard helping migrants to disembark at the port of Kalmata on Sunday.

The wreck is likely to refocus attention on the perilous Libya-to-Italy route, where traffic has surged in recent weeks as the weather warms and as the flow from Turkey to Greece dwindles in the wake of European Union pressure.

The EU expanded its naval patrols in the Mediterranean last year in another bid at deterrence but critics say they remain inadequate to the enormous challenge.

Forty-one survivors were rescued on Saturday by a merchant ship and transported to the Greek port of Kalamata, according to accounts given to the U.N. High Commissioner for Refugees and the International Organization for Migration.

The survivors told both agencies that they departed Libya last week from the eastern city of Tobruk, but their accounts differed.

Survivors told the UNHCR that between 100 and 200 people left Libya aboard a 98-foot boat. Migrants told the IOM, however, that about 200 migrants were traveling on several small boats carrying up to 40 people each.

In accounts provided to both agencies, the migrants said that after traveling for several hours, the smugglers then attempted to transfer the passengers onto a larger vessel in the middle of the sea.

According to the IOM, that larger vessel—the origins of which aren't known—was already overcrowded with about 300 people. Once the new group was on board, it began sinking, the IOM said.

Some passengers attempted to return to the smaller boats. The 41 rescued—from Egypt, Sudan, Somalia and Ethiopia—managed to board one that was adrift for three days without food or water before the Filipino merchant vessel picked them up, according to the IOM. The witnesses said most of the others died.

"The people died in a matter of minutes," an Ethiopian man told IOM staff, according to the aid group. "I saw my wife and my 2-month-old child die at sea, together with my brother-in-law."

The Libya-Italy route has been overshadowed by a surge in migrants entering Europe via Greece since last summer, hoping to move on to richer Northern European countries such as Germany and Sweden.

Deaths on the Libya-Italy route tend to be higher than the Turkey-Greece route because the boats are bigger and the distance far greater.

The condition of the boats plying the Libyan route has deteriorated over the past couple of years as they grow scarcer and the smugglers increasingly brutal. More people are packed onto boats that often begin taking on water just after embarking, according to Italian officials.

Following the October 2013 shipwreck that killed at least 360 African migrants, Italy launched a search-and-rescue operation that pulled tens of thousands of migrants from the Mediterranean.

In late 2014, new EU patrols took over in an operation dubbed Triton. The mission was much smaller in scope—limited to within 30 miles off the Italian coast—which left the Italians still on the front line in responding to distress calls from migrants outside that boundary. Italian officials and aid organizations said Triton's limited mandate meant more lives were lost because of delays in reaching boats in distress.

After some 800 people died in the sinking of another boat off the Libyan coast in April 2015—the single deadliest episode in the flood of migrants trying to reach Greece and Italy in recent years—Triton was expanded into a full-blown search-and-rescue mission.

The Italians can currently call Triton's nine ships up to 24 nautical miles off the Libyan coast. The EU patrols were involved in rescuing more than a third of the 154,000 people pulled from the water last year on the Libya-Italy route.

Political chaos in Libya has helped fuel the flow of migrants; the country now has one of the world's largest people-smuggling industries. Would-be migrants and refugees pay traffickers thousands of dollars to undertake the harrowing voyage to Europe.

In all, 3,771 people died or went missing trying to reach Europe in 2015, while a record one million people reached the continent's shores, mainly via Greece and Italy, the UNHCR said.

So far this year, about 179,000 migrants have arrived in Europe by sea, according to the IOM. Until the latest shipwreck, 737 had gone missing or died, with the number roughly evenly divided between Italy and Greece, it said.

More than 6,000 refugees and migrants have arrived in Italy so far this month, according to the UNHCR. Officials fear more will seek to enter via Italy following last month's EU-Turkey deal, although they haven't yet seen such flows materialize.

Under that deal, all migrants crossing the sea to Greece are to be returned to Turkey.

—Valentina Pop in Brussels contributed to this article.

EU Says Migration Drops Under Deal With Turkey

By Valentina Pop

BRUSSELS—The number of migrants arriving from Turkey decreased sharply under a controversial deal with the European Union, the European Commission said Wednesday, though the future of the agreement remains unclear.

The assessment comes a month after the EU and Turkey agreed that Turkey would take back all migrants, including Syrian refugees, who arrive in Greece in return for €6 billion ($6.8 billion) in EU aid over the next three years and the possibility that Turkish citizens could travel visa-free to the bloc as of the end of June.

The commission said it could recommend the visa change in May, but it has to be approved by EU governments—a potentially tough political step in many countries where migration is a hot-button issue.

The deal championed by German Chancellor Angela Merkel was aimed at discouraging people smuggling and cutting off the main migrant trail on which over one million migrants arrived in Germany and Scandinavian countries last year.

In the three weeks after March 20, 5,847 migrants arrived, compared with 26,878 in the three prior weeks, the commission said.

Of the people who arrived on the islands after the deal came into force, 325 have so far been returned to Turkey and more are expected to be returned, according to the commission. In return, EU countries have received more than 100 Syrian refugees directly from Turkey, as they seek to replace illegal migration with legal resettlement.

"The message is starting to get through that turning to smugglers is the wrong choice to make," said commission Vice President Frans Timmermans.

On Tuesday, Turkish Prime Minister Ahmet Davutoglu warned that his country won't stick to the migration deal if the EU doesn't grant Turkish citizens visa-free travel by the end of June.

The commission on Wednesday said it could recommend on May 4 that EU governments grant the change, provided Ankara meets all conditions, which include making improvements to the Turkish asylum system, adopting a controversial data protection law and cooperating with the bloc's law-enforcement agencies.

The change is controversial in many countries, including Germany, France and the U.K., where migration is a crucial factor in a June 23 referendum on whether the country should stay in or leave the EU.

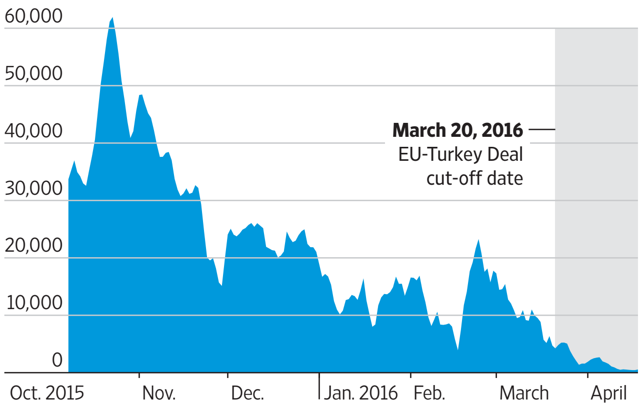
The migration deal has been criticized by humanitarian aid organizations, notably for putting families with children and unaccompanied minors in overcrowded detention camps on the Greek islands before being sent back to Turkey. Doctors Without Borders, an organization helping migrants with medical services, said it pulled out of all detention camps on the Greek islands in protest of the EU-Turkey deal.

A Slower Flow

Migrant arrivals have dropped significantly under Europe's deal with Turkey, which aims to cut off the migrant trail and stop the smuggling trade.

Arrivals to the Greek Islands

Running seven-day total



Source: UNHCR

THE WALL STREET JOURNAL.

The commission is pressing Greece to accelerate asylum procedures, so that migrants spend as little time as possible on the islands before being sent back.

"The expectation is to reach by mid-May the capacity to process around 200 cases a day," it said.

Even with the EU-Turkey deal working, the commission is warning that alternative routes could emerge for migrants to reach the bloc.

The commission flagged the Libya-Italy route—which has already seen an increase in the number of arrivals—as well as land routes out of Turkey via Greece and Bulgaria and out of Greece via Albania and Bulgaria, and a sea route between Greece, Albania and Italy. Other routes via the Black Sea, Ukraine, Russia, Finland and Norway are also possible, but no significant migrant shifts have yet been detected, the commission said.

A Culture War Over Dresden's Image

One of Germany's top fine-arts scenes confronts the city's anti-Islam movement

By Zeke Turner

REPORTER'S JOURNAL

DRESDEN—On a recent night, hundreds of protesters were calling for foreigners to leave Germany, waving anti-Muslim banners, and singing the national anthem in the Theaterplatz, a square surrounded by this city's august temples of high culture.

Within spitting distance, concertgoers were filing into the Semper Opera to hear Baroque music performed by an orchestra that dresses in white tie and ranks among the world's 10 finest.

"People come to experience art," not to confront a bristling, flag-waving mob, said Wolfgang Rothe, the managing director of the opera. "Our public feels uncomfortable."

These days a culture war is playing out in the Saxon capital, pitching one of Germany's most rarefied art and cultural scenes against its most notorious populist movement.

The prize: The reputation of Dresden, the city Germans call their Florence. Destroyed during World War II and restored to its former grandeur, the city is known across Germany and beyond as a pinnacle of architectural and artistic refinement. It is also a rare story of economic renaissance in the country's former Communist East.


MEHMET KAMAN/ANADOLU AGENCY/GETTY IMAGES

Thousands of supporters of the anti-Islam movement Pegida demonstrated on Dresden's famed Theaterplatz last fall.

But for the last year-and-a-half, Dresden has also been the headquarters of the populist movement Patriotic Europeans Against the Islamization of the West. Known by its German acronym, Pegida, it combines a hostility toward Muslim immigrants, the press and mainstream politicians with admiration for Russia President Vladimir Putin—who was stationed in Dresden as a Soviet spy. A speaker at one of the Pegida rallies, which take place every Monday, lamented the closure of concentration camps. Others have referred to people such as Jewish financier George Soros as "puppet masters."

The city's establishment says the fallout from the protests and Dresden's association with Pegida has been massive. Dresden's State Art Collection, an array of museums near the Semper Opera, suffered a 6.5% decline in total ticket sales last year, or €750,000 ($854,000) in lost revenue. German visitors made up a big part of the drop, according to Managing Director Dirk Burghardt. "It's caused by, you could say, the new reputation," he said.

The State Collection includes Raphael's Sixtine Madonna, the second-most precious stone in the world and the archive of painter Gerhard Richter, Germany's most renowned living artist.

Tourism more broadly has fallen off in the city. The number of nights spent by German tourists slid more than 5% last year, according to Dresden Marketing GmbH, the city's official promotional organization.

Pegida says it isn't to blame for the drop in visitors and points to Germany's sanctions against Russia, which have caused the ruble to tank, as a more plausible explanation for the decline. There were more than 200,000 Russian visitors to the State Collection in 2014 but 40% fewer last year, according to the Collection's records.

"They're all looking for a scapegoat," said Lutz Bachmann, co-founder of the Pegida movement, who appeared in court in Dresden on Tuesday to face charges for hate speech based on Facebook comments in which he called migrants "scumbags," "animals" and "trash."

As for the neo-Nazi reputation hanging over the city, "the press is to blame," Mr. Bachmann said.

Dresden's fine-arts community is at a loss about how to turn the tide. The museums and opera have put out colorful flags with slogans such as "Eyes open. Doors open. Hearts open." They have staged exhibitions and performances that address racism. In December 2014, the neoclassical opera house began turning off its lights on Monday nights to keep Pegida from gaining gravitas by using it as a backdrop in photographs.

But to Frank Richter, the director of the State Office for Political Education in Saxony, the art world is bringing the equivalent of a knife to a gunfight. "This is high culture," he said. "It has no chance of changing any of this."

SYRIA

Continued from Page One

U.S. concerns about the Russian military movements, and the negative impact they could have on the cease-fire and political negotiations in Geneva, prompted President Barack Obama's call to Russian President Vladimir Putin on Monday, officials said.

Josh Earnest, the White House press secretary, used unusually blunt language in describing the exchange between the two leaders, calling it an "intense conversation."

Russian officials have voiced support for the partial cease-fire and the United Nations-mediated negotiations in Geneva, both in public and in private settings, according to U.S. officials.

Citing widening attacks by government forces, representatives of the main opposition broke off the latest round of indirect talks on Monday. Government forces have stepped up attacks in some areas in northern and central Syria in recent days, and one opposition negotiator on Tuesday described the truce as over.

Still, the cease-fire, which began Feb. 27, has held far longer than officials in Washington and in the region had expected. It has reduced the overall level of violence in Syria and brought about at least a temporary pause in the proxy fight between Russia, which has supported the Assad regime, and the U.S., which has supported the moderate opposition.

Mr. Obama and White House officials have warned in recent days that the cease-fire could collapse, without mentioning the Russian buildup. The White House declined to comment on the new intelligence. Russian officials in the U.S. didn't immediately respond to a request for comment.

After the partial cease-fire took effect in late February, U.S. intelligence agencies tracked the movement of Russian artillery units south to areas where the Assad regime at the time was fighting Islamic State militants, particularly in the Tadmur and Palmyra areas.

Russian troops directly operate the artillery pieces, which have been used with devastating effect on the battlefield since last year, according to U.S. officials. Russia has also deployed advisers to support the Assad regime in its military campaign, officials said.

About two weeks ago, U.S. intelligence agencies began to detect the redeployment of artillery units to areas near the northern city of Aleppo, the opposition stronghold, and inside Latakia province, near where government forces have been gathering, according to a senior U.S. defense official.

The Russian artillery movements have increased in recent days, raising U.S. alarm about Moscow's intentions, the official said.

U.S. intelligence agencies have indications that some of the newly-redeployed artillery pieces have been used in recent days in support of government forces, particularly in clashes with the Nusra Front, al Qaeda's affiliate in Syria.

Both the Nusra Front and Islamic State were excluded from the cease-fire brokered by the U.S. and Russia in February.

JOHN THYS/AGENCE FRANCE-PRESSE/GETTY IMAGES

Alexander Grushko, Russia's envoy to NATO, said the U.S. has rebuffed overtures to modernize agreements on military interactions.

NATO, Russia Discuss Rifts

Officials say first meeting since 2014 was constructive, but no pacts were sealed

By Julian E. Barnes And Paul Sonne

BRUSSELS—Ambassadors from Russia and the North Atlantic Treaty Organization met on Wednesday for the first time in nearly two years, amid rising military tensions between Russia and the U.S.

While there were no agreements, officials described the meeting as constructive and substantive. The meeting included back-and-forth dialogue between the two sides, and ran for some 3½ hours, far longer than scheduled, a sign, officials said, of frank dialogue.

Nevertheless, officials from both sides said they outlined a sharply differing understanding about the source of the current conflict between Russia and the Western allies.

"We had a frank and serious discussion," NATO Secretary-General Jens Stoltenberg said after the meeting. "NATO allies and Russia hold very different views. But we have listened to what each other had to say."

NATO officials emerged from the meeting with a measure of hope that military-to-military communications between Moscow and the alliance could be revived in the name of minimizing the possibilities of armed confrontation.

Wednesday's meeting followed a series of incidents in the Baltic Sea, as Russian aircraft intercepted and buzzed a U.S. Navy destroyer and a U.S. Air Force reconnaissance plane, which American and NATO officials have called dangerous and unprofessional.

During the meeting, officials said, U.S. Ambassador Doug Lute pressed the Russians about the incident and the potential for a dangerous accident to occur.

After the meeting, Alexander Grushko, the Russian ambassador to the alliance, questioned why U.S. forces were operating so closely to Kaliningrad, the Russian exclave that is home to a number of military bases. He also said the U.S. has rebuffed overtures from Moscow to modernize agreements on safe interactions between the two militaries.

"Our aircraft were acting fully in line with our agreements," Mr. Grushko said. The basic issue was why a destroyer equipped with cruise missiles with a range of 1,550 miles that could be nuclear, came so close to Kaliningrad, he added.

The meeting was the first since June 2014, when NATO suspended cooperation after Russia's intervention in Ukraine.

In the meeting—and speaking with reporters after—Mr. Grushko said NATO was militarizing the Baltic region.

NATO officials said it was Russia's aggression in Ukraine that compelled the alliance to begin reinforcing the east.

"Everything NATO does in the Baltic region is proportional, it is defensive and it is fully in line with our international agreements," NATO's Mr. Stoltenberg said after the meeting. "We are responding to the substantial military buildup by Russia."

Ambassadors also had a lengthy discussion of Ukraine, with allied ambassadors pushing for a withdrawal of Russian weapons and Mr. Grushko pressing for Ukraine to make constitutional changes giving more autonomy to the east.

The cease-fire brokered in early 2015 reduced the level of violence in east Ukraine, but the conflict has persisted on a low simmer, leaving hundreds dead since the pact's signing. Most of the peace agreement has gone unfulfilled.

The pact called for both sides to withdraw heavy military equipment, and some was indeed removed from the front lines.

A U.S. defense official, however, said the Pentagon has seen about 1,000 pieces of heavy military equipment flow across the Russian border into the Donbas region in the past 12 months. The U.S. official said Russian grad rocket systems and TOS-1 flame throwers remain inside the rebel-held territory.

The U.S. is moving ahead with a $335 million package of security and military aid for Ukraine that U.S. Vice President Joe Biden and Ukrainian President Petro Poroshenko agreed on March 31 in Washington.

Europe Proposes Fiscal Leeway for Antiterror Costs

By Valentina Pop

BRUSSELS—The European Commission signaled it may exempt the costs of extra counterterrorism measures incurred by individual member countries from the bloc's budget deficit calculations.

Under the bloc's fiscal rules, European Union governments need to observe a budget deficit not larger than 3% of the country's gross domestic product or face sanctions.

On Wednesday, the commission announced a raft of new measures to be proposed in coming months to deal with the terrorist threat in Europe, including the exemption from the EU budget-deficit rules.

"Protection comes with a cost, be it in terms of deployment of intelligence, law enforcement or armed forces or of reinforcement of infrastructures," the commission said.

"In light of the severity of the threat currently faced by the EU, the commission will propose to make use of the flexibility embedded in the Stability and Growth Pact to accommodate unusual events outside government control when considering additional fiscal expenditure directly related to this threat," it added.

The EU executive said it would employ this flexibility when it assesses members' national spending plans in May. Similar exemptions have been deployed before, such as for countries' exceptional costs incurred because of the migration crisis, for their contributions to an EU-Turkey migration deal and for their contributions to an EU-wide investment fund.

France and Belgium tightened security in response to recent attacks in Paris and Brussels. France announced a €3.8 billion ($4.32 billion) increase in military spending for the next four years, and Belgium pledged an extra €400 million in security spending for this year alone.

European security officials have warned that the terror threat on the Continent remains high, particularly since several Syria-trained Europeans are moving back to Europe to mount attacks.

According to the commission, of the 4,000 foreign fighters who went from EU countries to Syria, "around 30% have returned to their home countries," some with instructions to carry out more attacks in Europe.

"The first priority is for national authorities to be informed of movements of foreign terrorist fighters, both outgoing and incoming, and to share such information with each other and with EU agencies," the commission said.

It notes that several of the measures it proposed last year still need approval from national governments and the European Parliament, notably screening EU citizens against security databases on their way in and out of the bloc.

The commission is proposing excluding some security costs from deficit rules.

The commission later this year plans to revise the rules for the bloc's security database, the Schengen Information System, or SIS, to better track potential terrorists and to use facial images for biometric identification.

Several of the Paris and Brussels attackers were flagged in the SIS database, but they used fake passports and managed to travel undetected. By mid-2017, the system should also include a function allowing police to search the database for fingerprints of suspects.

Several new measures to tackle terrorism financing were also announced. By June, the commission plans to blacklist countries outside the EU where legislation is permissive in terms of money laundering and terrorism financing.

Ukraine Moves Closer To Visa-Free EU Travel

By Laurence Norman

BRUSSELS—The European Union's executive formally backed visa-free access for Ukrainians to the bloc, opening the way for member states to debate the proposal.

The commission said that Ukraine's government, which has made visa-free access a key political goal, has now carried out all the necessary reforms to win Brussels' backing. These included a series of anticorruption measures and stepped-up efforts against organized crime and border security.

"This is the result of the success of the Ukrainian government in achieving far-reaching and difficult reforms...impacting on areas such as the rule of law and justice reform," said European commissioner for Migration, Home Affairs and Citizenship, Dimitris Avramopoulos, on Wednesday

If the measure wins final approval, Ukraine's 42 million citizens would have the right to travel visa-free for up to 90 days in Europe's border-free Schengen areas. They wouldn't be permitted to work in the EU. Brussels would retain the power to restrict the number of people entering the bloc if it deemed the numbers too large.

The European Commission proposal will now need backing from all member states and the European Parliament.

There are signs that this process could be difficult and lengthy, with a number of EU countries already dealing with a migration crisis at home. The EU is also currently negotiating what would be an even bigger visa-free agreement with Turkey as part of a package of measures aimed at winning Ankara's help in the migration crisis.

Further complicating the decision will be this month's rejection by Dutch voters of a separate political and trade accord between the EU and Ukraine. That could raise the cost to Prime Minister Mark Rutte's Dutch government of backing Ukraine's visa bid.

Ukrainian President Petro Poroshenko has pushed hard for EU backing for Ukraine's bid, presenting it as a key prize for his government's pro-Western policies.

STEPHANIE LECOCQ/POOL/EUROPEAN PRESSPHOTO AGENCY

Petro Poroshenko, center, is pushing hard to strengthen EU ties.

THIANGE/ZUMA PRESS

Steam rose this month from the Tihange nuclear-power plant in Huy, Belgium, about 40 miles away from Aachen, Germany.

Berlin Wants 2 Belgian Reactors Shut

By Gabriele Steinhauser

BRUSSELS—Germany asked Belgium to take two nuclear reactors offline because of safety concerns, setting up a clash between neighbors that pursue widely different energy strategies.

German Environment Minister Barbara Hendricks said Wednesday that an examination by Germany's independent Reactor Safety Commission showed that there was uncertainty that the reactors Tihange 2 and Doel 3, which are located close to the German border, had the necessary backup security systems to react to an accident.

"That's why I believe it is right to temporarily take the plants off the grid, at least until the examinations have been concluded," Ms. Hendricks said. "It would be a strong precautionary signal. It would show that Belgium takes the concerns of its neighbors seriously."

Jan Bens, director-general of Belgium's nuclear control agency FANC, rejected the German safety concerns as unfounded. "We are still convinced that there is no need to shut down these units from a nuclear safety point of view," he said. "Our conclusions remain unchanged, despite what Minister Hendricks says."

FANC also said it was surprised by the request, pointing to continued cooperation and information exchange with German authorities.

"Our German colleagues asked lots of questions, but they didn't raise any new issues that we had not taken into account during our review of the Doel 3 and Tihange 2 safety cases," Mr. Bens said.

A spokeswoman for Belgium's interior ministry, which oversees safety at the nuclear reactors, declined to comment.

Other neighboring countries, including the Netherlands, have also complained about general safety standards at Belgium's nuclear plants and questioned the government's decision late last year to extend the lifetime of the country's oldest reactors in Doel to 2025. In 2013, the previous Belgian government did the same with another older reactor, Tihange 1.

Concerns have centered on the 2012 discovery of thousands of tiny cracks in the steel walls of pressure vessels in some of the reactors at Doel and Tihange, which led to the affected reactors being taken offline for some time.

Following an examination, FANC decided to reopen the reactors, saying the cracks had been there from the beginning and didn't affect reactor safety.

Germany, which is preparing to shut down all of its nuclear power plants in the coming years, has challenged other neighboring countries over their continued reliance on nuclear power for electricity generation.

In March, Ms. Hendricks asked France to take Fessenheim, another nuclear-power plant close to the German border, off the grid.

Neele Scheerlinck, a spokeswoman for FANC, suggested that Ms. Hendricks's demand to close down the Belgian reactors may be part of a broader political strategy to get its neighbors to also abandon nuclear energy. "A case like this is a [convenient] point of entry" for Germany, she said.

—Monica Houston-Waesch in Frankfurt contributed to this article.

World Watch

UNITED KINGDOM

Central-Bank Official Is Hopeful on Wages

Low inflation rates are holding back wages in the U.K., but that is likely to prove temporary and a rise in interest rates will ultimately prove necessary, a Bank of England policy maker said.

This month, the BOE's nine-member Monetary Policy Committee voted unanimously to leave its key interest rate unchanged at a record low 0.5%, where it has remained since March 2009.

Ian McCafferty was alone among MPC members in voting for a rate rise from last August through January. He abandoned that push in February as evidence mounted that wages were set to rise more slowly than he had expected. That in turn meant the inflation rate would return to the BOE's 2% target later than he had anticipated.

In a speech, Mr. McCafferty said low inflation rates are keeping a lid on pay rises, since businesses find it hard to raise their own prices to cover the cost of higher wages.

But he doesn't expect wages to be held back indefinitely, particularly when the inflation rate starts to rise as oil prices steady.—*Paul Hannon*

ZAMBIA

Police Move to Stem Anti-Immigrant Riots

The government deployed more than 1,000 riot police in the capital as authorities sought to retain order after days of anti-immigrant violence that has left at least five people dead and tarnished the nation's image as a haven for foreign workers and investment.

Violence erupted on Monday in two impoverished suburbs of Lusaka after rumors circulated on social media that foreign nationals were behind a spate of killings in recent weeks that have left victim's dismembered. The attacks—which were focused mainly on Zambia's large community of Rwandan immigrants—quickly spread to several suburbs as mobs ransacked foreign-owned shops. Government officials said at least five people have been beaten and burned to death since Monday, with more than a dozen hospitalized.

Zambia's home-affairs minister, Davis Mwila, said the heavily expanded police presence would help protect immigrants and ensure the security of Lusaka's 2.5 million residents.

The ferocity of the riots has shocked Zambia, which has long been considered one of the more stable corners of Africa.

Observers said the wave of violence now gripping the country reflects how social tensions in some resource-rich African nations are being ignited as the commodity price crash percolates down to the streets.

—*Nicholas Bariyo*

Obama Looks to Reassure Gulf Allies

President lands in Saudi Arabia for a summit aimed at soothing strained ties

By Colleen McCain Nelson

CAROLYN KASTER/ASSOCIATED PRESS

President Obama and King Salman after their meeting at Erga Palace in Riyadh on Wednesday.

RIYADH, Saudi Arabia—President Barack Obama arrived here Wednesday on a trip meant to provide reassurances to Gulf allies and to bolster his foreign-policy legacy.

With just nine months left in office, Mr. Obama is aiming to steady what have become rocky relationships in the region and to tackle such issues as the fight against Islamic State and countering Iranian aggression. But in Riyadh, the president will find frustrated allies who already have begun to look ahead to the next administration.

Mr. Obama plans to spend about 28 hours in the Saudi capital, holding talks with King Salman followed by a summit with leaders of the six-nation Gulf Cooperation Council.

His arrival in Riyadh was relatively low-key, lacking much of the pomp and circumstance that often greets Mr. Obama as he travels abroad. A red carpet was rolled out on the tarmac for Air Force One, and a handful of Saudi officials welcomed Mr. Obama as he emerged from the plane.

Meanwhile, King Salman was greeting Gulf leaders at another air base downtown. The Saudi monarch often personally welcomes visiting Arab leaders, but not always others. The king didn't see Mr. Obama until the president arrived at Erga Palace.

There, the two publicly exchanged greetings, with the king saying that he and the Saudi people "are very pleased that you, Mr. President, are visiting us." Mr. Obama thanked the monarch for his hospitality.

Also in Riyadh on Wednesday, U.S. Defense Secretary Ash Carter reiterated America's commitment to the security of Saudi Arabia and its other Gulf allies, despite the historic nuclear deal reached between Iran and the U.S. and five other world powers in July. Mr. Carter said the U.S. has agreed to more than $33 billion in arms sales to Gulf states since May.

"The United States shares with our GCC partners the view that even as the nuclear accord verifiably prevents Iran from obtaining a nuclear weapon, there are many more issues to be concerned with regarding Iran's behavior in the region," he said after meeting defense ministers of the GCC, which also includes Kuwait, Oman, Bahrain, Qatar and the United Arab Emirates.

Mr. Obama's trip, perhaps the last of his presidency to the region, serves as a bookend for an administration that once sought a "new beginning" for the U.S. and the Islamic world, but now is confronting the prospect of a tense conclusion to this chapter.

During his first year in office, Mr. Obama traveled to Cairo to deliver what was intended as a hopeful message, urging a relationship between the U.S. and the Muslim world based on mutual interest and respect.

Now, with the end of his second term approaching, Mr. Obama is returning to the region with relations strained and expectations lowered.

A stew of issues, including tensions surrounding the Iran nuclear deal and conflicts in Syria and Yemen, have contributed to the friction. So, too, has Mr. Obama himself.

In a recent interview in the Atlantic magazine, the president complained about Persian Gulf allies, castigating nations that urge the U.S. to act but are unwilling "to put any skin in the game" and calling them "free riders."

The article also recounts a conversation between Mr. Obama and Australian Prime Minister Malcolm Turnbull.

"Aren't the Saudis your friends?" Mr. Turnbull asked the U.S. president. "It's complicated," Mr. Obama told him.

Those comments added pressure to an already stressed relationship.

"This is kind of an awkward visit for Obama," said David Ottaway, a senior scholar in the Middle East Program at the Wilson Center in Washington. "I'm sure they're going to ask him what he means by these comments."

Administration officials say that the U.S. remains committed to supporting the security and the sovereignty of its allies in the region. But they acknowledge that the relationship is complex.

"Given how different our two countries are, there are inevitably going to be differences that emerge," said Ben Rhodes, a deputy national-security adviser to Mr. Obama.

—Ahmed Al Omran contributed to this article.

FAREED KHAN/ASSOCIATED PRESS

Pakistani soldiers cordon off the area where gunmen attacked police who were protecting health workers offering polio vaccinations.

Gunmen Attack Karachi Polio Drive

By Qasim Nauman

ISLAMABAD, Pakistan—Unidentified gunmen killed seven police officers who were guarding people conducting a polio drive in Pakistan's largest city, Karachi.

Eight attackers on four motorcycles and armed with pistols targeted two teams in different neighborhoods of the Orangi area of Karachi on Wednesday, police officials said, adding that the shootings happened within minutes of each other.

The police were deployed to protect the people who were conducting polio vaccinations through a door-to-door campaign, government officials said.

No health worker was harmed, police and government officials said.

The police returned fire, which might have prevented the death toll being higher, police spokesman Qamar Zaib Satti said.

"These brave policemen died protecting the polio teams," said Maj. Gen. Bilal Akbar, director general of Sindh Rangers, a paramilitary force. "Their sacrifice will not be in vain."

Jamaat-ul-Ahrar, a faction of the Pakistani Taliban, claimed responsibility for the attacks in an emailed statement. "This attack is part of our series of attacks against security institutions and the police, which will continue," said Ehsanullah Ehsan, the group's spokesman.

The faction had claimed the deadly Easter Sunday bombing in the eastern city of Lahore that killed at least 72, and threatened more attacks. Its statement on Wednesday didn't mention polio workers, but the group opposes the vaccination program, and has termed it an attempt to "defeat Muslims politically and militarily."

The polio-vaccination drive in Karachi was suspended after the shootings, local government officials said.

Footage aired on local television showed police and paramilitary troops searching the area and marking evidence. One channel showed what it said was footage from a nearby security camera that showed two men walking up to the back of a police van, firing into it and then walking away.

Pakistan and neighboring Afghanistan are the only countries left in the world where polio is endemic. The vaccination campaigns in these countries are part of an international push to eradicate the disease. In 2014, after the World Health Organization declared polio in Pakistan an international emergency, Pakistan made polio vaccinations mandatory.

Polio-vaccination teams operate under the threat of violence in many parts of Pakistan. Dozens of polio-drive team members and security personnel have been killed, with attacks claimed by both Islamist militant groups such as the Taliban as well as vigilantes.

Islamist extremists have in the past accused the vaccination teams of spying for Western governments and some groups also claim that the vaccinations are part of a secret campaign to sterilize Muslim men.

—Safdar Dawar in Peshawar, Pakistan, contributed to this article.

Norway Judge Rules Killer's Rights Violated

By Kjetil Malkenes Hovland

Norway has violated mass killer Anders Behring Breivik's human rights, a judge ruled on Wednesday, a month after Mr. Breivik testified in court that he had suffered inhuman and degrading treatment in prison.

Oslo District Court judge Helen Andenæs Sekulic ruled that by keeping him largely isolated from other prisoners without sufficient measures to compensate for the effects of that isolation, the Norwegian state had violated part of the European Convention on Human Rights.

"The prohibition of inhuman and degrading treatment represents a fundamental value in a democratic society. This applies no matter what—also in the treatment of terrorists and killers," she wrote in a 37-page verdict.

Mr. Breivik, a right-wing extremist, was convicted in 2012 of killing 77 people the previous year in Norway's worst peacetime atrocity. He complained in court in March that Ila prison, where he was first detained, and Skien prison, where he is now serving a 21-year sentence, have violated the human-rights convention by keeping him in isolation, a contention the state denies.

The court said Mr. Breivik's isolation in jail wasn't a violation in itself, but that prison authorities had been too focused on security and hadn't justified why he couldn't see other prisoners. "The prison regime implies inhuman treatment of Mr. Breivik," Ms. Sekulic wrote.

"The most important factors include the duration of [his] isolation, the inadequate justification of whether isolation is strictly necessary and limited administrative opportunity to complain." She said that Mr. Breivik was "mentally vulnerable" and that the prison should be careful about keeping him too long in isolation, although he seemed to have coped so far.

The court also found, however, that the state's denial to Mr. Breivik of visits, phone contact and written correspondence with people supporting his extremist ideology didn't violate the human-rights convention.

Norway's attorney general said that the court exaggerated prison authorities' ability to mix Mr. Breivik with other prisoners and that the court didn't add enough weight on the measures already taken to compensate for the segregation.

Anders Behring Breivik has largely been kept isolated from other prisoners.

"We're surprised," said Marius Emberland, an attorney at the Office of the Attorney General. "In our opinion, the threshold for inhuman and degrading treatment is substantially higher than what the court concluded."

The verdict handed down on Wednesday can be appealed, but if it stands, prison officials will have to consider mixing him with other prisoners or take additional measures to compensate for his segregation.

Norway's attorney general hasn't yet decided whether to appeal the verdict, a representative told reporters.

Ecuador Quake Hits Country Already in Dire Straits

By Sara Schaefer Muñoz and Ryan Dube

PEDERNALES, Ecuador—This coastal city of beach bars, seafood cafes and small hotels was one of Ecuador's success stories, transformed by the country's recent burst of economic growth from a rundown fishing village to a bustling tourist spot.

Now, 80% of its structures lie in ruins as rescuers frantically search for corpses following Saturday's devastating magnitude-7.8 earthquake, which killed at least 525 people and injured more than 4,600 in Ecuador. In Pedernales, residents and officials say, all the recent progress has been erased.

"Pedernales is starting from almost zero," said Mayor Gabriel Alcivar during a brief pause from his tours around the sweltering, debris-laden city Wednesday. "I'm not worried right now, but I'm worried about day 30, day 60, day 200, because people are without houses, and without work."

Rebuilding homes, bridges and roads in places destroyed by the quake is expected to take years and cost billions of dollars, President Rafael Correa said. That is money that the country doesn't have as it faces a deep contraction due to the collapse in oil prices.

"It is the worst moment to face such a catastrophe," said Maggie Barreiro, an economist at San Francisco University in Quito. "The fiscal accounts are empty, and we are having huge problems of liquidity."

Ecuador, the smallest member of the Organization of the Petroleum Exporting Countries, counts on oil for half of its exports. Its dollarized economy has also been hurt by the appreciation of the greenback, making exports like flowers and bananas less competitive.

Ecuador has just $133 million in its treasury, one of the lowest levels in at least a decade, according to the central bank. Tax revenue was down almost 20% at the start of the year, while international reserves had fallen to $2.3 billion from $4.2 billion in August. External debt had doubled to over $27 billion since 2009, according to Observatorio Fiscal, a Quito-based organization that tracks government finances.

The bleak scenario led the International Monetary Fund this month to project that the economy would contract 4.5% this year and 4.3% in 2017, the worst performances in South America after Venezuela. That is a sharp contrast from the previous decade, when high oil prices helped fuel growth that averaged 4.5% a year.

Adding to the challenge is Ecuador's lack of access to financing, which has mainly been restricted to multilateral lenders and China since Mr. Correa opted to default on the country's debt in 2008. Before the quake, some economists were already forecasting that Ecuador would require some $10 billion in financing this year.

"The most likely scenario is a very slow reconstruction," said Vicente Albornoz, the dean of the business and economics faculty at Quito's Las Americas University. "There won't be large investments of resources, a large injection of money or a cascade of private investments."

Officials have tried to remain confident about rebuilding, pointing out that key industrial infrastructure, including pipelines, refineries and dams, weren't destroyed. Mr. Correa said in a news conference Wednesday that public infrastructure withstood the quake relatively well, but acknowledged that there is a long road ahead after the country's worst natural disaster in almost 70 years.

"This isn't going to take three days or three months. This is going to take years and cost billions," he said, adding that officials were preparing economic measures to respond to the crisis.

Here in Pedernales four days after the quake, streets were closed off with shoulder-high piles of rubble, garbage littered the sidewalks and rescue workers and many remaining residents wore paper surgical masks to protect from dust and the pervasive smell of death. In the city's soccer stadium, more than 50 new coffins were stacked in piles awaiting the arrival of bodies extracted from the wreckage.

Officials say they extracted 164 dead, among them dozens of Ecuadorian tourists buried under hotel rubble. Several dozen people were still missing.

GUILLERMO GRANJA/REUTERS

An aerial view Wednesday of Pedernales showed the quake's toll.

Victims Win Right To Collect From Iran

By Brent Kendall

WASHINGTON—The Supreme Court on Wednesday cleared the way for victims of terrorist attacks to collect about $2 billion in frozen funds tied to Iran's central bank.

The court, in a 6-2 decision, ruled Congress acted within its powers when it passed legislation in 2012 that granted victims involved a court case the explicit right to collect the money.

Justice Ruth Bader Ginsburg, writing for the majority, said the legislation was "designed to aid in the enforcement of federal-court judgments" and "does not offend separation of powers principles protecting the role of the independent judiciary."

The ruling was a victory for more than 1,000 victims and family members who sued to hold Iran liable for sponsoring terrorist attacks, including the 1983 Marine-barracks bombing in Beirut and the 1996 Khobar Towers bombing in Saudi Arabia.


MICHAEL DWYER/ASSOCIATED PRESS

Justice Ruth Bader Ginsburg

Iran didn't appear in court for those cases. The victims obtained judgments against the country that amounted to billions of dollars and then embarked on a yearslong legal campaign to try to collect. One target was nearly $2 billion in frozen assets tied to Bank Markazi, Iran's central bank.

Bank Markazi said the funds were part of its foreign-currency reserves. The money was held in a Citibank account maintained by a Luxembourg financial intermediary doing business with an Italian bank that in turn did business with Markazi.

The bank argued that Congress unlawfully changed the legal rules in a pending case. The victims said Congress had the power to change the law, even to influence pending cases.

Chief Justice John Roberts, joined by Justice Sonia Sotomayor, dissented from Wednesday's ruling, saying that lawmakers had intruded on the courts' authority to decide cases.

"Hereafter, with this court's seal of approval, Congress can unabashedly pick the winners and losers in particular pending cases," the chief justice said.

Lawyer Theodore Olson, who argued the case for the victims, said the high court's decision holds Iran accountable for supporting terrorism and "will bring long-overdue relief to more than 1,000 victims of Iranian terrorism and their families, many of whom have waited decades for redress."

A lawyer representing Iran's central bank didn't respond to a request for comment.

The long-running case isn't affected by last year's landmark nuclear agreement between Iran, the U.S. and other world powers. Under that deal, Tehran accepted limits on its nuclear activities in exchange for relief from economic sanctions.

Tubman to Be Featured on $20 Bill

Female abolitionist picked for currency after uproar over losing Hamilton on $10

By Nick Timiraos


GETTY IMAGES

Abolitionist Harriet Tubman will be put on the $20 bill as part of a campaign to celebrate the contributions of female historical figures.

This time, Alexander Hamilton dodged the bullet.

Treasury Secretary Jacob Lew was set to announce plans Wednesday to put Harriet Tubman on the $20 bill, following an extended campaign to solicit public input on his initial proposal to put a woman on the front of the $10 bill, according to a Treasury official.

The subplot over what would happen to Alexander Hamilton, the nation's first Treasury secretary who will remain on the $10 bill, often overshadowed the Treasury Department's campaign to celebrate the contributions of female historical figures.

It isn't clear when the new $20 note will be introduced into circulation. Currency officials began moving ahead with a redesign of the $10 note in 2013, and that bill won't be introduced until 2020.

A woman hasn't appeared on the nation's paper money in more than a century. Tubman, an escaped slave, became a famous abolitionist and ferried other slaves to freedom through the Underground Railroad. She served as a Union spy during the Civil War.

The original plan announced in June would have put a woman on the front of the $10 bill to mark the centennial of women's suffrage. Instead, the back of that bill will now include a vignette to honor leaders of that movement.

Devotees of Hamilton and women's groups that were lobbying for a woman to go on the $20 bill appear to have swayed Mr. Lew's decision.

"Everybody painted the secretary into a corner. This is the only decision he could have made," said Douglas Hamilton, a fifth-great-grandson of Alexander Hamilton who pledged last year to do everything possible to keep his ancestor on the bill.

As it became clear in recent weeks that Mr. Lew was considering the bill switch—moving a woman to the $20 while keeping Hamilton on the $10—other women's groups said Mr. Lew was breaking his commitment to put a woman's portrait on the currency. Redesigning the back of the $10 note could serve as an interim step, but it already drew criticism Wednesday from several prominent women in business and entertainment.

"Could there be a better metaphor for the second-class status that continues to limit our girls," said a letter posted by members of the Makers organization, a women's leadership group, on Wednesday.

The campaign to save Hamilton took on a life of its own after the debut of the popular Broadway musical of the same name last summer. In hip-hop verse, the musical tells the biography of Hamilton, an orphaned immigrant who served as a top aide to George Washington before founding the nation's financial infrastructure.

Hamilton was shot and killed in a duel with Vice President Aaron Burr in 1804.

By contrast, Andrew Jackson, who is currently on the $20 bill, was a wealthy slave owner who resettled large numbers of Native Americans. A prominent critic of paper money, he warned of its "deep-seated evil" in his farewell address. Jackson will move to the back of the $20 bill, a Treasury official said.

The $20 note is the third most widely circulated paper bill and accounted for almost 23% of all bills in circulation last year, according to the Federal Reserve. The $1 note accounts for about 30% of all bills, and the $100 note, about 28%. The $10 note represents fewer than 5% of all bills.

The U.S. was ordered by a federal court in 2008 to redesign several bills to include tactile features for the blind and visually impaired. Officials concluded in 2013 that the $10 bill should go first, which made it the best vehicle for Mr. Lew to ensure a woman would arrive on the currency in the near future.

A gaggle of federal agencies decide on currency-security features, but the Treasury Department has broad powers for the visual displays.

Money can't feature living persons. The last paper currency to print a woman's solo portrait was a $1 silver certificate issued in 1891, which featured Martha Washington.

Michigan Officials Charged Over Tainted Water

By Kris Maher


JAKE MAY/THE FLINT JOURNAL/ASSOCIATED PRESS

Michigan Gov. Rick Snyder filling jugs with filtered Flint tap water, which he said he will drink for a month.

Two Michigan environmental regulators and a Flint water-plant supervisor have been charged in the first criminal case stemming from federal and state investigations into lead contamination of the city's drinking water.

Michigan Attorney General Bill Schuette on Wednesday announced charges against Stephen Busch, who was a district supervisor in the Michigan Department of Environmental Quality's Office of Drinking Water and Municipal Assistance during the water crisis; Michael Prysby, a former district engineer with the DEQ; and Michael Glasgow, a supervisor at Flint's water-treatment plant.

Messrs. Busch and Prysby were each charged with three felony counts, including for allegedly misleading federal environmental officials and tampering with evidence related to lead testing of Flint's water. Mr. Prysby faces an additional felony count for authorizing the operation of the Flint water-treatment plant when he allegedly knew it couldn't provide safe drinking water. The men face two misdemeanor counts.

Mr. Glasgow was charged with one felony count of tampering with evidence and a misdemeanor count of willful neglect of duty. Prosecutors allege that he tampered with 2015 water-monitoring reports. Attorneys for the men couldn't be reached for comment.

Ari Adler, a spokesman for Michigan Gov. Rick Snyder, said the governor has supported the investigations into Flint's water crisis. "The governor has said from the beginning of this crisis that the state will vigorously pursue any evidence of wrongdoing and hold people accountable," Mr. Adler said.

Bringing criminal charges against government officials for failing to safeguard public drinking water is highly unusual, but legal experts had expected prosecutors to act given the severity of Flint's lead contamination and the public outcry.

Charges involving illegal discharges into waterways, while still rare, have been more common against government employees, said David Uhlmann, a law professor at the University of Michigan and former chief of the Justice Department's Environmental Crimes Section.

While violations of federal drinking-water standards are fairly common, few rise to the level of seriously jeopardizing the public's health, according to Mr. Uhlmann. He said he couldn't find a single criminal charge brought under the federal Safe Drinking Water Act in federal court involving public drinking-water systems between 2005 and 2014.

Criminal charges for failing to safeguard public drinking water are unusual.

Still, he said prosecutors could face an uphill challenge in Flint. "What happened in Flint is a terrible tragedy, but that does not mean that state and city officials acted with the criminal intent required to sustain a conviction," he said.

Flint's drinking water became contaminated when the city switched to using the Flint River as its water source from April 2014 to October 2015. During that time, state regulators failed to require the use of a chemical to prevent corrosion and lead leached into drinking water from aging service lines running to homes.

Whether bureaucratic missteps or criminal misconduct left the city of nearly 100,000 exposed to potentially hazardous levels of lead has been a question at the heart of efforts to understand what went wrong.

Mr. Snyder and others have pegged most of the blame for the contamination on state regulators who he said failed to follow a federal regulation intended to keep lead out of drinking-water systems. Mr. Snyder said he was misled by those regulators and didn't know the scope of the problem until October. He also has called for the state to implement rules that go well beyond what the federal government requires.

Mr. Snyder, who has faced calls for his resignation, said this week that he would drink Flint tap water for at least a month.

Despite the release of tens of thousands of emails and other documents by the Snyder administration, state and federal officials have yet to pinpoint why Flint didn't put measures in place that would have prevented the corrosion of lead pipes.

Mr. Glasgow, the supervisor at the Flint treatment plant, testified at a state legislative hearing last month that he wanted more staff and other changes before using the Flint River as a water source but was denied by officials in Flint, which was then run by a state-appointed emergency manager.

Mr. Glasgow also testified at the hearing that during a meeting at the Flint water-treatment plant shortly before the city started using the Flint River, he asked Mr. Prysby of the DEQ how often he would need to monitor levels of an anticorrosive chemical. Mr. Glasgow testified that Mr. Prysby said the city wasn't required to add the chemical.

U.S. Watch

HEALTH

Life Expectancy Falls For White Americans

Life expectancy fell for the U.S. white population in 2014 and remained flat for all population groups combined, according to data released Wednesday by the Centers for Disease Control and Prevention, showing how increases in death rates from suicides, drug overdoses and related causes are threatening an important measure of health and prosperity.

The number of years a white American born in 2014 could be expected to live fell to 78.8 years from 78.9 years the year before, according to the CDC. The change was driven largely by women.

Non-Hispanic white women live longer than men and African-Americans of both genders in the U.S., with a life expectancy at birth of 81.1 years in 2014, according to the CDC. That is a slight decline from 2013, when it was 81.2 years.

"Basically, we're back to where it was in 2009," said Elizabeth Arias, the author of the report, in an interview.

Life expectancy for non-Hispanic white men, at 76.5 years, also fell last year, but by a small amount that isn't visible because of rounding, Dr. Arias said.

Such reversals, even small ones, are unusual for wealthy nations, where people tend to live longer with each successive generation as health care and public safety improve and the standard of living rises.

Still, there were improvements for some groups: African-American men gained 0.4 year of life expectancy in 2014, to 72.2 years.

Deaths from suicides, drug overdoses and similar causes appear to be playing a bigger role. Research published in November showed that white middle-aged Americans—both men and women—have been dying at a rising rate since the beginning of this century, in large part because of suicides, alcohol abuse and chronic liver diseases.

—Betsy McKay

ECONOMY

Existing-Home Sales Rose 5.1% in March

Sales of previously owned homes rose in March, a sign of recovery in the market after a rocky start to the year, although inventory remained tight.

Sales rose 5.1% in March from the prior month to a seasonally adjusted annual rate of 5.33 million, the National Association of Realtors said Wednesday.

February's sales pace was revised down slightly to 5.07 million. March's sales were 1.5% higher than a year ago.

The "underlying reality remains the same: Housing demand is solid and steady, but there aren't enough houses on the market to keep up," said Stephen Stanley, chief economist at Amherst Pierpont Securities.

The National Association of Realtors said there were 1.98 million existing homes available for sale at the end of March, down 1.5% from a year earlier and a 4.5-month supply at the current sales pace.

Lawrence Yun, the association's chief economist, described demand as sturdy but said buyers at the low end of the market face limited inventory, while the stock market's rough start to the year may have discouraged high-end home sales during the "bouncy" first quarter.

"The choppiness in sales activity so far this year is directly related to the unevenness in the rate of new listings coming onto the market to replace what is, for the most part, being sold rather quickly," Mr. Yun said.

Tight supply prompted potential buyers to snap up homes more rapidly as they came on the market. Homes stayed on the market for an average of 47 days in March, down from 59 days in February.

Limited supply has also had an impact on prices: The national median sale price for a previously owned home last month was $222,700, up 5.7% from a year earlier, marking the 49th straight month of year-over-year gains.

—Harriet Torry

Trump, Clinton Gain Some Breathing Room

CAPITAL JOURNAL
GERALD F. SEIB

In an election season in which very little has gone according to expectation, New York did: Its big primary was kind to both parties' presidential front-runners, and just when they needed that.

Donald Trump won a resounding victory, easily the biggest and most persuasive of the campaign. Hillary Clinton also won a convincing victory, and an essential one. Both strengthened their commanding leads heading into the primary home stretch.

New York won't be enough on either side to prevent a high level of turbulence during that run. Republicans still face trench warfare between Mr. Trump and Sen. Ted Cruz over uncommitted delegates; Democrats still face a struggle between the candidate of the party's head, Mrs. Clinton, and the candidate of its heart, Sen. Bernie Sanders.

Still, New York went a long way to clarify matters on both sides. Mr. Trump's victory did as much as anything so far to solidify his status as the clear front-runner, and the man best positioned to get the Republican Party's presidential nomination.

His victory speech was calmer and more dignified, presented by a man who thinks he is on his way from mere candidate to nominee.

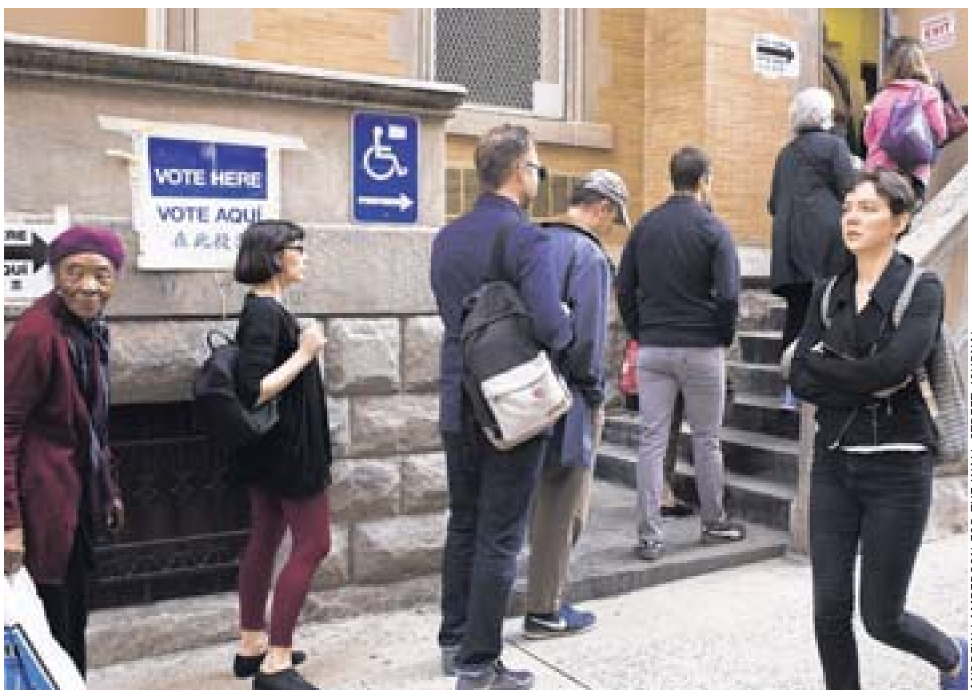
Indeed, though delegate details weren't clear yet, the victory was big enough to allow him and his team to think they will get reasonably close, down the line, to the magic 1,237 needed to win the nomination.

But close is still only that—close, but not quite there. That still leaves Mr. Trump a steep climb to actually secure the nomination.

A big win was what was expected in Mr. Trump's home state, one of the rare places where he has had significant party-establishment support. The states ahead will be more of a mixed bag.

The giant California primary on June 7 will matter more than it has in decades; and the weeks between that contest and the Republican convention in July now figure to be marked by the kind of wooing of unattached delegates unseen since the 1976 race between President Gerald Ford and upstart conservative favorite Ronald Reagan.

On the Democratic side, Mrs. Clinton took care of business in the state she once represented in the Senate. Her victory added to what appears to be her insurmountable lead in delegates—provided the hundreds of party leaders who hold superdelegate status and can vote as they please at the convention stick with her.



ANDREW LAMBERSON FOR THE WALL STREET JOURNAL

People in Manhattan waited in line to vote during New York's presidential primary on Tuesday.

Yet New York will be remembered as the state where the Democratic race went from healthy contest to ugly grudge match. The bad blood between the Clinton and Sanders campaigns, and the candidates themselves, worsened.

Both probably suffered damage in the process. Mr. Sanders's attacks on Mrs. Clinton—which now all but proclaim that she is a servant of special-interest money—appear to be helping drive up negative feelings toward the former secretary of state, and not just among Republican voters.

Independent voters and Sanders supporters that Mrs. Clinton would need as the party's nominee also appear affected.

Yet Mr. Sanders may have done himself some damage in New York as well. Party regulars—including, presumably, the superdelegates he would so dearly like to woo away from Mrs. Clinton—increasingly are angry at the damage he risks doing to the woman most assume will be the party's nominee and the person who could stand between Donald Trump and the presidency.

There was a time when Mr. Sanders appeared to be campaigning to make a point. And indeed, some around him still think that is the most likely outcome of his effort: He will accumulate enough strength by time of the convention to steer the party's platform and its ruling principles for the years ahead.

Yet Mr. Sanders himself, and those who lead his campaign, now act as if they are convinced they just might be able to pull off a miracle, delegate math be damned, and win.

Much as the Clinton camp resents the Sanders attacks on their candidate, the Sanders camp resents the Clinton team's belittling of their candidate.

The raucous televised debate between Mrs. Clinton and Mr. Sanders before the New York primary represented a kind of watershed in these contrasting narratives, with both candidates emerging angry and perhaps even embittered.

It was not a scene that suggested either a quick end, or a pretty one. Still, Mrs. Clinton, in her Tuesday night victory speech, tried to start calming the waters, at least with Sanders supporters, saying "to all the people who supported Sen. Sanders, I believe there is much more that unites us than divides us."

In recent cycles, when the primary calendar turned to late April, the presumptive nominees seemed secure enough to start thinking about vice-presidential nominees, and even transition teams to start planning what to do after a November victory.

In 2016, we're not quite there—but New York may have brought us closer.

EU Takes Tougher Stance on Google

BY NATALIA DROZDIAK AND STEPHEN FIDLER

BRUSSELS—For **Google**, it's a tale of two continents.

On one side of the Atlantic, European competition authorities unveiled on Wednesday a second set of charges against the **Alphabet** Inc. subsidiary, this time over its Android operating system. On the other side, Canada dropped its probe against the company this week, following U.S. regulators that have so far found that Google's conduct raises no antitrust concerns.

Why the difference? Many Americans assume it is largely explained by a protectionist European response to the dominance of U.S. technology companies.

European Union officials vehemently deny any such effort. Experts in competition law say the trans-Atlantic divide is explained by a host of other factors, including contrasting legal processes, distinct views on the free market and different benchmarks for what constitutes anticompetitive behavior.

True, Google and the other U.S. tech giants don't have the political sway in Brussels that European officials believe they have in Washington, where they have provided an important growth story since the 2008 financial crisis.

But a bigger contrast lies in the greater power that resides in the competition authority in Europe and in the person of the competition commissioner, currently a Danish politician, Margrethe Vestager, who took over in November 2014.

FRANCOIS LENOIR/REUTERS

The Android case began under Margrethe Vestager's watch.

Since Ms. Vestager took over, her department has laid out its stall, targeting America's biggest tech companies, including Amazon.com Inc. and Qualcomm Inc., with a slew of antitrust probes. Some major U.S. corporations are among companies that have found their tax deals with European governments under scrutiny using her department's powers to investigate illegal state aid.

Google has been her highest-profile target. She announced charges last year related to Google's comparison shopping service, a case started by her predecessor. But the Android case was launched under her watch and carries her personal signature.

In its various investigations into Google's conduct, the commission has clashed with Google over the tech giant's alleged maneuvers to exploit its powerful position to prioritize the company's own services and impede rival efforts. In Android and through the company's shopping service, it views Google as hurting consumers by limiting their options.

But in response to the commission's charges against Android, Google general counsel Kent Walker rejected the claims, saying the mobile operating system was "good for competition and good for consumers."

In her speeches on her approach to the role, Ms. Vestager has emphasized fairness, suggesting she is looking out for the underdog who may find it hard to enter markets dominated by behemoths.

In an interview with The Wall Street Journal earlier this month, she said that the law should ensure small players have "a fair fighting chance."

In the U.S., antitrust regulators have a high bar, needing to prove a criminal case in a court that can mete out jail sentences as well as fines. Class-action lawsuits can multiply the financial damage to those found guilty, also increasing the deterrent to anticompetitive behavior.

In the EU, the process is administrative. Nobody will go to jail and the worst outcome will be fines, of up to 10% of company revenues, and demands to change conduct.

An appeal is possible to the EU's top court, but lawyers say the court tends to look for legal and procedural errors rather than to create precedent for future competition cases.

David Anderson, Brussels-based partner at Berwin Leighton Paisner LLP, says some in the U.S. are uncomfortable with a process in which they see the commission acting as "prosecutor, judge and jury" in relation to antitrust investigations, decisions and fines.

CHARGE

Continued from Page One

cash-cow search engine into the mobile world.

Last year, Ms. Vestager filed formal charges against Google accusing the firm of using its search engine to boost its relatively small comparison-shopping business.

This year's charge sheet takes aim at Google's main business of selling ads that appear when users search the Internet. Helped in part by Android, Google has become the biggest seller of mobile advertising with an estimated 35% of the $70 billion global mobile-ad market in 2015, according to eMarketer.

Morgan Stanley predicts that when Google parent Alphabet reports first-quarter earnings Thursday, the firm's mobile-search revenue will total $4.78 billion, up 60% from a year earlier and representing nearly one third of Google's overall ad revenue from all of its websites.

"If Google were to be no longer the default search engine on phones, that could have a negative impact on its business," said Mark Mahaney, an analyst at RBC Capital Markets, who has described Google as an Internet utility.

But he added that it isn't clear how long the impact would last, as many users would potentially switch back to Google anyway: "It's a hard thing to remedy at this point."

Lobbyists argued that intervention in such cases could do more harm than good.

The Android charge is based on evidence of wrongdoing dating back to 2011, the EU official said. Ms. Vestager opened a formal probe into Google's conduct with Android last April based on complaints from rivals, the first of which was filed in April 2013 by FairSearch, a coalition of technology companies.

The EU official said Wednesday that "major Android manufacturers and the major European telecoms companies" were the ones that the EU alleges have been forced to install Google's search engine. The companies cooperated with the investigation but most of them didn't want to be named because they feared retaliation by Google, he said.

Antitrust lawyers said the commission was on solid ground in levying charges at Google over its exclusivity payments. "If Google is paying smartphone makers money so that they pre-install Google search and no other alternative search engine, then the commission's move is completely understandable," said Kai Neuhaus, a Brussels-based lawyer at CMS Hasche Sigle. "Google as a search provider is already very strong, and this allows it to solidify its position even further."

But technology executives and lobbyists on Wednesday argued that intervention in cases like Google's could do more harm than good, pointing to the decision Tuesday by Canada's competition authority to close its probe of Google's practices involving Android. In particular, some critics argued that the charges effectively penalize Google for making an operating system that any manufacturer can use, even if there are conditions, unlike **Apple** Inc.'s iOS, which is entirely proprietary.

"The danger is that you do something which just helps some players in the market and doesn't help consumers," said James Waterworth, Brussels-based vice president of the Computer & Communications Industry Association, a lobby group for tech firms including Google. "Some people don't like having to compete with Google. So they would like the commission's help."

STOCKS

Continued from Page One

tinational-heavy DAX has lagged behind the S&P 500, an index it has closely tracked in recent years.

"I'm looking at it with a bit of amazement," said Philippe Gijsels, chief strategist at BNP Paribas Fortis.

Going into the year, Europe seemed much more attractive than other regions, Mr. Gijsels said. Like many investors, he was counting on the ECB to boost stocks in the new year.

"If you asked for forecasts in December, pretty much every man and his dog would say the eurozone and Japan would outperform the U.S., because they have quantitative easing," said Abi Oladimeji, chief strategist at Thomas Miller Investment.

But investors have grown skeptical about the impact those measures will have on risky assets, while an unexpectedly dovish stance on U.S. interest rates from the Federal Reserve in March has helped drive a 4.7% gain in the euro against the dollar this year.

The euro's relative strength has held back European stocks, analysts said, while favoring U.S. multinational stocks, whose profits had suffered in 2015 from a stronger currency.

European stocks have also been battered this year by their greater exposure to emerging markets, suffering disproportionately in the general wave of risk aversion that spread around the world.

But the problems at home have been just as troubling. Growth rates across Europe remain subdued, while inflation expectations in the eurozone have yet to stage a meaningful rebound.

Unemployment in Europe's periphery remains well above precrisis levels, while expectations have risen for an election in Spain this summer that could further complicate efforts to tackle the country's budget deficit.

Disagreements between Greece, the International Monetary Fund and European creditors are adding to the unease. Uncertainty over the outcome of the U.K.'s June referendum has also hit investors interest in taking risks across the region.

"If you're worried about Brexit and Italian banks, you play it safe and buy U.S. stocks," said Luca Paolini, chief strategist at Pictet Asset Management. "You can be right on a lot of things, but if you're wrong on Brexit, forget the ECB or a recovery in earnings—you'll see significant underperformance in Europe."

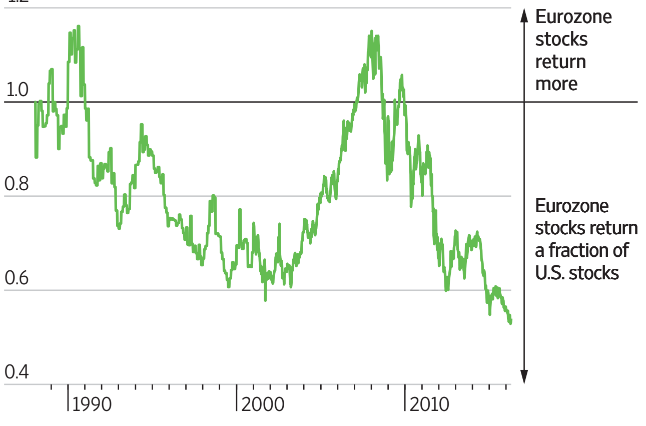
Europe's shares have been performing better in recent sessions. The Stoxx Europe 600 has risen for seven of the past eight trading days, outpacing gains in the S&P 500.

Some investors say the gap could narrow further, especially as recent easing measures from the People's Bank of China have calmed nerves over the health of the country's economy.

"China is not collapsing, and as that realization comes home to roost, it will favor Europe," said Mike Bell, a market strategist at J.P. Morgan Asset Management.

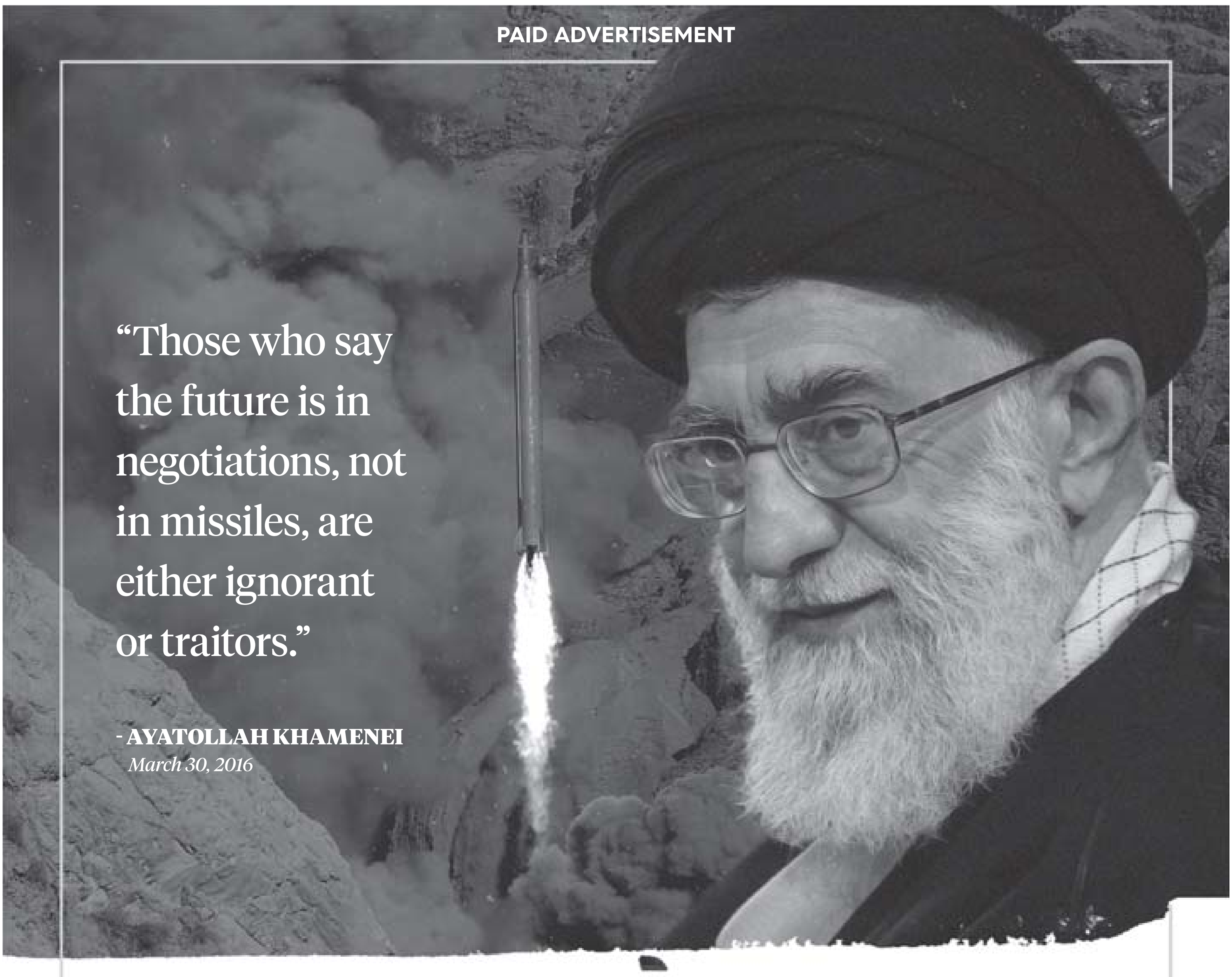
A New Low

Ratio of the U.S.-dollar return on eurozone stocks to that on U.S. stocks, based on MSCI indexes



Note: Weekly data as of April 15
Source: Thomson Reuters Datastream

THE WALL STREET JOURNAL.



AGENDA FOR THE GCC SUMMIT:

HOLD IRAN ACCOUNTABLE

The Iranian Regime continues to be a leading source of instability, chaos, and violence throughout the Middle East as evidenced by its sponsorship of terrorism, testing of ballistic missiles, and determination to dominate the region.

The historic U.S. – Gulf Cooperation Council (GCC) partnership is a robust alliance of 7 states, representing a combined GDP of close to $20 trillion. When compared with Iran’s GDP of $396.9 billion, these nations have the collective leverage to counter the Iranian regime’s hegemonic ambitions. The April 21 Gulf Cooperation Council Summit provides a strategic opportunity to put that leverage to use.

Therefore, United Against Nuclear Iran calls on the United States and GCC leaders to commit at this week’s summit to the following actions to thwart Iran’s dangerous behavior:

IRAN BUSINESS RISKS:
The U.S. and GCC must actively engage their partners and friends in Europe and Asia to remind and advise them that Iran’s continued bad behavior results in a business environment that is much too risky for responsible firms to enter.

SEND MESSAGE TO IRAN BY CURBING BUSINESS ACTIVITY:
Because of Iran’s continuing irresponsible actions, the U.S. and GCC should discourage investment in Iran’s economy and also discourage businesses in key sectors that operate in the U.S. and/or GCC from doing business in Iran.

STRENGTHEN AND MAINTAIN FINANCIAL RESTRICTIONS:
The U.S. and GCC should strengthen and maintain existing restrictions on Iran’s access to the global financial system because of continued money laundering, support for terrorism, and regional destabilization activities.

ENSURE STABILITY AND PREVENT IRANIAN HEGEMONY IN THE REGION:
The U.S. and GCC should agree to strong security assurances — including in cyberspace — and project a unified front in response to Iranian aggression.

ENFORCE EXISTING SANCTIONS AND ADOPT NEW ROBUST SANCTIONS ON THE IRGC:
Tough sanctions must be enforced and further sanctions adopted against Iran’s Islamic Revolutionary Guards Corps (IRGC), key personnel, and its widespread network of front companies.

COUNTER HEZBOLLAH:
Building on U.S. sanctions and the GCC’s recent actions, the U.S. and GCC should commit to strengthen and coordinate efforts to counter Iran’s primary terrorist proxy Hezbollah.

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How Do You Survive Office Competition?

BY SUE SHELLENBARGER

Every office has at least one—the hypercompetitive employee who's out to win at all costs.

These adversarial types go beyond striving for success. They turn every endeavor into a competition, whether it is intended to be or not, psychologists say. And they spark strong reactions in colleagues, from fighting back to just shutting down.

WORK & FAMILY

Competition is often healthy and encouraged at work, of course. People who compete in a healthy way see it as a route to developing their skills, reaching shared goals, staying motivated and thriving on the job.

Research on hypercompetitors sets them apart. Intense rivalry is linked with a win-at-any-cost mind-set and a tendency to ignore the perspectives and decisions of others, according to three 2010 studies of more than 20,000 online-auction participants and 400 others surveyed by Deepak Malhotra, a professor of business administration at the Harvard Business School. Other research shows highly competitive people focus on attaining status over getting work done, and readily put their own interests above others'.

How we react to competition varies widely. People may be conditioned by childhood experiences to see a hypercompetitive colleague as a challenge—and to respond by trying harder—or as a threat, triggering a retreat into fear and anxiety.

It is rooted partly in genetics: Scientists have identified a "warrior" variant of a gene linked to performance under pressure, which confers an advantage in threatening situations, and a "worrier" variant linked to poor performance, according to a 2015 study by researchers at Eötvös Loránd University of Budapest.

These tendencies shape early decision-making. College students who are competitive by nature tend to aim toward competitive jobs, such as coaching, according to a 2015 study led by John M. Houston, a psychology professor at Rollins College, Winter Park, Fla. Those who are less competitive train for more collaborative jobs, such as school counseling.

People who become anxious and shy away from hypercompetitors in the workplace often hurt their own performance, says Shelley Reciniello, a New York psychologist and author of "The Conscious Leader." After one executive was confronted by a rival with a harsh critique of her speaking skills, "she lost her footing. It started to get to her," and the executive began stumbling during presentations, Dr. Reciniello says.

MITCH O'CONNELL FOR THE WALL STREET JOURNAL

FOUR PERSONALITY TYPES

Competitive people set off various reactions. Recognizing your response helps you avoid hurting your own performance.

(1) Strivers welcome competition as a challenge and step up their game.

(2) Warriors focus on winning and don't hesitate to use sneaky or selfish tactics to get what they want.

(3) Avoiders withdraw and shut down when challenged to compete.

(4) Worriers feel anxious in the face of competition. Stress or self-doubt may cause them to perform poorly.

Such confrontations can stir a visceral response so powerful that it blindsides people, she says. "They know they feel angry, they feel sick, they feel sad. They find themselves having revenge fantasies," Dr. Reciniello says.

Equally at risk on the job are those who prefer to sit out any competition. "Some people don't even want to compete," says Steve Sims, chief product officer for Badgeville Inc., a maker of motivational tools for the workplace. If you show such a person a leaderboard of the top 10 performers in the office, "that person will drop out."

Patti Johnson first noticed a colleague's hypercompetitive behavior when she was vying with the woman for a promotion years ago. She withheld information Ms. Johnson needed to do her job, and took credit with the boss for work they had done together, says Ms. Johnson, chief executive officer of PeopleResults, a Dallas human-resources consulting firm.

"I realized it was part of my job to manage her," Ms. Johnson says. She insisted the boss include her in meetings on joint projects and kept her boss well-informed about her contributions. "I made it more and more difficult for her to throw tacks on the road," she says.

At times, the presence of super-competitive people can spur others to achieve more. Jay Bower says feeling overmatched early in his career by warrior types with Ivy League M.B.A.s drove him to study nights for 4½ years to get his M.B.A. too. Knowing he lacked skills his co-workers had "was kind of a searing experience for me," says Mr. Bower, president of Crossbow Group, a Westport, Conn., marketing-services firm.

Deciding whether to confront an ultra-competitive colleague can be tricky. "It depends on the situation. You have to look at what you stand to lose," says Susan Packard, author of "New Rules of the Game," a book about how women can compete at work.

A little political maneuvering by a rival might not hurt much. But if a hypercompetitor starts interfering with your career goals, or with the funding or resources you need to do your job, you have to act, she says.

The first step is to be aware of your own reactions. Then, practice confronting co-workers, if necessary, to insist that they stop undercutting teammates or shared goals.

Gather specific examples of the hypercompetitor's bad behavior and the reactions it caused. A hypercompetitor won't understand what you're asking unless you explain the behaviors that need to end, says Jessica Bigazzi Foster, a senior partner with RHR International, a Chicago leadership and business-psychology consulting firm. Prepare to explain how the behavior is hurting the business or the team.

Consider practicing what you plan to say, to help you control your emotions, and write a script to keep the conversation on track, Dr. Reciniello says. Super-competitive people "will do everything to get you off point."

Start on a positive note, says Elaine Varelas, managing partner of Keystone Partners, such as, "You're very successful and I appreciate that. What I find very difficult in working with you is that you don't share information." Then give examples and describe the behavior you'd like in the future.

Employees who are stuck with a hypercompetitive colleague may not get much help from the boss, at least at first. The dark side of a hypercompetitor often goes unnoticed because the boss sees an "aggressive, results-oriented person," says Ralph Roberto, president of Keystone Partners, a Boston career-management consultant.

Retooling the Tuileries

BY INTI LANDAURO

PARK LIFE The Tuileries, above, is being revamped to increase green space, right.

MUSÉE DU LOUVRE (2)

THE GRANDE DAME of Parisian parks is getting a face-lift.

Created in the 16th century by Catherine de Medici, the Tuileries Gardens has long been a favorite spot for Parisians and tourists to meet, stroll and picnic. Running from the Louvre west to Place de la Concorde and dotted with cafés, playgrounds, statues, flower beds and fountains, the park attracts around 14 million visitors annually, according to the Louvre, which took over management of the Tuileries 11 years ago.

The high foot traffic, combined with larger events such as fashion shows and an annual summertime Fête des Tuileries funfair, have eroded the park's green space. Greenery in the Tuileries currently accounts for only 40% of the garden's 56 acres.

Now, the Louvre plans to restore the garden, a protected historical monument, to its former glory, adding grass, plants and trees to bring the space closer to the designs of renowned 17th-century French gardener André Le Nôtre, who was one of the first to re-landscape the park.

"We want to return to the original—but keeping what has been done to it through the centuries," says Isabelle Glais, Louvre deputy director for the gardens. "It's a kind of courtesy, we want to keep the traces of the past."

The overhaul, which will be launched in the coming weeks, is expected to cost around €15 million ($17 million) and take 10 years to complete. The park will remain open throughout, though some areas may be closed while they are revamped. One section, the northern bosquet, was restored last year.

The museum plans to help finance the project through private sponsors, Ms. Glais says. The Louvre spends €6 million a year on maintenance costs, with a third of those funds coming from special events like the Fête des Tuileries.

Though the park has gone through revamps before, most recently in the 1990s, the Tuileries took on its current shape during the reign of Louis XIV. Le Nôtre, who also created the gardens for Versailles and countless royal and noble residences, was tasked with designing an outdoor space befitting the Sun King's newly renovated Palais des Tuileries. He created one of the first *jardins à la française*, using symmetry and order to tame nature.

Le Nôtre, who lived in a small house in the Tuileries after he retired, is still revered by landscape architects today for the way his work played with shapes and perspectives to both impress visitors and entice them to walk further into a space. "Whereas many are working now with test and trial, he would do the math," says Louis Benech, a French landscape architect whose own work on the last Tuileries revamp made him a sought-after designer. "He was working on the top science discoveries of his time on optics."

Le Nôtre's grand geometric patterns and his plans for the garden's central alley to continue west with a grand avenue that eventually became the Champs-Elysées were the first attempts at urban planning in Paris, according Mr. Benech. The park's axis—and its extension—structured the western part of the city, he says, including La Defense business district three centuries later.

Once the exclusive haunt of nobility, the Tuileries was one of the first gardens opened to those outside the court when Louis XIV allowed *les honnetes gens* (honest "respectable" people) to enter. It was the place where the wealthy paraded their new outfits, setting off fashion trends. Four centuries later, the garden is now a favorite setting for designers to show off their latest creations during Paris Fashion Week. Tourists and Parisians still parade down its grand alleyways.

But so many footsteps have tamped down the sand, making it less permeable to rain and thus harming the trees. Adding to the erosion, wind often blows down the alleys, creating sand clouds that leave passersby's shoes and the Louvre Pyramid filthy. Seeping into every crevice, sand is a particular problem for the two smaller museums located in the garden: L'Orangerie, with its massive Monet waterlilies, and Le Jeu de Paume. "We are testing different types of sands: silicate sands instead of the limestone ones currently spread on the soil," says Ms. Glais.

Wind and rain have also eaten away at the park's statues, erasing faces, hands and swords. The museum plans to restore some of the works, some of which were installed 300 years ago. The most valuable sculptures—such as the huge marble "Marly Horses" by Guillaume Coustou—were replaced long ago with copies.

Though the Louvre intends to keep some of the more unusual additions to the garden—such as Giuseppe Penone's 46-foot-long bronze "Albero delle vocali (Vowel Tree)" from 2000 and a group of Asian palm trees planted in one corner of the garden—Mr. Benech says the museum isn't being audacious enough. "They could be more modern without denaturing the garden, using all the tools that exist now," he says. "For the rose garden, for instance, they could use new varieties that flower several times a year."

While the surface area dedicated to cafés and playgrounds won't change, the Louvre will add more trees along the garden's alleys and expand the greenery. The walls of two ramps located near the exit to Place de la Concorde will be covered with vines, and the flower beds that run throughout the garden and are planted to match the themes of the Louvre's exhibitions, have already been extended. This year gardeners planted hyacinths and lavender. In early April, their scent wafted through the air as visitors strolled near the large octagonal pool on the west side of the garden.

MUSIC FESTIVALS

Talent in the Fine Print

BY JIM FUSILLI

NATE WATTERS/COACHELLA

Mbongwana Star performing at Coachella on Friday.

Indio, Calif.

IF THE COACHELLA Valley Music and Arts Festival, which ends next weekend, is the premier event of its kind in the U.S., it's not due to its headliners. This year they weren't all that special: a reuniting Guns N' Roses, which hasn't released worthy new music in almost 25 years; Calvin Harris, perpetrator of cliché EDM tracks; and LCD Soundsystem, James Murphy's project that disbanded with much fuss in 2011 and is now back for a round of festival appearances.

But lackluster headliners can be rendered an afterthought by Coachella's deep lineup. With more than 200 acts this year, the most interesting performers were found at the bottom of the bill in small font.

The tiny-type acts tend to go on early. Bands that performed around noon included Ex Hex, a punk trio; the charming folk-punk duo Girlpool; Hælos, which taps into trip-hop; dance-pop's Phases; punk-pop's Sheer Mag; and Steady Holiday, the stage name of singer-composer Dre Babinski. It's worth noting that all these emerging groups feature women in prominent roles. Another gratifying noontime act was the Congolese band Mbongwana Star, in which wheelchair-bound singers Coco Ngabali and Théo Nzonza fronted a funky trio that played with drive and elasticity.

Coachella '16 has been especially internationally minded, with rap from South Korea via Epik High; a rejuvenating take on reggae by Jamaica's Chronixx and Protoje; ballads by the songstress Tei Shi, a native of Argentina; and clever jazz-minded electronica by Austrian producer Parov Stelar. In the Yuma tent, the air-conditioned dance club on the festival grounds, a range of slinky, seductive house music was spun by producers from Indonesia, Nigeria, South Africa and Venezuela.

On Friday, concertgoers could have programmed a personal bill comprising only acts from France: Ibeyi, the twin sisters who wove the rhythms of Cuba into their fiery soul and down-tempo electronica sung in English and Yoruba; the delightful Christine and the Queens, a project of Héloïse Letissier that blended pop, dash and dazzling choreography; M83, the producer-turned-rock star who commanded the main stage (thus earning big type).

Indulging in such self-directed programming mirrors how today's popular music ignores not only geography, but genre, too. Coachella presents more dance music than any other kind of popular form, but guitar-based rock was well represented. High points, in addition to the above-mentioned tiny typers, included Autolux, Dan Auerbach's the Arcs (with a guest appearance by Joe Walsh), the Last Shadow Puppets, Unknown Mortal Orchestra and the powerful quartet Savages. Then there was Courtney Barnett, a priceless gem who appeared in tiny type in 2014 at her first Coachella and continues to dazzle with her insightful songwriting, raucous electric guitar and unassuming stage persona.

There was a little bit of excellence for every taste. The British jazz trio GoGo Penguin played an exhilarating set before a club-size crowd, and saxophonist Kamasi Washington and his band erased the line between jazz and funk. Country artist Chris Stapleton packed a tent to overflowing, his gruff, soul-inflected voice as affecting as always. Seventy-six-year-old Mavis Staples mixed folk, gospel and soul, jumping from early-'60s tunes to a cut from her 2016 album, "Livin' on a High Note."

By offering so many tiny-type acts for discovery and ensuring attendees can program their own Coachella, the festival announced, however subtly, its intention to reflect not only how contemporary music is accessed—by choice rather than dictated by commercial classifications—but also to suggest that multicultural cross-pollination may provide a wealth of artists in the years ahead.

Mr. Fusilli is the Journal's rock and pop music critic.

WSJ BOOK CLUB

The Other Brontë Sister

BY BRENDA CRONIN

HISTORICAL NOVELIST Tracy Chevalier infuses life into centuries-old subjects such as family feuds, a famous painting and a radical poet. When she read Anne Brontë's 1848 work, "The Tenant of Wildfell Hall," she was struck by its "surprisingly modern" feel. The story of a woman who runs away from her abusive husband was considered scandalous when it was published. Ms. Chevalier was amazed that the author was the meek and devout baby of the literary dynasty.

"Wildfell Hall" "came out of nowhere" said Ms. Chevalier, the host of the WSJ Book Club. "When it was published, it was viewed with horror. Most people said, 'Don't ever let your daughters read this!' " She has chosen it for our next read.

Although not as celebrated as Charlotte Brontë's "Jane Eyre" or Emily Brontë's "Wuthering Heights," "Wildfell Hall" makes the case for a woman's independence, leading some scholars to call it the first feminist novel.

The Brontë sisters and their brother, Branwell, worked to support the family. Charlotte and Emily "hated being governesses," Ms. Chevalier said, and while Anne also was uncomfortable working as a hybrid of servant and family member "she just sucked it up and stuck it out." Anne poured her miserable experiences at work and at home—where Branwell had started his downward spiral into alcohol—into "Wildfell Hall."

Ms. Chevalier is no stranger to the Brontës: She has been steeping herself in the family to prepare for this year's 200th anniversary of Charlotte's birth, and she is the editor of "Reader, I Married Him," a new collection of stories inspired by "Jane Eyre." Last month she published her eighth novel, "At the Edge of the Orchard," about the hardscrabble lives of a family farming in 19th-century America. Her second novel, "Girl With a Pearl Earring," a reimagining of the inspiration for Vermeer's painting, became an international best seller and was made into a movie starring Scarlett Johansson.

The WSJ Book Club invites a writer to serve as host, choosing a book that he or she found memorable. The Book Club will be reading "The Tenant of Wildfell Hall" over the next month. Read a Q&A with Ms. Chevalier about the novel at WSJ.com/Arts. Follow along on the club's Facebook page, on Twitter with #WSJbookclub or sign up for our newsletter.

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FEMINISM FROM A GOVERNESS Tracy Chevalier in New York last month.

OPINION

REVIEW & OUTLOOK

Obama's Rendezvous in Riyadh

How to repair the damage to the U.S.-Arab alliance.

President Obama arrived in Riyadh Wednesday to meet leaders of the Gulf Cooperation Council, and if he senses a chill it won't be the air conditioning. America's traditional Arab allies feel betrayed by the President, and it's not clear he wants to dispel the impression.

This has been obvious since Mr. Obama anticipated Donald Trump by dismissing U.S. allies as "free riders" in a recent interview with Jeffrey Goldberg. The President said the Saudis need to learn to "share the neighborhood" with arch enemy Iran and he cast doubt on the value of the Saudi alliance. "He is clearly irritated that foreign-policy orthodoxy compels him to treat Saudi Arabia as an ally," Mr. Goldberg wrote.

Riyadh hasn't been shy about voicing its dismay about Mr. Obama's nuclear deal with Iran or his failure to enforce the chemical red line against the Assad regime in Syria. Turki al-Faisal, the former Saudi ambassador to the U.S., has said the Administration's Syria policy "would be funny if it were not so blatantly perfidious."

It won't burnish Mr. Obama's legacy to leave his successor a Middle East of emboldened enemies and distrustful allies. The U.S.-Saudi alliance is nobody's idea of a marriage of like minds, much less of moral values. But Washington has a vital interest in making sure the oil-rich kingdom doesn't become another failed Arab state, or an aggressive freelancer pursuing interests at odds with America's.

This is all a reason for Mr. Obama to demonstrate that the U.S. isn't conceding Iran's ascendancy in the region. Providing Syria's beleaguered moderate rebels with real military assistance would show new seriousness, especially as Russia and Bashar Assad ignore a supposed cease-fire. The Administration could resist Tehran's demands to get access to U.S. dollars while they test ballistic missiles.

Mr. Obama could also try to defuse a flap over an effort in Congress to let plaintiffs sue the Saudi government based on lingering suspicion of its involvement in the 9/11 attacks. American courts historically have upheld the principle of sovereign immunity for foreign nations, and the Saudis are threatening to sell $750 billion in U.S. assets if the legislation passes. The Saudi threat is probably empty because it would do more to damage their economy than ours.

Mr. Obama has nonetheless hinted at a veto, but he could balance that politically by declassifying 28 pages of a 2002 Congressional report on 9/11, thought to contain inconclusive evidence that low-level Saudi officials might have helped some of the 9/11 hijackers. The more comprehensive report of the 9/11 Commission found "no evidence that the Saudi government as an institution or senior Saudi officials individually funded the [al Qaeda] organization."

Sunshine is the best disinfectant, and releasing the 28 pages would end some of the 9/11 conspiracy theories. A healthier relationship with Riyadh should also give the U.S. more leverage to press Saudi Arabia to cease sponsoring mosques that promote Wahhabi fundamentalism.

Mr. Obama has squandered most of his credibility in the Middle East, but at least he has an opportunity to limit the damage even as he sheds light on the past.

Clinton's Negative Majority

Hillary Clinton won New York's primary Tuesday, which means that barring an act of God or FBI director Jim Comey—they aren't the same—she will be the Democratic nominee for U.S. President. So Democrats should be alarmed by the former first lady's rising unpopularity.

The latest evidence comes in the new Wall Street Journal/NBC News poll taken April 10-14. A regular feature of this survey asks voters about their "feelings toward" certain individuals or institutions—whether they are very positive, somewhat positive, neutral, somewhat negative or very negative. In April the poll found Mrs. Clinton hitting a dubious new record of 56% who have somewhat or very negative feelings toward her. Only 32% have a positive view.

More Unpopular All the Time

Share of registered voters who have either a somewhat or very negative view of Hillary Clinton, Jan. 2013-April 2016

Source: NBC News/WSJ Poll April 2016

As striking is the negative trend over the past three years. In January 2013, not long after she left President Obama's cabinet, her net negative was 25%. As the nearby chart shows, her unpopularity has since climbed with only occasional exceptions. She broke through negative 40% in the middle of last year, and she hit negative 50% in February. In April a remarkable 42% had a very negative view of the woman Democrats are counting on to hold the White House.

Some of this is explainable by the pounding any candidate takes during a campaign. Bernie Sanders has been portraying Mrs. Clinton as a tool of the big banks, even if he's ducked her serious ethical problems. But what should worry Democrats is that Bill Clinton's wife has been a national political figure since 1992, and her political identity is well known and will be hard to change.

All of which means Republicans should be poised to retake the White House in November if they nominate someone remotely tolerable. Yet they may not. Donald Trump reinforced his GOP front-runner status Tuesday with a blowout victory in his home state of New York, but his negative rating in the WSJ/NBC survey is an astounding 65%. Ted Cruz is disliked by 49%, though he's less well known, with 21% having a neutral view. The Texan finished a distant third in New York to John Kasich.

Hard to believe, but Messrs. Trump and Cruz may be the only two Republicans who could lose to Hillary Clinton.

A Big ObamaCare Exit

America's largest health insurer flees after incurring huge losses.

President Obama claimed credit at a Los Angeles fundraiser last week for "the steady progress that happens when people who love this country decide to change it," and reality is unlikely to darken his farewell tour. But for everyone else, note that the largest U.S. health insurer is quitting ObamaCare.

On Tuesday UnitedHealth Group reported a terrific first quarter, with strong performance across nearly all business lines. There was one exception: The conglomerate's insurance exchange unit raised its projected Affordable Care Act losses for 2016 to $650 million from $525 million, after booking $475 million in red ink last year.

CEO Stephen Hemsley said ObamaCare's instability, small market size and costly patient population "continue to suggest we cannot broadly serve it on an effective and sustained basis." He said UnitedHealth will withdraw to "only a handful of states" in 2017.

Liberals claim this doesn't matter because UnitedHealth was insufficiently committed to ObamaCare, as if it preferred to leave money on the table. The insurer didn't plunge head-first into the exchanges in year one of the law like the larger industry, but the latecomer expanded to 34 states in 2016 from 23 in 2015 and four in 2014. Mr. Hemsley has been more vocal than most insurance CEOs about the long-term importance of retail, customer-facing coverage outside of the employer business. He told an investors conference last year that he decided to ramp up because he couldn't believe the ObamaCare market "would form this slowly, be this porous, or become this severe."

In other words, ObamaCare's central planners can't put their theories into practice. Normally sedate insurance markets have been roiled by everything from the federally chartered co-op failures to enrollment well below projections.

ObamaCare's architecture also makes it economically rational for consumers to wait until they are about to incur major medical expenses to get covered, and administratively created "special enrollment periods" encourage such gaming.

Oliver Wyman calculates that people who signed up during one of these windows—about one of five ObamaCare beneficiaries—are 10% more expensive than people who join during normal periods and 40% more likely to drop their plan later. Meanwhile, the nonprofit Blue Cross Blue Shield Association warned last month that new ObamaCare enrollees had medical costs 22% higher on average in 2015 than people with employment-based coverage.

If UnitedHealth departs all markets, the number of U.S. counties served by three or more ObamaCare insurers will fall to 48% from 64% today, while the counties with a single insurer will rise to 24% from 7%.

These trends could lead to even larger premium spikes than the new ObamaCare normal. This would undermine the sustainability and viability of the exchanges, as would the other alternative, which is for other insurers to start dumping unprofitable ObamaCare plans from their portfolios. UnitedHealth spent months calling for changes to the law, which liberals dismissed as empty threats to extract regulatory concessions. Whoops.

Observe, too, that Democrats are already preparing for a post-ObamaCare world, as Hillary Clinton and Bernie Sanders debate how quickly to move, and how transparently, toward a single-payer system. The pity is that the policy-free Republican debate hasn't developed much beyond promises to "get rid of the lines," as Donald Trump put it. With the UnitedHealth exit, add true health-care reform to this year of so many wasted GOP opportunities.

America's Big Banks Aren't the Problem

BUSINESS WORLD
By Holman W. Jenkins, Jr.

Companies fret about "silos" in which employees obsess about the wrong thing and miss opportunities because they don't see a bigger picture.

Wonkery has its silos too, and one of them is too big to fail.

The 2008 crisis did not begin in a handful of too-big-to-fail banks, but in incentives cast far and wide among home buyers, mortgage brokers, lenders and others to underwrite tax-advantaged, one-way bets on home prices.

Too big to fail was implicated in only one way: Fannie Mae and Freddie Mac were too big to fail in the eyes of their own lenders, including the Chinese government, which did no due diligence on the U.S. housing boom because they expected Washington to bail them out.

Much later did the biggest institutions like Citibank and Merrill Lynch become threatened with liquidity panics and regulatory insolvency. The reason: Market uncertainty over how regulators would treat their illiquid holdings of exotic Triple-A mortgage derivatives that, as history would later show, were well insulated from the uptick in subprime defaults.

We know this because taxpayers made profits bailing them out from a confidence crisis mostly caused, in circular fashion, by undeft government itself.

Big banks aren't automatically bad or badly managed because they are big, but it's hard to believe big banks would exist without an explicit and implicit government safety net underneath them.

Big banks are government creations. In 2008, these creations were the vehicles by which a maladroit government turned a housing bust in a few U.S. states into a global financial meltdown. They were also the vehicles by which government promptly halted the panic simply by guaranteeing the liabilities of the biggest institutions.

None of this has changed since Dodd-Frank, none of it is likely to change. Too big to fail is wonkery of surpassing irrelevance.

At the moment, regulators are handwaving over the inadequacy of the "living wills" that were supposed to make giant banks easier to wind up if they stumble—never mind that living wills are irrelevant to the circumstances that actually cause the solvency of giant banks to be questioned and irrelevant to the (inevitable) government decision to support them.

"The biggest American banks, nearly eight years after the financial crisis, are still too big to fail," fretted a New York Times front-pager last week after Fed and Treasury stress tests.

"That suggests that if there were another crisis today, the government would need to prop up the largest banks if it wanted to avoid financial chaos."

Well, yes. The sentence is a tautology. To halt a crisis caused by fears that government might stop propping up the biggest banks, it would have to prop them up.

The "crisis" in this sentence appears immaculately. In fact, we know where the crisis will come from and how it will be transmitted to the financial system. The Richmond Federal Reserve's "bailout barometer" shows that, since the 2008 crisis, 61% of all liabilities in the U.S. financial system are now implicitly or explicitly guaranteed by government, up from 45% in 1999.

Citigroup estimates that the top 20 advanced industrial economies, in addition to their enormous, recognized public debts, face unrecorded additional debts of $78 trillion for their unfunded pension systems.

The Richmond Federal Reserve says 61% of debts are guaranteed by government.

Six years after a crisis caused by excessive borrowing, McKinsey estimates that even visible global debt has increased by $57 trillion, while in the U.S., Europe, Japan and China growth to pay back these liabilities has been slowing or absent.

In their desperation to avoid the real problem, central bankers lately have started bruiting "helicopter money"—the jokey term for printing money and giving it to consumers, businesses or governments to spend without incurring an offsetting debt.

How does this solve any problem when so many businesses and households are already sitting on cash hoards they are afraid to spend or invest? As former Israeli central banker Jacob Frenkel told a conference in Italy two weeks ago, "What they need is not money. What they need is confidence and productive opportunities in front of them."

Exactly. They need to see their leaders taking actions to restore confidence in the ability of the world's premier economies to grow and to afford their debts. President Obama, it must be said, has been a world-historical disappointment on this score, a man who ran on and won a strong mandate for bipartisanship in 2008, who chose instead to concentrate on penny-ante liberal wish-list items, a crybaby who now justifies his choices by citing "Republican intransigence."

And yet Mr. Obama looks good next to Bernie Sanders or Donald Trump. The question that ought to keep central bankers up at night is whether their ministrations to buy time for the politicians are only buying politicians time to make matters worse.

How to Start Thinking About a Running Mate

POLITICS & IDEAS
By William A. Galston

Vice-presidential nominees make a smaller electoral difference than most political professionals believe, but they matter more for governance than ever before.

Vice-presidential nominees can symbolize the presidential nominee's desire to bring a divided party back together, as Ronald Reagan did in 1980 when he selected George H.W. Bush, who embodied the Republican Party's defeated Eastern-establishment wing.

Even when divisions aren't this deep, the vice president can represent a strand of the party that the presidential nominee doesn't, as Texas Sen. Lloyd Bentsen did on the 1988 Democratic ticket with Massachusetts Gov. Michael Dukakis.

The vice-presidential candidate can also be selected to mobilize a key demographic group, as Geraldine Ferraro was in 1984. And presidential nominees can choose their running mates to enhance their chances in the vice-presidential nominee's home state. The classic example is John F. Kennedy's selection of Texan Lyndon Johnson in 1960.

But there is no evidence these strategies work. In 2010, political scientists Bernard Grofman and Reuben Kline assessed the impact of vice-presidential selection on voters in the general election. In the 11 presidential contests from 1968 to 2008, they found, the net effect was at most 1% of the popular vote.

The Gallup Organization examined the vice-presidential debates in elections from 1976 to 2008. The median effect for both parties was 1 percentage point. Public support for the Republican ticket in 2008 fell from 43% before the Sarah Palin-Joe Biden debate to 42% afterward. Support for the Republican ticket in 1988 actually rose to 49% from 47% after that year's vice-presidential debate, in which the veteran congressman Bentsen was widely perceived as having drubbed the young senator from Indiana, Dan Quayle.

What about the fabled home-state advantage that vice-presidential nominees are supposed to bring? "The VP Advantage," a new book by political scientists Kyle Kopko and Christopher Devine, explores state-level election returns since 1884 and individual data starting in 1952. The authors' conclusion: Although presidential candidates typically enjoy a home-state advantage of between three and seven points, vice-presidential candidates usually don't. One exception: Long-serving officeholders from small states who enjoy their constituents' familiarity and affection.

While it's hard to know whether vice-presidential nominees had a major electoral effect in earlier times, one thing is clear: Since President Jimmy Carter gave his vice president, Walter Mondale, important responsibilities in 1977, vice presidents have played increasingly central roles in governance. They often are the president's most influential adviser, and they serve as what the military calls "force multipliers," as Joe Biden did when he oversaw the implementation of the 2009 stimulus bill.

This year's presumptive Democratic presidential nominee Hillary Clinton will get a torrent of advice about potential running mates. Reunite the party, some will say, by nominating a candidate from the party's populist wing—Ohio's Sherrod Brown or even Elizabeth Warren. Others will urge the priority of ethnic mobilization.

My advice: Pay attention to the evidence and ignore these calls, Mrs. Clinton. It is Bernie Sanders's responsibility to bring the party back together, just as you did with your generous remarks from the floor of the Democratic convention in 2008. As for ethnic and racial minorities, the tone and terms of this year's Republican contest and the substance of your agenda should be enough to bring them to the polls.

Instead, choose a person who can help you run your administration and whose qualifications to serve as president if need be are beyond doubt. When it comes to the vice presidency, focusing on governance is the best politics.

OPINION

Monetary Reform or Trade War

By Lewis E. Lehrman And John D. Mueller

Almost every candidate for U.S. president in 2016 has made the case, none more intensely than Donald Trump, that Americans have lost jobs and industry because of predatory currency depreciation. This neo-mercantilism is practiced by almost every nation that competes with the U.S. What is the solution to this grave problem?

Mr. Trump proposes protectionism by raising tariffs as much as 45%. This recalls the Smoot-Hawley Tariff, which triggered a vicious trade war while Congress debated the legislation in 1929 and after President Hoover signed it in June 1930, just as the chaotic interwar monetary system was collapsing.

> Trump is right that other countries seek advantage by devaluing their money. But the fix isn't tariffs.

Ted Cruz seems to agree that currency wars, and currency depreciation by other nations, have had a destructive effect on U.S. industries, but he opposes Mr. Trump's tariffs. Mr. Cruz has said that the best way to level the playing field is with his tax plan, which would tax imports but not exports. (He has also advocated "sound money and monetary stability, ideally tied to gold," but hasn't explained the relation between the monetary and trade issues.)

Despite the Texas senator's economic sophistication, it is logically and economically implausible to solve a monetary problem, created by predatory currency depreciation, with a tax plan. A tax problem must be resolved by a tax solution. But a tax reform is neither necessary nor sufficient to rule out currency wars. Floating currencies can be depreciated faster and farther than import taxes can be adjusted. Rising import taxes (i.e., tariffs) intensify the very problem of protectionism they pretend to solve.

A currency issue, or a monetary problem, must be resolved by a currency and monetary solution. Today's monetary problem is the floating exchange-rate system, combined with the dollar's peculiar global role as the world's chief official reserve currency.

Foreign countries use expansive monetary policy to depreciate their currencies relative to the U.S. dollar, hoping to gain a trade advantage by exporting unemployment. Thus the true solution can only be a currency or monetary arrangement that doesn't encourage predatory currency depreciation. The necessary solution must exclude floating exchange rates, and substitute a system of stable exchange rates without official reserve currencies.

But how? Pursuant to the U.S. Constitution, the dollar was defined by Congress as a weight of precious metals (gold and silver) for most of American history, from the Coinage Act of 1792 until 1971. Dollar-denominated securities have been used as official reserves by many countries at least since the Genoa Agreement of 1922, and by most countries since the Bretton Woods agreement of 1944. Under both agreements, dollar securities were redeemable in gold.

But the experience of both the failed interwar and Bretton Woods systems showed that competitive devaluations are only part of the problem. By "duplicating" credit, as the French economist and central banker Jacques Rueff (1896-1978) described it, the official reserve-currency system causes the domestic price level to rise in the reserve-currency country, relative to other countries, even while exchange rates remain (temporarily) fixed.

For example, since 1955, producer prices for manufactured goods have roughly tripled in Germany, but more than sextupled in the U.S.—creating never-ending pressure from American industry to devalue the dollar, while causing unpredictable swings in the prices of both countries' goods expressed in the same currency.

As the nearby chart shows, U.S. net official reserves were already substantially negative by the 1970s. Moreover, the increase in foreign official dollar reserves is matched by an equal deficit in the U.S. private trade and capital accounts combined—even when private U.S. residents' books remain near balance with the rest of the world.

Since President Nixon ended dollar convertibility to gold in August 1971, the international monetary system has been based on the world paper-dollar standard. The international monetary system has become, as in the depressed 1930s, a disordered arrangement of floating currencies, whereby any country can depreciate its currency against the dollar. Some countries even fix their exchange rates to the dollar at an undervalued level for long periods, as China did in the early 1990s. This is when China's industrialization gained momentum as the workshop of the world.

The pattern today is for countries, even the European Union, simply to lower the effective real level of wages by depreciating their currencies against the dollar to gain comparative advantages in international trade and by import substitution. In these countries, local wages are paid in depreciating local currencies, lowering the relative cost of labor. Labor compensation today accounts for one-half to two-thirds of the total cost of production in every economy. American workers are thus at a competitive disadvantage with countries that are depreciating their currencies.

This floating exchange-rate system, combined with the official reserve-currency role of the world dollar standard, explains why free trade has been getting a bad name. Under the floating exchange-rate reserve-currency system, free trade has become no more than a romantic fantasy.

The solution is to establish a level trade playing field with a system of stable exchange rates among the nations of the G-20, or at least the G-7, to which emerging countries will conform. Such a solution would require the next president to bring together the major world leaders to establish stable exchange rates to avoid trade and currency wars that inevitably lead to protectionism and sometimes to real wars. This international monetary solution of stable exchange rates would eliminate the burden and privilege of the dollar's reserve-currency role.

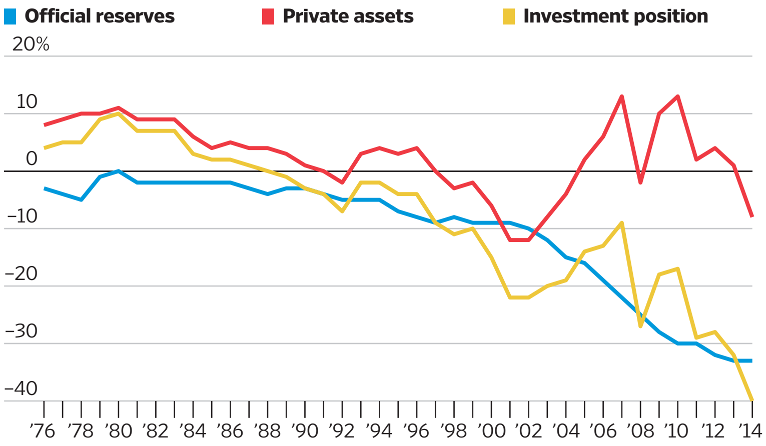
Neither tax nor regulatory nor budget reforms, however desirable, will eliminate currency wars. To restore America's competitive position in production, manufacturing and world trade, stable exchange rates are the only solution tested in the laboratory of U.S. history—from President Washington in 1789 until 1971. Stable exchange rates have proved throughout history to establish the most reliable level playing field for free and fair world trade.

There are no perfect solutions in human affairs. But the history of the past three centuries suggests that stable exchange rates, resulting from adoption of currencies mutually convertible to gold at statutory fixed parities, are the least imperfect solution to avoid currency and trade wars.

Mr. Lehrman is the author of "Money, Gold & History" (TLI Books, 2013) and Mr. Mueller is the author of "Redeeming Economics: Rediscovering the Missing Element" (ISI Books, 2014).

The Big Disconnect

U.S. net private assets, official reserves and investment position as a share of GDP



Source: Bureau of Economic Analysis

Why We're Reviewing Asset Management in America

By Jacob J. Lew

Opponents of financial reform in America are cheering a court decision to rescind the Financial Stability Oversight Council's designation of MetLife for heightened regulatory supervision. FSOC designated MetLife after determining that material financial distress at the company could threaten U.S. financial stability. Leaving aside whether the decision will be overruled on appeal, efforts to depict the court's decision as a positive are mistaken and dangerously ignore the lessons of the financial crisis.

Congress passed Wall Street Reform after the crisis with the aim of uncovering and protecting against risks to financial stability. A historic set of reforms—including increased capital requirements so that financial institutions bear the burden of their own risks and the creation of the FSOC—have helped bolster America's largest institutions and markets, and the system is far safer and more resilient as a result.

FSOC brings the entire financial regulatory community together in one place to identify and address risks to financial stability. Before the crisis, no single body played this role. Congress gave the council the responsibility to look across the system to address gaps exposed by the crisis, to identify risks to financial stability and to respond collectively to those risks before they destabilize markets or damage the economy.

The council has worked carefully and judiciously in carrying out this role. It has to date identified only four individual nonbank financial companies whose distress could pose a threat to financial stability and that should be subject to heightened supervision.

While FSOC's nonbank designation authority is an important tool, and one we will continue to defend, it's not the only tool at FSOC's disposal. FSOC's examination of a potential risk doesn't inevitably lead to the council's taking action—there are no predetermined outcomes. Each task that the FSOC has undertaken has proceeded in a data-driven and deliberative fashion, careful to avoid a one-size-fits-all approach.

It's particularly important that FSOC look over the horizon, to where future risks may develop. FSOC has been examining products and activities in the asset-management industry, a fast-growing sector with increasing significance in the broader economy, to evaluate whether risks may be developing and, if so, what actions could be taken.

Asset management encompasses a diverse set of corporate structures, strategies and characteristics. While investment risk is inherent in capital markets, FSOC has explored the activities across the industry. This week we provided a public update on

> Assessing risk is vital to identify emerging threats before they can do damage.

FSOC's asset-management work, following a multiyear review that included a public conference and a request for public comment.

The council has focused on two main areas—liquidity and redemption risk, and leverage. With respect to liquidity and redemption risk, FSOC highlighted the need for robust risk management practices to ensure that funds are able to meet redemption requests from investors. The council also noted the need for clearer guidelines about the extent to which funds can hold assets with very limited liquidity, and noted that enhanced reporting and disclosure by mutual funds would help regulators and investors better monitor and mitigate potential liquidity risk.

The council also found that leverage is concentrated in larger hedge funds, but that individual regulators lack access to the data necessary to develop a comprehensive understanding of the risk such leverage may pose. FSOC is creating a working group to address this gap. The group will share information to better understand fund activities, including whether their use of leverage poses potential risks, and to inform the council on whether additional actions should be considered.

Additionally, FSOC's update highlighted potential risks and the need for more analysis related to the use by asset managers of one or a small group of service providers for important functions, data collection and reporting on securities-lending activities, and transition plans for certain stress scenarios.

FSOC's asset-management review reflects the collaboration and collective expertise of all its member agencies. In addition, the U.S. Securities and Exchange Commission has issued several proposed rules related to asset-management activities, and FSOC will work with the SEC and other member agencies to monitor the effect of regulatory developments on financial stability.

The council's unanimous approval of the update issued this week is an important step toward improving the stability of the U.S. financial system. Going forward, we will gather the information and undertake the analysis necessary to better understand this expanding sector and determine whether further action is needed. Our review will seek to gather the relevant facts and ask the right questions in a prudent and careful manner. We are not making presumptions or jumping to any conclusions; data and thorough analysis will continue to guide FSOC's work.

It is crucial that we not forget the history of the recent financial crisis. We must continue to work together to identify and respond to emerging threats well before we are standing on the precipice of another crisis. FSOC is doing its part to learn from the past so it can lead in the future. This is a critical mission that the American people are counting on us to get right.

Mr. Lew is the U.S. Treasury secretary.

Broadening the Oversight of a Free and Open Internet

By Stephen D. Crocker

Today the global Internet connects three billion of us. While it has grown, the world has shrunk. Geographic distance has become less relevant as we can more easily access information, communicate and reach new customers.

The Internet has matured because it is free and open, led by the private economy and based on voluntary standards. It is built on the principles that define America: free enterprise and limited government.

Those same ideals of privatization frame a proposal recently sent to the National Telecommunications and Information Administration that would transition stewardship of some important technical functions away from the U.S. to a diverse and accountable global Internet community.

Why is such a transition needed? Since the Internet's inception, the U.S. Commerce Department and the California nonprofit corporation that I head, the Internet Corporation for Assigned Names and Numbers, have been in charge of coordinating the global assignment of Internet addresses and domain names. In 2014 the U.S. government decided a more international stewardship was appropriate. Since then, the global Internet community has been working on a proposal that assures that such a transition won't threaten the openness and freedom of the Internet.

This proposal guards against "capture" by any one group or government. This is the primary reason the Internet community—along with businesses, civil society and other interest groups—has given its blessing to the changes.

On March 17, representatives from the Intel Corporation, the Internet Society and others told Congress they supported the transition. The U.S. Chamber of Commerce, the U.S. Council for International Business, the Information Technology Industry Council, the Software & Information Industry Association and others also approve of the plan.

Business leaders from companies such as Google, Verizon, AT&T, Cisco and Yahoo participated in the development of the proposal. Academics from Harvard, George Mason University and other institutions also weighed in. From the International Chamber of Commerce to the Center for Democracy and Technology, diverse organizations have voiced support.

These groups understand the vital role of the Internet in strengthening the global economy. Almost $8 trillion of commerce takes place on the Internet annually, an example of how dependent the world economy has become on a single, unified network.

But there are no guarantees about the Internet's future. The transition proposal came from the understanding that maintaining the status quo would risk the single, free and open Internet that we cherish.

If the U.S. doesn't transition its stewardship role to the global Internet community, then other governments may try to move control to organizations such as the United Nations. Some governments may even form their own national or regional networks. This splintering would damage the economy and weaken personal Internet use.

> Stewardship by the global community will guard against 'capture' by one group or government.

This potential threat was understood as far back as 1997, when the U.S. formalized its largely symbolic role as steward of some of the Internet's technical functions. It intended to move away from this role once Icann was mature enough to operate without the U.S. as a backstop.

In March 2014, the National Telecommunications and Information Administration announced that it wanted to begin the process of severing its contract with Icann. The government stipulated that Icann remain an incorporated U.S. nonprofit entity and would need to be strongly accountable to diverse stakeholders with an interest in the Internet.

Over the past two years, myriad interests and participants in the global Internet community worked tirelessly to meet that challenge. Hundreds of stakeholders undertook an amazing effort that logged more than 400 meetings and calls, some 32,000 mailing-list exchanges and hundreds of working hours to devise a transition proposal. A plan describing how the transition always envisioned could be implemented has now been delivered to the U.S. Commerce Department.

The proposal reinforces the private economy-led model that has allowed policy to keep pace with the Internet's growth. What could be more American than a world that has a free and open Internet, in which all stakeholders have a voice in its governance and no one interest has a controlling say?

A successful stewardship transition will allow online innovation and productivity to continue to thrive. What's more, it will be a validation of the approaches to other pressing transnational issues such as privacy, online content, interconnection fees, taxation and cybersecurity.

This transition, maintaining the global Internet's role as an incubator for innovation and a stimulator of domestic and international economic growth, merits broad support. We owe it to future generations to assure that the Internet of tomorrow is as free, open and resilient as the Internet of today.

Mr. Crocker is the chairman of the board of the Internet Corporation for Assigned Names and Numbers.

A Season's Worth of Tips From Champions of Travel

Sportswriters have tricks for late changes, hotels and fares to follow teams

By Scott McCartney

DAVE SANDFORD/NBAE/GETTY IMAGES

Road Warriors
Sportswriters interview Stephen Curry of the Golden State Warriors after a game. Writers typically book their own travel and swear by strategies like never checking bags, checking hotel rates after reserving, and favoring redeye flights.

Uncertain where his next business trip would take him but determined to get low hotel rates, Mike Monroe booked rooms in five different cities more than a month in advance. Then he canceled all the reservations he didn't need.

Such are the lengths sportswriters go at playoff time to chase teams around the country on tight budgets.

THE MIDDLE SEAT

In the sport of travel, pro basketball and hockey writers compete at an Olympic level. They study airline and hotel loyalty programs as closely as offensive sets and trade rumors. They track cheap fares and upgrades, chart hotel price drops, share late-night and airport food strategies and time airport security lines in different cities. Their travel game plans can be instructional for all travelers.

"Sportswriters are among the most savvy travelers out there," says Mr. Monroe, a veteran of 32 NBA seasons who now covers the San Antonio Spurs for the online Rivard Report.

The Spurs ended up facing the Memphis Grizzlies this week in the first round of the NBA playoffs, a fate not locked in until the regular season's last day. Mr. Monroe knew that once the opponent and playoff dates were set, fans would grab rooms and prices would soar. So he booked one-night reservations in five cities for all possible playoff dates—that way he wouldn't have to modify a reservation and have the hotel reprice at higher rates.

Players fly in luxury on a team charter after the game, typically getting private security screening and whatever fancy food they want. (Delta Air Lines has a special fleet fitted for team travel.) But print reporters almost never fly on team planes.

Football writers fly no more than once a week for away games. Baseball writers spend the most time on the road, including weeks away from home for spring training, but have time to unpack in each city, with series lasting two to four days. But basketball and hockey teams travel as they play—at a hectic pace, often with games on consecutive days in different cities.

Sports road warriors say they love the travel and feel privileged to have fun jobs. But hitting six cities in 12 days can be taxing. Darnell Mayberry, a basketball beat writer for nine years with the Daily Oklahoman in Oklahoma City, recalls nights working until 1 a.m. filing stories and blog posts, followed by a 5:30 a.m. flight to get to the next city.

Mr. Mayberry picked Southwest Airlines as his airline and Marriott as his preferred hotel chain and achieved top-tier benefits with both, like priority seating and early check-in. "Every way you could work it I tried to work it," he says. But NBA travel was such a grind that this season he opted for a desk job.

Helene St. James has covered the Detroit Red Wings for the Detroit Free Press for the past 10 years. When they were in the NHL's Western Conference, she traveled longer distances to California and western Canada and typically had platinum status on Delta. When the team moved to the Eastern Conference, trips were shorter—New York, Boston, Montreal—and she fell to gold status, though if the team advances in the playoffs she can build up the mileage account.

"My status depends on their status in the playoffs," she says.

She never gets on a plane without a bottle of water, and never checks a bag. TSA's PreCheck and airline Wi-Fi have made her job easier, and she invested in a laptop with much longer battery life than the one the newspaper issued to her, since only about half the planes she finds herself on these days have power outlets.

And like anyone who travels, she found some airplane episodes can be nerve-racking. One early morning flying from Vancouver, British Columbia to Seattle, she found herself on a regional jet with only 10 passengers. The crew relocated passengers to the back of the plane to adjust the aircraft's center of gravity. Then the pilot came back and told the flight attendant to move the drink cart to the rear as well.

"It felt like my safety depended on cans of Coca-Cola being distributed correctly," she says.

Jeff Wilson, who covers the Texas Rangers for the Fort Worth Star-Telegram, will take extra flights on American Airlines to build status. He might fly from Seattle to Dallas-Fort Worth by connecting in Los Angeles instead of taking a nonstop flight, or make mileage runs at the end of the year—cheap flights just to reach the threshold to keep his platinum status.

Mr. Wilson books the cheapest flight he can find, then uses his status to connect to more convenient flights through the standby list. With platinum status on American, he says he almost always gets on the flight that would have been more expensive to book originally. And instead of staying at the fancy hotels used by the team, he finds Marriotts for under $200 a night.

The perks help compensate for all the time away from home. He and his wife have never paid for a vacation—even their honeymoon. They always use miles and points for airline tickets and hotel rooms.

Adam Vingan just finished his rookie regular season covering the Nashville Predators hockey team for the Tennessean. He values convenience over status. If there's a direct JetBlue flight, he'll take that over two stops on Southwest, even though he's building status on Southwest. He's realized he can book more expensive hotels in Canada because the U.S. dollar's exchange rate is strong.

And he's learned that sometimes you just have to punt. A snowstorm in Chicago kept him from getting from Columbus, Ohio, to Minneapolis for back-to-back games last fall, so he just went to the next stop on the road trip, New York. The paper ran a wire service account of the Minnesota Wild game.

To fans, the team reporters can be celebrities. In 2011 Mr. Monroe, then with the San Antonio Express-News, flew to Argentina to cover guard Manu Ginóbili and three other Spurs players in an international tournament. His flight from the domestic airport in Buenos Aires to Mar del Plata, Argentina, was canceled when ash from the Puyehue volcano in Chile grounded all flights. With very limited Spanish-speaking skills, he had no idea how he'd get to the tournament site 250 miles away.

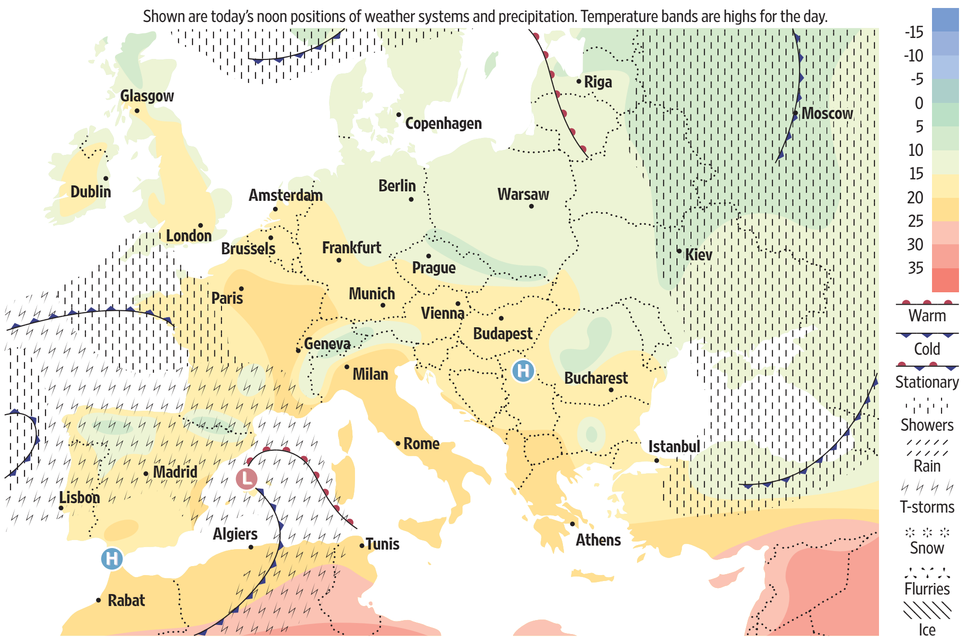
Then a man tapped him on the shoulder saying, "You're Mike Monroe from San Antonio." Danilo Ventura, from Cordoba, Argentina, a regular reader of Mr. Monroe's Spurs coverage online, was headed to the same tournament. He and his friends chartered a bus and insisted on buying Mr. Monroe's ticket.

"We became great friends," Mr. Monroe says. "I have no idea what I would have done if he hadn't recognized me."

Weather

AccuWeather.com

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.

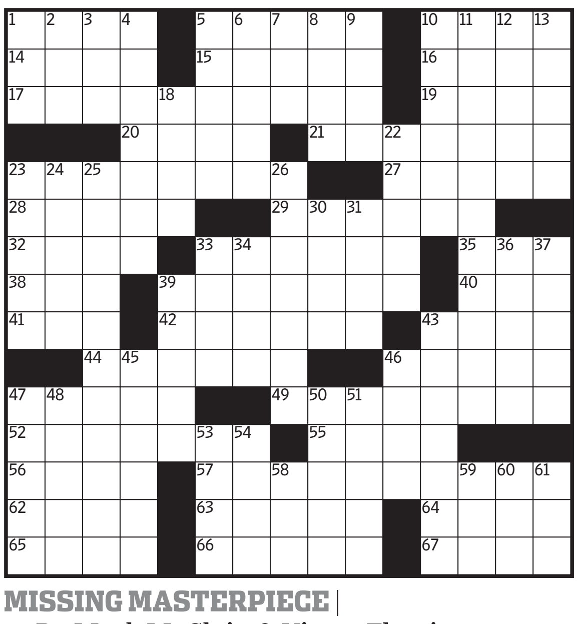


Global Forecasts

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

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	15	6	pc	11	4	pc
Anchorage	12	5	s	12	5	pc
Athens	21	12	s	23	14	pc
Atlanta	27	17	c	24	15	t
Baghdad	35	19	s	35	18	s
Baltimore	25	15	pc	23	12	t
Bangkok	37	29	pc	37	29	t
Beijing	30	11	s	25	10	s
Berlin	14	4	s	12	3	pc
Bogota	21	12	r	20	11	r
Boise	30	15	pc	28	10	c
Boston	21	11	s	22	11	sh
Brussels	17	7	pc	12	4	sh
Buenos Aires	21	9	s	20	15	pc
Cairo	37	21	s	35	20	s
Calgary	23	5	pc	18	4	pc
Caracas	30	25	pc	31	26	t
Charlotte	27	16	c	25	14	t
Chicago	21	6	c	12	3	pc
Dallas	25	14	r	26	13	s
Denver	18	4	s	23	7	s
Detroit	20	11	sh	17	4	pc
Dubai	31	22	s	31	23	s
Dublin	12	6	pc	10	2	pc
Edinburgh	13	3	pc	10	1	pc
Frankfurt	19	7	pc	16	6	pc
Geneva	21	11	pc	16	11	t
Hanoi	29	24	c	33	25	c
Havana	30	18	t	31	18	sh
Hong Kong	29	25	sh	29	24	sh
Honolulu	29	21	pc	29	22	sh
Houston	25	16	t	27	14	pc
Istanbul	18	12	s	20	13	s
Jakarta	32	26	t	32	25	t
Johannesburg	24	10	c	24	15	s
Kansas City	20	9	pc	22	8	s
Las Vegas	33	19	s	30	14	pc
Lima	25	19	c	26	20	c
London	15	7	pc	11	4	sh
Los Angeles	26	13	s	21	13	pc
Madrid	18	8	t	18	8	t
Manila	35	26	s	36	26	s
Melbourne	22	14	sh	17	13	pc
Mexico City	24	9	t	24	12	t
Miami	28	23	pc	28	22	pc
Milan	21	10	pc	22	12	pc
Minneapolis	20	5	sh	18	8	pc
Monterrey	32	16	t	29	18	t
Montreal	20	10	pc	17	3	r
Moscow	11	4	sh	11	1	r
Mumbai	33	26	pc	32	26	pc
Nashville	22	15	t	23	13	pc
New Delhi	41	26	pc	41	24	pc
New Orleans	27	20	t	26	18	t
New York City	23	15	pc	23	12	t
Omaha	20	6	pc	21	8	s
Orlando	28	18	pc	29	18	t
Ottawa	22	10	c	16	0	c
Paris	20	11	pc	16	8	sh
Philadelphia	24	16	pc	25	13	t
Phoenix	35	20	s	34	19	s
Pittsburgh	23	15	sh	21	9	sh
Port-au-Prince	33	23	t	33	22	t
Portland, Ore.	24	13	c	20	11	sh
Rio de Janeiro	33	26	s	33	26	t
Riyadh	32	20	pc	32	21	pc
Rome	21	11	pc	19	12	pc
Salt Lake City	27	14	s	28	13	pc
San Diego	24	16	s	21	16	pc
San Francisco	20	14	pc	18	12	r
San Juan	28	24	t	28	25	t
Santiago	22	12	pc	17	10	c
Santo Domingo	31	21	t	31	22	t
Sao Paulo	31	21	s	30	20	t
Seattle	22	13	c	19	12	sh
Seoul	19	8	r	19	6	s
Shanghai	26	16	c	24	14	pc
Singapore	33	28	pc	33	27	c
Stockholm	12	1	sh	8	-1	sh
Sydney	25	17	s	23	17	t
Taipei	31	23	pc	30	23	t
Tehran	24	13	s	26	15	s
Tel Aviv	30	18	s	28	17	s
Tokyo	20	16	r	25	15	pc
Toronto	15	11	sh	17	1	pc
Vancouver	18	9	c	16	9	sh
Washington, D.C.	25	18	pc	24	15	t
Zurich	20	7	pc	17	9	t

The WSJ Daily Crossword | Edited by Mike Shenk



MISSING MASTERPIECE | By Mark McClain & Victor Fleming

Across

1 Fanatic following
5 After-dinner request
10 Niagara sight
14 "Heat of the Moment" band
15 Resulted
16 Member of an empire conquered in the 16th century
17 Those in-flight Stoli bottles?
19 Battler of Hector at Troy
20 John King Jr.'s cabinet dept.
21 Height
23 Didn't draw
27 Reveals
28 Subject of the 2016 film "Race"
29 Say "nay," say
32 Can
33 Government office
35 Swabbed specimen
38 What a QB doesn't want
39 Apt alternative title for this puzzle
40 Litter unit
41 Pale wood
42 Vacates
43 Frees
44 Cause to be cherished
46 More than a skirmish
47 Present-day music
49 Dwarfs
52 Way to walk Rover
55 Biggest city on the Big Island
56 "Lay it ___!"
57 High-quality paving goo?
62 Knight's backers
63 Portrait painter who became an inventor
64 Greek salad topper
65 Film that won Best Costume Design at the 1981 Oscars
66 Pentathletes' needs
67 Percolate

Down

1 LeBron, e.g.
2 Support gp. since 1941
3 Cornea concealer
4 Samples label
5 Block
6 Hill of NBC News
7 Pro fighter
8 Without warranty
9 End of a celebration
10 Rivals of the BMW Z4
11 Bake sale items showing signs of damage?
12 Hiccup cure, perhaps
13 Pushes to the limit
18 Does a summer job?
22 Guesstimate qualifier
23 Capital at the foot of Vitosha Mountain
24 Special delivery?
25 How poets drive onto interstates?
26 Unbearable suspense, say
30 Ring
31 Shoots a four on, perhaps
33 White shade
34 Sen. McCain's alma mater
36 Attention getter
37 Sites of some vaults
39 Tureen accessory
43 Sucker deals
45 Amazingly enough
46 Minuteman's place
47 Appropriate
48 Musical whose roles include FDR
50 Movie climax, often
51 Bartender's bowlful
53 Top
54 Not hang onto
58 "Meet me ___ the first cock crow": Oberon
59 Gap buy
60 Dug in
61 Future music

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

Previous Puzzle's Solution

INSIDE:
MONEY & INVESTING
Tougher Questions On ECB Actions
FINANCE | B5


BRENT LEWIN/BLOOMBERG NEWS

United Settles Board Fight
Deal staves off feud over company's future BUSINESS NEWS | B4

THE WALL STREET JOURNAL. Thursday, April 21, 2016 | B1

Shipping Alliance Takes Shape

By Costas Paris

Some of the world's biggest container operators, including China's **Cosco Group** and France's **CMA CGM**, have agreed to form a new shipping alliance that will rival the dominance of giants **Maersk Line** and **Mediterranean Shipping** Co. in the lucrative Asia-to-Europe ocean trade.

The grouping, to be called the Ocean Alliance, also will include Hong Kong's **Orient Overseas Container Line** and Taipei-based **Evergreen Marine**.

The formation of the alliance is subject to regulatory approvals from the U.S., the European Union and China, all of which have closely scrutinized a series of full-blown tie-ups and looser partnerships recently in the container-shipping business.

The Wall Street Journal reported the formation of the alliance on Tuesday.

The Ocean Alliance eventually will make room for Singapore's **Neptune Orient Lines** Ltd., which agreed to be bought in December by CMA CGM. Cosco Group and **China Shipping Group**, meanwhile, have agreed to merge, a deal that would bring the combined Chinese firm under the auspices of the new alliance.

The China Shipping-Cosco merger has been approved in Beijing but needs a regulatory green light in Europe and the U.S.

Such alliances have taken on increased importance in a global-shipping industry buffeted by overcapacity and slowing volumes. While freight rates have fallen sharply in recent years, the industry remains highly fragmented.


TIM RUE/BLOOMBERG NEWS
Orient Overseas Container Line will be part of the new group.

Shipmates

The new Ocean Alliance is scrambling the makeup of the world's biggest container-ship operators.

BEFORE		AFTER	
2M	Maersk Line	2M	Maersk Line
2M	Mediterranean Shipping	2M	Mediterranean Shipping
G6	Hapag-Lloyd	G6	Hapag-Lloyd
G6	Hyundai Merchant Marine	G6	Hyundai Merchant Marine
G6	MOL	G6	MOL
G6	Nippon Yusen Kaisha	G6	Nippon Yusen Kaisha
G6	OOCL	Ocean Alliance	CMA CGM
G6	Neptune Orient Lines	Ocean Alliance	Neptune Orient Lines
Ocean 3	CMA CGM	Ocean Alliance	OOCL
Ocean 3	China Shipping	Ocean Alliance	Evergreen
Ocean 3	United Arab Shipping	Ocean Alliance	China Shipping
CKYHE	Cosco	Ocean Alliance	Cosco
CKYHE	Evergreen		
CKYHE	Hanjin Shipping	CKYHE	Hanjin Shipping
CKYHE	"K" Line	CKYHE	"K" Line
CKYHE	Yang Ming	CKYHE	Yang Ming

Sources: Alphaliner (before); staff reports (after)
THE WALL STREET JOURNAL.

By entering into alliances—in which firms share everything from ships to port operations—companies can cut operational costs.

Regulators, however, have studied recent consolidation efforts and the various alliances to prevent the domination of certain trade routes by individual players or small groups of them. Such concentrations could lead to pricing leverage when industry fundamentals pick back up, regulators worry.

Some shipping customers also have raised concerns about the spread of vessel-sharing agreements in recent years, saying they make handling shipments at ports far more complicated and costly.

Tyson Foods Inc., which exports more than 50,000 ocean containers of frozen food and other animal products annually, asked the U.S. Senate Commerce Committee on Wednesday to press the Federal Maritime Commission for "a more thorough review of these foreign carrier alliances to ensure that their actions do not result in a logistics network within the ports that adds more truck trips and congestion to an already overloaded port infrastructure."

Perry Bourne, director of international transportation at Tyson, who testified on behalf of the Agriculture Transportation Coalition, said customers often must move containers between port cargo terminals to get their goods to the right ships as carriers in alliances change the assignments for export ports.

Container-ship operators say alliances offer better service through their combined network, compared with individual operators. Their shared resources give cargo owners more frequent sailings at the best price, they have argued.

Maersk, owned by Danish shipping and energy conglomerate **A.P. Moeller-Maersk** A/S, MSC and CMA CGM—the world's top three container op-

Please see SHIPS page B2

Mitsubishi Inflated Cars' Fuel Economy

By Yoko Kubota

TOKYO—**Mitsubishi Motors** Corp. said employees improperly manipulated fuel-economy data to inflate mileage results on at least 625,000 vehicles, the latest self-inflicted wound by an auto maker.

The company also said it had violated Japanese law by deploying an improper fuel-economy testing method in some vehicles in Japan since 2002. It was unclear whether this affected fuel-economy information provided to customers. Japan's transport ministry has started investigating the auto maker, officials said.

Shares in Japan's sixth-biggest auto maker plunged on the disclosure, closing down 15% at ¥733 ($6.74) in Tokyo.

"We express deep apologies to all of our customers and stakeholders for this issue," Mitsubishi President Tetsuro Aikawa said in a news conference on Wednesday, bowing deeply. "I feel the difficulty of ensuring thorough awareness about compliance among all employees."

Its minicar mileage ratings were off by between 5% and 10%, the firm said.

The fuel-economy and testing problems likely will hurt Mitsubishi's profit, Mr. Aikawa said. Its earnings had been rising amid robust global auto demand. The company is reviewing whether any cars sold outside Japan are affected.

Mitsubishi's admission is the latest instance of a global auto maker caught manipulating vehicle data, with **Volkswagen AG** embroiled in an emissions-testing scandal. It also comes after more than a decade of repeated quality lapses and recall failures at Mitsubishi, denting its efforts to rebuild its image.

The improper testing was conducted on four Mitsubishi-made minicar models sold in Japan, including two supplied to **Nissan Motor** Co., Mitsubishi said. Minicars carry 660 cubic centimeters engines and are sold only in Japan.

Publicly released fuel-economy numbers were off by between 5% and 10%, Mitsubishi executives said. The problem was discovered after Nissan noticed discrepancies in data used to calculate fuel economy, they added.

Following a probe, Mitsubishi found that employees manipulated certain data that the company is required to submit to the government. That data is used to set parameters for fuel-economy tests.

Instead of providing the av-

Please see FUEL page B2

Latest Model Launch Tests Tesla's Mettle

By Mike Ramsey

Anne Carter had her **Tesla Motors** Inc. Model X sport-utility vehicle for a few days before the $138,000 electric vehicle suffered a mechanical malfunction.

On a recent morning, the car's falcon-wing doors wouldn't open as she prepared to drive her children's carpool to school. "It's a bummer; you spent all this money...and the doors won't open," she said in an interview while waiting for the Model X to be picked up for repairs. She expected some issues, but feels embarrassed that friends might think: "Look at the Carters—they spent all this money and the doors don't work."

During a critical time for the pioneering electric-car maker, its well-to-do customers are confronting problems with the Model X's rear doors and other issues, including a seat latch the company has recalled. Whether the Palo Alto, Calif., car maker can quickly resolve these new-model glitches and avoid them in the future will be key to proving it can deliver vehicles in high volumes without a hiccup.


STEPHEN LAM/REUTERS
Tesla Motors CEO Elon Musk presented the Model X SUV in Fremont, Calif., in September.

Tesla says it is quickly addressing its manufacturing problems. And improving its ability to bring high-quality vehicles to market is a priority for Chief Executive Elon Musk. Senior executives are meeting weekly with personnel from engineering and manufacturing to ensure a smooth launch next year of its first affordable car, the Model 3.

Earlier this month, Tesla recalled 2,700 Model X cars to fix a third-row seat latch that could come undone and allow the seat to fold forward during a collision. The company has advised owners to keep passengers from that row until repairs are made and is providing loaner vehicles to some.

The company's reputation has suffered. Online forums, Facebook groups and auto reviewers and competitors point to the Model X's problems as a reason to be skeptical about the company's plan to ramp up its output. Tesla aims to build 500,000 vehicles a year by 2020, most of which will be the Model 3, a sedan intended to compete with mass-market brands like Chevrolet.

The company's car deliveries—a metric closely watched by investors and analysts—fell short of the first quarter goal by 1,200 units, or nearly 10%. Parts shortages were partially to blame, but so were sourcing changes that came late in production planning. Tesla took the rare move bringing the manufacture of middle seats in-house not long before the car's launch.

Jon McNeill, Tesla's president of sales and service, said the company is rapidly responding to issues, many of which have been addressed through a software fix downloaded to customers through over-the-air updates.

"The customer satisfaction levels for owners of the Model X are about the same as the Model S," Mr. McNeill said, referring to the sedan that Tesla launched in 2012. The falcon-wing door problems "are largely behind us."

Some owners are still wait-

Please see TESLA page B2

Daily Mail Remains In Talks Over Yahoo

By Lukas I. Alpert And Tapan Panchal

LONDON—**Daily Mail & General Trust** PLC hasn't submitted a bid to purchase **Yahoo** Inc. and remains in talks with other parties that are interested in the U.S. Internet giant, the U.K. media group said Wednesday.

A person familiar with the matter said the Mail is continuing talks about joining with a private-equity firm that did submit a bid for Yahoo. Telecom giant **Verizon Communications** Inc., buyout firm TPG, and an investor group that includes Bain Capital and Vista Equity Partners also were among the bidders, people familiar with the process said.

The Wall Street Journal reported April 10 that a possible bid by the Mail could take one of two forms. In one scenario, a private-equity partner would aim to acquire all of Yahoo's U.S. operation, with the Mail taking over the news and media properties.

In the second scenario, the private-equity firm would acquire Yahoo and merge its media and news properties into a new firm that would include the Mail's Web properties, DailyMail.com and Elite Daily. The Mail would run that business.

Tech Firms Dominate U.S. Top-Paying List

By Georgia Wells

The tech industry, where a dearth of talent is driving annual salaries well above $100,000, dominates a new list of the top-paying companies in the U.S.

Companies including Alphabet Inc.'s Google, **Facebook** Inc. and **Twitter** Inc. all pay median compensation of at least $150,000 a year, according to a study published on Wednesday by online career site Glassdoor Inc. Technology firms currently make up 20 of the 25 highest-paying companies in the U.S., according to salary data users provided to Glassdoor.

Consulting firms such as **A.T. Kearney** Inc. and **PricewaterhouseCoopers** LLP's Strategy& are the only businesses that top tech companies, according to the study. **Juniper Networks** Inc., a maker of networking equipment, is the highest-paying tech company on the list, coming in at No. 3 with median compensation of $157,000. **Visa** Inc. is the only company outside tech and consulting to break the top 25.

"In technology, we continue to see unprecedented salaries as the war for talent is still very active, largely due to the ongoing shortage of

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SCOTT CARSON/ZUMA PRESS
Median pay at tech companies in the U.S. is $150,000 a year.

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INDEX TO PEOPLE

BUSINESS NEWS

ABB's Profit Declines 11%

By John Letzing

ABB, which supplies robotics for manufacturing, said it is making progress on its profit margins.

KRISZTIAN BOCSI/BLOOMBERG NEWS

ZURICH—Swiss power-grid and automated-equipment maker **ABB** Ltd. said its first-quarter profit fell less than expected amid declining energy prices and slower economic growth in China.

Profit was bolstered by a $200 million bump in cash flow from operations, Zurich-based ABB said. Shares of ABB rose nearly 4% Wednesday.

Net profit fell 11% to $500 million, from $564 million in the year-earlier first quarter, while revenue fell 8% to $7.9 billion.

Analysts had expected net profit of $437 million and $8.05 billion in revenue.

ABB said a stronger U.S. dollar cut into its reported revenue figure in the period by about 5%.

During a conference call with reporters, ABB Chief Executive Ulrich Spiesshofer cited the company's success in boosting profit margins, cash flow and its backlog of orders despite tough market conditions in the quarter.

He also deemed the company's bid to turn around its power-grids business "successful."

Analysts at J. Safra Sarasin noted that ABB topped expectations for both profit and orders in the quarter, and called its overall results for the period "solid."

Recent struggles for the oil and gas industry, in addition to weaker demand in developing economies such as China—a key market for ABB—have hindered the performance of a number of international industrial equipment makers such as General Electric Co. and Siemens in addition to ABB.

ABB said first-quarter orders declined 11%, to roughly $9.3 billion.

The company said it had a difficult comparison to the "significant large orders" booked in the same period last year.

Looking ahead, ABB cited "a mixed picture with continued uncertainty."

The company said it expects further growth in the Chinese economy this year, albeit at a slower pace than last year.

Growth remains "modest" in Europe, ABB said, which has combined with geopolitical tensions in other parts of the world to create difficult conditions.

ABB's CEO said in a statement that the company's strategic portfolio review of its power-grids division continues, and that ABB plans to disclose related details in October.

Telia Revenue Hit by Eurasia Troubles

By Matthias Verbergt

STOCKHOLM—Nordic telecommunications operator **Telia** Company AB reported a 4.9% decline in first-quarter net profit, partly from a sharp decline in revenue from its operations in Eastern Europe and central Asia, a region it is exiting after bribery allegations.

Telia said its overall earnings outlook has brightened even though it has warned of future costs related to the bribery scandal.

Management slightly raised its full-year guidance for 2016, with earnings before interest, taxes, depreciation and amortization from continuing operations "to be in line or slightly above" last year's, the company said on Wednesday.

Telia, previously known as TeliaSonera, said its net profit for the three months fell to 3.91 billion Swedish kronor ($483.6 million) in the three months to end March 31 from 4.11 billion kronor in the same period a year earlier, but ahead of analysts' expectations. Revenue fell 0.9% to 20.39 billion kronor, from 20.60 billion kronor in the same period last year.

In the Eurasia region, net profit shrank 41% to 1.01 billion kronor on a 30% slide in revenue to 3.80 billion kronor. Telia's activities in the region were reported as discontinued.

Telia, 37.3% owned by the Swedish state, said the overall decline in revenue was partly due to a "highly competitive" market serving business customers and in fixed telephony in Sweden, its most important market. The number of subscribers fell to 26.9 million from 27.3 million in the first quarter last year.

The telecom group said last September it planned to pull out of seven Eurasian countries, including Uzbekistan, where its operations have come under scrutiny of prosecutors, and focus on its core operations in the Nordic and Baltic region.

Telia expects to have completed its divestment in Eurasia by the end of this year, the company's Chief Executive Johan Dennelind said in an interview with The Wall Street Journal last week.

Earlier this month, Telia completed the divestment of its holding in the Nepalese operator Ncell to Malaysian telecoms group Axiata, the company said.

Syngenta Acquisition On Track to Close

By Brian Blackstone

ZURICH—**Syngenta** AG Chief Executive John Ramsay said regulatory reviews of the Swiss seed and pesticide company's $43 billion acquisition by ChemChina are on track, meaning the deal should close by the end of the year.

"We're still very much on course for all regulatory reviews," Mr. Ramsay said in an interview with The Wall Street Journal.

In February, Syngenta agreed to be acquired by government-owned **China National Chemical** Corp., as ChemChina is formally known, for $43 billion cash.

The deal faces regulatory reviews, particularly in regions with large agriculture sectors including the European Union, U.S. and Brazil.

The deal faces scrutiny in the U.S. given Syngenta's ownership of chemical facilities there. The Committee on Foreign Investment in the U.S., or CFIUS, can review foreign takeovers for any security concerns.

On Wednesday, Syngenta reported that first-quarter sales fell 7% to $3.7 billion, a decline driven by the stronger U.S. dollar. Excluding the effects of currency changes, sales were unchanged during the first three months of the year compared with the same period last year.

Sales fell 4% in Europe, Africa and the Middle East, though they rose 6% at constant exchange rates. Sales were down 2% at constant exchange rates in North America.

Mr. Ramsay said he expects the company to adjust to changes in foreign-exchange markets, and that currencies should affect Syngenta's bottom line by only around $75 million this year.

"We're trying to match costs with revenues in the same currency," he said.

Syngenta has been able to raise prices in countries such as Russia and Ukraine that have seen substantial devaluations of their currencies.

FUEL

Continued from the prior page

erage of multiple tests of some parameters, Mitsubishi offered the most advantageous value, executives said. The data is related to how much resistance the car experiences from tires and air when it is running at a certain speed.

Multiple employees were involved in the data manipulation, which was carried out to make the cars' mileage look better, said Mitsubishi Executive Vice President Ryugo Nakao. The company is trying to determine how broadly the issue was known and who had ordered it, he said.

Mitsubishi said it has stopped production and sales of the four models. It said the incorrect data involved 157,000 cars sold under the Mitsubishi brand and 468,000 Nissan-branded cars.

Mitsubishi plans to discuss compensation with Nissan, executives said. It also is studying how to compensate consumers whose vehicle mileage was worse than advertised, Mr. Aikawa said.

Nissan is working to support vehicle owners, a spokesman said. It has no plans to change its relationship with Mitsubishi, he said.

Mitsubishi is setting up a committee with external experts to investigate the problem, which could take about three months to reach a conclusion, Mr. Aikawa said. Japan's transport ministry has asked other auto makers to check for any similar data manipulation, an official said.

Asked whether he would step down, Mr. Aikawa said he would focus on resolving the issue and compiling prevention measures.

"This is not good news for Mitsubishi as they try to rebuild sales in the United States, but it's important to note this is not the same issue as Volkswagen," said Rebecca Lindland, senior analyst for Kelley Blue Book, a vehicle valuation and research company.

"However, the result is the same in that the public has been misled, and Mitsubishi will be forced to restate their fuel economy numbers."

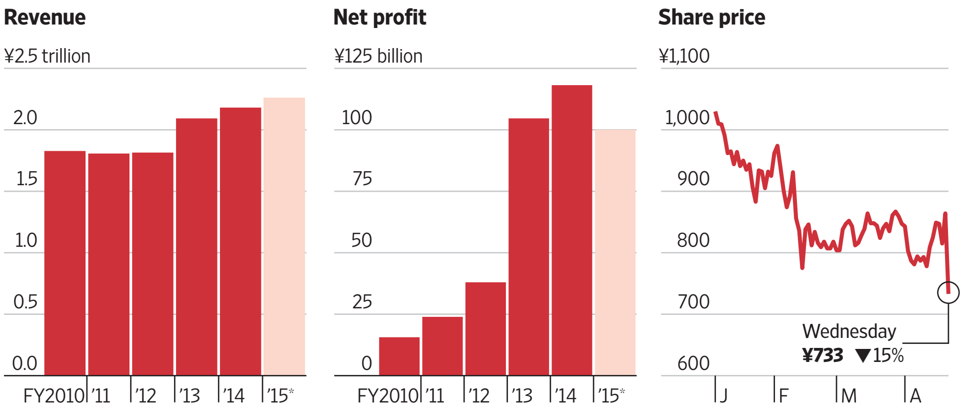
Other auto makers also have disclosed past cases of inaccurate fuel economy and emissions results. In 2014, South Korea's **Hyundai Motor** Co. and **Kia Motors** Corp. agreed to pay penalties for overstating fuel-economy measures in the U.S. Volkswagen's scandal involves so-called defeat devices in the engine-control software used to produce inaccurate diesel emissions data during laboratory testing.

Mitsubishi Motors has a history of scandals involving quality lapses and recall failures. In 2000, the company admitted having hidden vehicle-defect information for decades, leading to arrests of former company officials. After an inspection in 2012, **Japan's transport ministry** said Mitsubishi had inadequately reported some defects and delayed recalls. Since then, Mitsubishi has set up a "customer-first program" and has been working to improve vehicle quality through employee training and revised vehicle-development schedules.

Mr. Nakao said the latest problems showed the company's overhaul hadn't gone far enough. "We need to clarify the causes of this problem and change procedures within the company," he said.

Hitting the Brakes

Mitsubishi Motors has been on the upswing but faces a hit over admissions it manipulated fuel-economy data.



Note: Fiscal years begin April 1 *Consensus estimate ¥1 billion = $9.16 million
Sources: the company; Quick (estimates); Thomson Reuters (share price)

THE WALL STREET JOURNAL.

SHIPS

Continued from the prior page

erators by capacity, respectively—agreed two years ago to enter into a globe-spanning alliance called the P3 Network. But that partnership was rejected by Chinese regulators in 2014.

Maersk and Geneva-based MSC, then, formed a less-ambitious alliance between the two, called 2M. That alliance controls roughly 34% of the Asia-Europe trade route, one of the world's most lucrative.

The Ocean Alliance would challenge that dominance.

Rodolphe Saadé, vice president of France-based CMA CGM, said in a statement it was planned as "a very ambitious operational agreement," that he expected would be up and running next April, assuming regulatory approval.

The Ocean Alliance will operate 350 ships across all ocean routes, and should have a 26% market share in Asia-Europe voyages, CMA CGM estimates.

"Ocean Alliance is a forced but necessary attempt to provide a market counterbalance to the massive market share of Maersk's 2M Alliance with MSC," said Basil Karatzas, who runs New York-based Karatzas Marine Advisors & Co.

The new alliance—coupled with the recent consolidation that has made it possible in the first place—also could force a new round of deal making, analysts said.

"There is no doubt that we are in for a new round of liner shuffling and realignment with massive pressure on second-tier players," said Mr. Karatzas.

The world's biggest operators already have been meeting in recent days with the Federal Maritime Commission, the U.S. watchdog, the European Commission and China's Ministry of Transportation on possible new tie-ups.

"Chances are that the alliances you see today will change significantly," William Doyle, a commissioner at the FMC, told the Journal this month.

CMA CGM and **China Shipping Container Lines**, the container unit of China Shipping Group, currently belong to the Ocean Three alliance along with Dubai-based United Arab Shipping Co. The alliance handles 22% of all cargo moving between Asia and Europe.

Cosco currently belongs to a different alliance, called CKYHE, made up of Asian operators including Evergreen. CKYHE controls 25% of the Asia-Europe trade loop.

Regulatory reviews can take three months or longer. In the past, alliances typically expected approval from regulators if their combined market share was below 35%.

"I expect three main alliances instead of four going forward, and anyone not making it into those groupings won't be able to survive in five years' time," said Lars Jensen, chief executive of Copenhagen-based SeaIntelligence Consulting.

—Loretta Chao contributed to this article.

TESLA

Continued from the prior page

ing for repairs.

Brad Ledwith, a financial adviser from Morgan Hill, Calif., got his Model X on the last day of March and loved it, immediately hitting the highway and trying out new features. When the falcon wing doors gave out only a few days later, he at first thought his children were to blame.

After learning the problem was related to manufacturing glitches, Mr. Ledwith called his local showroom, but Tesla's service outlet was overloaded with repair orders. It would be two weeks before the car could be fixed, he was told.

"I think to myself, I am willing to concede a couple of things, but it is just I'm leasing this car for $1,350 per month," said Mr. Ledwith, a former BMW X5 owner. "If it is out two weeks, that costs $700."

Tesla rented a Chrysler Town & Country for Mr. Ledwith.

Ms. Carter, also the recipient of a rental, is grateful for the customer care but hopes Tesla doesn't replicate that offer with the cheaper and higher-volume Model 3. "They better not offer that," she said. "I want to be getting something for paying so much for my car."

It will be years until the Model X's longer term quality is well documented, but its predecessor, the Model S, has had a bumpy road. Consumer Reports last year pulled its recommendation for the Model S because of reliability problems even though reviewers loved driving the car so much they initially gave it the highest score ever.

Mark Rechtin, a Consumer Reports editor, said the product review magazine recommends avoiding new cars in the first year of production, especially those loaded with new technology. "This is one thing if you have the white-glove services," he said. "The bigger concern is that you are starting to have tens of thousands of vehicles out in the fleet."

Having cars with a suite of popular features, such as driving-assist Autopilot functions, Tesla has won the loyalty of many customers—even when they encounter problems. But its ability to move into high-volume production is putting that loyalty to the test.

"I am totally willing to overlook the issues if Tesla fixes it," Ms. Carter said, estimating one or two trips to the dealer should be all it takes. If she had the same problem on her Cadillac Escalade SUV, she said she "would be furious."

—John D. Stoll contributed to this article.

Tencent, Alibaba in a Battle To Attract Office App Users

The war to control office communications in China began in earnest Monday, when **Tencent Holdings** Ltd. launched its Qiye Weixin, or Enterprise WeChat, app.

The new app aims to protect the phenomenally successful WeChat franchise, and repel a threat from rival **Alibaba Group Holding** Ltd. It also offers to help Chinese separate work from life, a nettlesome problem that WeChat helped to create.

CHINA CIRCUIT
LI YUAN

Alibaba is China's e-commerce king, but has had little success with messaging and social-networking apps. Last year, it tried again with DingTalk, an office-oriented app that it says can "return focus to work." Lest anyone miss the message, Alibaba last week posted online videos that portray WeChat as a source of distraction, stress and tardiness at work.

The rivalry between the companies is intense. Neither wants to let the other gain an upper hand in an emerging technology that could be a big future market. Business software is a hot arena, as Chinese companies seek efficiencies to offset rising labor costs. For now, both services are free, but analysts believe both Tencent and Alibaba can generate revenue from payment processing and other services.

There is some truth in Alibaba's message. With 697 million monthly active users, WeChat, or Wexin (micromessage in Chinese), plays an important role in both Chinese work and life. Roughly 87% of WeChat users say they check it more than 10 times daily, according to a government survey released this month. In a country where email has never taken hold, WeChat is an important work tool that many companies use for internal and external communications.

LI SHENGLI/IMAGINECHINA/ASSOCIATED PRESS

Tencent's Enterprise WeChat app is for work-related communication.

That can cause problems. WeChat began in 2010 as an intimate social network. Its rapid growth blurred the line between work and life.

Many Chinese have stopped exchanging business cards and cellphone numbers, preferring to add each other as WeChat friends. Imagine your family members, your Facebook friends, your work colleagues and business contacts using Facebook Messenger to conduct simultaneous one-on-one and group chats while commenting on each other's Facebook news feed.

> **Business software is in demand as Chinese companies seek efficiencies.**

That is where Alibaba saw an opportunity, with a work-only app. After 15 months, 1.5 million enterprises use DingTalk, some of them from Alibaba's large network of Taobao merchants and business partners.

But some features on DingTalk are so efficiency-driven that it risks being seen more as task master than helpful tool to separate work from life. DingTalk is used as an internal communications tool at Alibaba, which is famous for its zeal in fast and efficient execution.

One feature is called "ding," or nail. DingTalk allows a sender to see whether a message has been read. If not, the sender can "ding" the recipients with an automated call or text message as a reminder.

"Its goal is, no matter time or location, a boss can always reach a subordinate," says Wang Xiaofeng, an analyst at Forrester Research's Beijing office. "It's a lot of pressure on the employees, while owners of small and medium-sized businesses will find it very useful."

An Alibaba spokesman says DingTalk aims to help users work more effectively so employees can have more work-free time. Enterprise WeChat, born of Tencent's more relaxed culture, tries to differentiate itself from DingTalk as a considerate tool that distinguishes between work and life. For example, employees can post an "off" sign on their profile pages so they won't receive new messages. In place of "ding," Enterprise WeChat allows a sender to request a receipt from recipients on important messages.

One controversial feature on both DingTalk and Enterprise WeChat is location-based attendance sign-in. Employers and managers like it, to help know their employees' whereabouts. But some employees resent the oversight.

Wang Yandi, chief executive of a local classified information website in Anhui province, says he randomly asks his salespeople to sign in with DingTalk to make sure they're where they're supposed to be.

Michelle Xie, who works at an Internet company in Shanghai that started using an early version of Enterprise WeChat last week, says the feature is too controlling. "It's anti-human," she says.

The Alibaba spokesman says users can turn off the location service. Tencent declined to comment.

Both apps must contend with the popularity of WeChat. Feng Shengnan works at a private-equity firm in Beijing and has two cellphones and two WeChat accounts for work and personal use respectively.

Last winter, her boss asked employees to start using DingTalk. But the switch lasted only two weeks, because employees found that they didn't use DingTalk very much. "We're used to checking WeChat all the time, even after work," Ms. Feng says. "It's hard to separate work from life."

For Tan Li, a corporate communications officer at a tech company in Heilongjiang, adding an office communications app only added another stress factor.

"I get nervous whenever somebody sends out a DingTalk group message," she says. "Everybody's phone starts ringing at the same time. Then we'll get the same message in our QQ messenger and various WeChat groups. It's like carpet bombing."

Revenue Rises 22% At ARM Holdings

By Stu Woo

LONDON—**ARM Holdings** PLC on Wednesday posted strong revenue and profit in the first quarter, compared with a year earlier, though the British chip designer warned that economic uncertainty could slow the industry the rest of the year.

The Cambridge, England-based technology company said revenue for the three months ended March rose 22% to £276.4 million ($398 million), compared with £227.5 million a year earlier. Profit grew 7.6% to £91.5 million.

ARM makes money through licenses and royalties from the chips it designs.

While the company currently designs the architecture for more than 95% of the world's smartphone chips, it is seeking to increase its market share in networking infrastructure as well as the server industry dominated by **Intel** Corp.

On Tuesday, Intel said it planned to cut 12,000 jobs, or 11% of its workforce.

ARM said Wednesday that it had increased its head count by 20% during the past year, reaching roughly 4,000 employees, and operational expenses in the first quarter rose to £157 million, up 36% from the year-earlier period.

"Going forward, we are expecting our operating expenditures to be more in line with [quarter-over-quarter] growth, which is more in the single-percentage range," Chief Executive Simon Segars said in an interview.

The company said it expects revenue for the rest of 2016 to be in line with market expectations, but added that "macroeconomic uncertainty remains, and could influence consumer and enterprise spending."

Sanford C. Bernstein analyst Pierre Ferragu said ARM risks falling below expectations in the second half of 2016 and in 2017.

Huawei Plans Bond Offering of $2 Billion

Huawei Technologies Co. plans to raise $2 billion by selling a 10-year U.S. dollar-denominated bond, people familiar with the matter said, as it continues to expand its smartphone business.

By Juro Osawa, Kane Wu and Jasper Moiseiwitsch

The Chinese telecommunications giant, seeking to challenge Apple Inc. and **Samsung Electronics Co.** in the global smartphone market, has been boosting spending on research, marketing and sales.

Huawei is still discussing terms of the issue with banks, and the size of the deal could change, the people said. Banks likely to manage the bond issue include **DBS Bank**, **Australia & New Zealand Banking Group**, **Standard Chartered Bank** and **Bank of China**, the people said.

The deal could be completed as early as this month, one of the people said.

In May 2015, Huawei issued a $1 billion 10-year bond, according to the company.

That offering was oversubscribed due to strong demand, according to bankers.

Among other big technology companies in China making debt deals recently are Tencent Holdings Ltd.—talking with banks about a syndicated loan of as much as $2 billion, people familiar with the matter said last week—and Alibaba Group Holding Ltd., which last month said it had secured a $3 billion syndicated loan.

Shenzhen-based Huawei, whose biggest business is supplying networking equipment such as routers and switches to telecom carriers, has been growing rapidly as a smartphone brand.

Its global market share in the fourth quarter, 8.1%, trailed only Samsung's 21% and Apple's 19%, according to research firm IDC.

Earlier this month, Huawei said its net profit last year rose 32% to 36.9 billion yuan ($5.7 billion), while revenue jumped 37% to 395 billion yuan.

As of the end of 2015, its balance of cash and short-term investments amounted to about $19.4 billion, according to its annual report.

The company said its R&D investment last year jumped 46% to about $9.2 billion.

PAY

Continued from page B1

highly skilled workers needed," said Andrew Chamberlain, Glassdoor's chief economist.

Tech salaries have risen in the past year. In 2015, when Glassdoor compiled similar data for the 15 highest-paying companies in the U.S., many of the same technology firms ranked on the list, albeit with lower salaries. Median total compensation at data-center software company **VMware** Inc. rose to $152,133 this year, from $145,000 last year, according to Glassdoor.

Glassdoor compiled salary reports about companies whose employees have shared information within the past year. The firm measured base salary as well as overall compensation that includes extras such as commissions and bonuses. Glassdoor, which has about 12 million workplace reviews and millions of salary reports, only included in the study companies that had at least 50 salary reports from U.S.-based employees.

Not all of the top-paying firms are household names. Lesser-known tech companies Juniper Networks, **Guidewire Software** Inc. and **Cadence Design Systems** Inc. all ranked among the top 10 best-paying firms.

"Companies use money to lure the best people when name alone won't," said Scott Dobroski, Glassdoor community expert.

Some big names didn't make the cut. **Apple** Inc. and **Amazon.com** Inc. are considered top destinations for well-paid tech talent, but their employee bases also include retail and warehouse employees whose salaries bring down the companies' median pay, Mr. Dobroski said.

Yahoo Inc., which on Tuesday again reported fast-shrinking revenue, also wasn't among the top 25 companies with its median compensation of $129,940 a year. Chip maker **Intel** Corp., which announced on Tuesday plans to layoff 12,000 workers, has a median total compensation of $118,800.

Mr. Dobroski noted that **Uber Technologies** Inc. didn't make the list of top-paying firms because Glassdoor included the salaries of the company's on-demand drivers, in addition to the company's staff employees. The company faces a class-action lawsuit claiming the company improperly classifies its drivers as independent contractors.

View From the Top

Tech firms represent the majority of top-paying U.S. firms.

10 highest paying U.S. companies in 2016

Company	Median compensation ■ Tech industry	Company description
A.T. Kearney	$167,534	Consulting firm
Strategy&	$160,000	Consulting unit of PricewaterhouseCoopers
Juniper Networks	$157,000	Networking equipment maker
McKinsey & Company	$155,000	Consulting firm
Google	$153,750	Search giant
VMware	$152,133	Data-center software company
Amazon Lab126	$150,100	Amazon.com's hardware development center
Boston Consulting Group	$150,020	Consulting firm
Guidewire	$150,020	Insurance-industry software maker
Cadence Design Systems	$150,010	Semiconductor design software maker

Source: Glassdoor

THE WALL STREET JOURNAL.

United Settles Board Fight With Investors

By David Benoit
And Susan Carey

United Continental Holdings Inc. and two of its big investors have settled a fight concerning the makeup of the airline's board of directors, staving off a bruising public battle about the company's future.

United will appoint two directors chosen by **PAR Capital Management** Inc. and Altimeter Capital Management LP to its board, the companies said Wednesday. A mutually agreed-upon third director also will be named in the next six months, the company said.

The Wall Street Journal had reported Tuesday night that the airline had struck a deal with the shareholders.

PAR and Altimeter's board picks are former Orbitz Worldwide CEO Barney Harford and PAR partner Edward Shapiro.

Moreover, United elected Robert Milton, a former Air Canada chief executive, as non-executive chairman. United added Mr. Milton and two other independent directors to its board last month.

"When taken together with substantial changes the board independently has adopted...the addition of the two new directors designated by Altimeter and PAR will transform our board governance," said United Chief Executive Oscar Munoz.

PAR and Altimeter together own 7.1% of United's stock and have been pressing since early March to put more people with airline experience on the United board.

The hedge funds were pushing for a slate of six director nominees to be considered by shareholders at the carrier's annual meeting later this spring, including Gordon Bethune, a former Continental chief executive they wanted named chairman.

The board fight came at a difficult time for United, which has been working to overcome performance issues that have dogged the company since United's 2010 merger with Continental. It also began as Mr. Munoz was easing back to work full time after a January heart transplant.

At the time, United called the shareholders' move a "hostile action." A day before PAR and Altimeter launched their fight, United added three independent directors to its 12-member board, including two with airline experience.

PAR and Altimeter, longtime airline investors that don't typically wage public board fights, believed the carrier needed to add even more airline expertise to its board. The carrier challenged their claims about the board's inexperience, pointing to Mr. Munoz's decade of service on United's board.

The two sides had engaged in talks for several weeks, ultimately agreeing on a deal after the board informed the investors it was planning to change the chairman to Mr. Milton, one person said.

With the addition of Messrs. Harford and Shapiro and the to-be-named director, half of United's board will have changed in recent months.

Mr. Munoz, who is 57 years old, took the lead in brokering the settlement with PAR and Altimeter, according to people familiar with the negotiations. The former railroad executive was plucked from United's board to take the helm at the airline after its prior CEO was ousted.

Mr. Munoz was slated to become United's chairman in 2017, but United's decision to make Mr. Milton nonexecutive chairman delays that move until at least 2018, some of the people said.

Business Watch

COCA-COLA

Earnings Decline Amid Flat Volume

Coca-Cola Co. said revenue and profit declined in its latest quarter as soda volume was flat amid weakness abroad.

Weakening foreign currencies also are hitting Coke. The company has been able to offset that in part by raising prices and steering consumers to smaller packages that cost more per ounce in its U.S. market.

Overall, Coke posted a profit of $1.48 billion, or 34 cents a share, down from $1.56 billion, or 35 cents a share, a year earlier.

Excluding certain items, per-share earnings were 45 cents, edging in above the 44 cents analysts polled by Thomson Reuters had forecast. The company said foreign exchange shaved 12 percentage points off its per-share earnings in the quarter. Revenue fell 4% to $10.28 billion.

—Anne Steele

Coca-Cola said its profit dropped to $1.48 billion due in part to weakness abroad.

ELISE AMENDOLA/ASSOCIATED PRESS

HEINEKEN

Brewer's Profit Drops, Beer Volume Rise

Heineken NV on Wednesday posted a drop in first-quarter net profit but recorded a sharp rise in beer volumes thanks to strong sales in Vietnam and China.

Net profit was €265 million ($301 million) in the first three months of 2016, compared with €579 million in the same period last year, when results were lifted by a €375 million gain on the sale of Mexican packaging company Empaque.

Consolidated beer volumes rose 7% organically in the period, boosted by strong sales during the New Year celebrations in Vietnam and China and the earlier timing of Easter. Heineken said it also recorded good volume growth in the Americas and Europe.

—Maarten van Tartwijk

BHP

Iron-Ore Exporter Cuts Output Target

BHP Billiton Ltd. said it would produce less iron ore than expected this fiscal year, as it reported a fall in quarterly shipments.

The world's third-biggest iron-ore exporter said its global output of the commodity, stripping out the share of partners, was 53 million metric tons for the three months through March, down 7% on the previous quarter.

The company consequently lowered its forecast for the year through June to 229 million tons, from 237 million tons previously.

—Rhiannon Hoyle

TOYOTA

Output to Resume In Japan Next Week

Toyota Motor Corp. said it would resume car production at many of its plants in Japan next week, after scaling back output following the recent earthquakes in southern Japan.

The auto maker had been shutting down most of its car assembly lines throughout the country this week due to component shortages after the earthquakes.

Eighteen assembly lines will resume production between April 25 and April 28, Toyota said. That includes lines at the Tsutsumi plant, where Toyota makes the Prius hybrid cars. Eight assembly lines will remain shut next week, including two lines at the Miyata plant in southern Japan, which is close to the epicenter of the earthquakes that struck Kumamoto prefecture last week, it said.

—Yoko Kubota

LEXMARK INTERNATIONAL

Consortium to Buy Firm for $2.54 Billion

Lexmark International Inc. agreed to be sold to a group of buyers including China-based Apex Technology Co. and Asia-focused PAG Asia Capital for $2.54 billion.

The companies said the deal—which pays Lexmark $40.50 a share, a 17% premium to the closing price Tuesday—had an enterprise value of about $3.6 billion when including Lexmark's debt.

The Wall Street Journal reported in October that the maker of printers, enterprise software and hardware was exploring alternatives including a possible sale. The deal provides a 30% premium to the closing price on the day before the Journal report.

The consortium also includes Legend Capital, the venture-capital arm of China-based Legend Holdings. Apex makes inkjet and laser cartridge components.

PAG Asia Capital is the private-equity business of PAG, an investment firm that also has real estate and absolute return strategies.

Lexmark will remain in Lexington, Ky., and Chairman and Chief Executive Paul Rooke is expected to continue leading Lexmark after the deal closes.

—Josh Beckerman

WOODSIDE PETROLEUM

Revenue Slumps On Oil, Gas Prices

Woodside Petroleum Ltd.'s first-quarter sales revenue slumped even as volume and production rose from a year earlier, hit by the drop in global oil and natural-gas prices.

Revenue fell to US$982 million in the three months through March, down 11% on the prior quarter and 30% lower than a year earlier, the Perth-based company said.

Production for the quarter rose 8.7% year-to-year to 23.7 million barrels of oil equivalent, although it fell 4.8% on the previous quarter due in large part to lower oil volume from Woodside's North West Shelf asset in Australia where planned maintenance was carried out.

—Robb M. Stewart

MARKETS DIGEST B6 | WEDNESDAY'S MARKETS B7 | FINANCE WATCH B8

MONEY & INVESTING

Saudi Arabia Is Set To Borrow $10 Billion

DEBT MARKETS | B7

Iron-Ore Cuts Don't Herald Price Salvation

HEARD ON THE STREET | B8

AFP/GETTY IMAGES

As of 4 p.m. ET **EUR/GBP** 0.7883 ▼ 0.08% **YEN/DLR** ¥109.46 ▲ 0.23% **GOLD** 1253.20 ▲ 0.02% **OIL** 42.63 ▲ 3.77% **3-MONTH LIBOR** 0.63510% **10-YR TREAS** ▼ 20/32 yield 1.852%

Workers End Their Oil Strike In Kuwait

By Summer Said

Kuwaiti oil workers ended a three-day walkout that had almost halved crude output in the Organization of the Petroleum Exporting Countries' fourth-largest producer, after the government said it wouldn't negotiate while the workers were on strike.

Workers returned to their jobs on Wednesday "out of respect for the country's emir" after successfully showing the importance of their role in the economy, the oil-workers union said in a news release.

Oil prices fell after the news but rebounded. U.S. oil futures ended 3.8% higher at $42.63 a barrel as weekly data showed U.S. output at its lowest level since October 2014.

Kuwait's acting oil minister, Anas al-Saleh, had ruled out negotiations with the employees until they ended their strike and said the country's oil sector would continue to operate despite the strikes.

"The goal in going on strike was to send a clear message," the Union of Petroleum and Petrochemical Workers said in the news release. "The workers reiterated in their action their role" in the economy, it said.

The workers went on strike last weekend to protest apparent pay cuts and plans to privatize parts of the energy industry. The government threatened the strikers with legal action, but union leaders had said workers would hold out until planned public-sector pay cuts were canceled.

The strikes started Sunday and caused Kuwait's oil production to plunge to 1.1 million barrels a day, from 2.8 million barrels a day. The action came at a sensitive time, with oil prices more than 60% off their peak of two years ago and countries such as Kuwait competing for oil buyers in a fierce contest for market share.

By Tuesday, Kuwait's crude output had recovered slightly to 1.5 million barrels a day as state oil firm **Kuwait Petroleum** Corp. brought more production back online. The oil industry's spokesman, Sheikh Talal Al-Khaled al-Sabah, said on Wednesday that output in the country will recover gradually to 3 million barrels a day in the next three days.

HEIDI GUTMAN FOR THE WALL STREET JOURNAL

'I tend to concentrate on more-exotic products,' ETF lawyer Kathleen Moriarty said.

Bitcoin Fund Latest Effort For ETFs' 'Spider Woman'

By Leslie Josephs

When one of the first exchange-traded funds was opened in 1993, securities lawyer Kathleen Moriarty received a gift from her legal assistant: a Spider-Man comic-book cover altered to depict the superhero facing off against a hulking Securities and Exchange Commission.

Twenty-three years later, Ms. Moriarty's ability to navigate the arcane rules that govern financial markets and products has built her a reputation as a top lawyer in the ETF business and earned her the nickname "Spider Woman."

Her latest challenge is convincing regulators that a bitcoin ETF is appropriate for the market. That isn't necessarily an easy sell, given the explosion of ETFs across the market and their fraught role in a market meltdown last August.

"I tend to concentrate on more-exotic products," Ms. Moriarty said. "Zero of my plans include retirement."

ETFs have grown to become one of Wall Street's most popular product categories by offering investors low-fee access to wide swaths of the market. Investors had close to $3 trillion in assets across nearly 4,500 ETFs globally as of March, according to London-based research firm ETFGI.

"I don't think anyone would have thought it was going to be this big," Ms. Moriarty, a partner at Kaye Scholer LLP, said in an interview this year at her Midtown Manhattan office, which was adorned with decorative arachnids and the framed comic.

Ms. Moriarty, who turned 63 years old on Tuesday, helped launch what is still the largest U.S.-listed exchange-traded fund—the SPDR S&P 500 ETF, or SPY—paving the way in 1993 for a booming industry.

"If you're going to try to do something unique and novel in that space, you're going to call Kathleen," said Jim Ross, who

Please see ETFS page B7

Questions on ECB Actions Get Tougher

By Tom Fairless

FRANKFURT—Mario Draghi is struggling to catch a break.

The **European Central Bank** president will face tough questions at a news conference on Thursday, despite repeatedly boosting the ECB's €1.5 trillion ($1.7 trillion) stimulus since December.

In Germany, the ECB's largest shareholder, fears are mounting that the central bank is doing too much. International investors worry it is running out of monetary-policy tools. Europe's struggling banks worry that subzero interest rates are eroding their profitability. Almost everyone worries about the eurozone's weak growth and inflation, as well as political risks such as the U.K.'s forthcoming referendum on its membership in the European Union.

The intense scrutiny shows how central banks have become a crucial crutch for the global economy in the absence of strong action by other policy makers. It also reflects concerns that central banks are operating at or close to their limits.

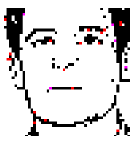
"We're clearly getting to the point where each additional dose of easing is not bringing much in term of economic outcome," said Andrew Bosomworth, head of Pimco's German portfolio management team. "Worries are starting to creep in."

While Mr. Draghi isn't expected to announce new policy measures, investors will listen closely to his comments on future interest-rate cuts, the recent strength of the euro, and prospects for "helicopter money," an extreme form of stimulus that involves direct distribution of money by central banks to the public.

Investors initially welcomed the ECB's latest stimu-

Please see ECB page B7

Betting on the Next Leadership Change



UNHEDGED
KEN BROWN

In a world of richly valued markets and paltry yields, one way to make money is to bet on political drama.

The market cheered the impeachment and likely departure of Brazil's Dilma Rousseff even before Sunday's vote. The next day, investors were shoving each other aside to grab a piece of Argentina's first bond offering since its new government took power.

Despite deep economic troubles in both countries, investors are betting optimism over new leaders and changing policies will drive up stock and bond markets.

"Investors are looking for that rare story that has a catalyst on it," said Samy B. Muaddi, an emerging-markets-debt portfolio manager at T. Rowe Price.

This bet has long been an obvious if not always profitable trade in emerging markets. The last wave of change was in 2014, when Narendra Modi took power in India and Joko Widodo became president of Indonesia. Shares rose roughly 20% in India and Indonesia in the months leading to the election and held up later that year even as other emerging markets tumbled.

Changes in governments matter more today for two reasons: There are few attractive investment options, and many markets are moving in sync, driven by factors such as commodity prices and U.S. interest rates.

A rally this year has pushed up emerging markets 7.3% through Tuesday, com-

Please see BROWN page B7

Payday-Loan Rule Is Taking Shape in U.S.

By Yuka Hayashi

WASHINGTON—Borrowers who use payday loans have more to worry about than just high interest rates: Many end up paying hefty fees to banks and even have their checking accounts closed if their balances are too low to cover automated payments, a report published Wednesday shows.

The report by the Consumer Financial Protection Bureau offers clues to details of a sweeping payday-loan regulation the agency plans to propose this spring. Specifically, CFPB officials indicated the rule would place limits on when and how lenders can gain access to the money in consumers' bank accounts.

"The true costs of these loans, taken in the aggregate, must be kept in mind as we assess the effects on consumers," CFPB Director Richard Cordray told reporters on a conference call Tuesday. "Getting booted from the banking system can have far-reaching repercussions for consumers, leading to a downward spiral that costs them even more money and their precious time."

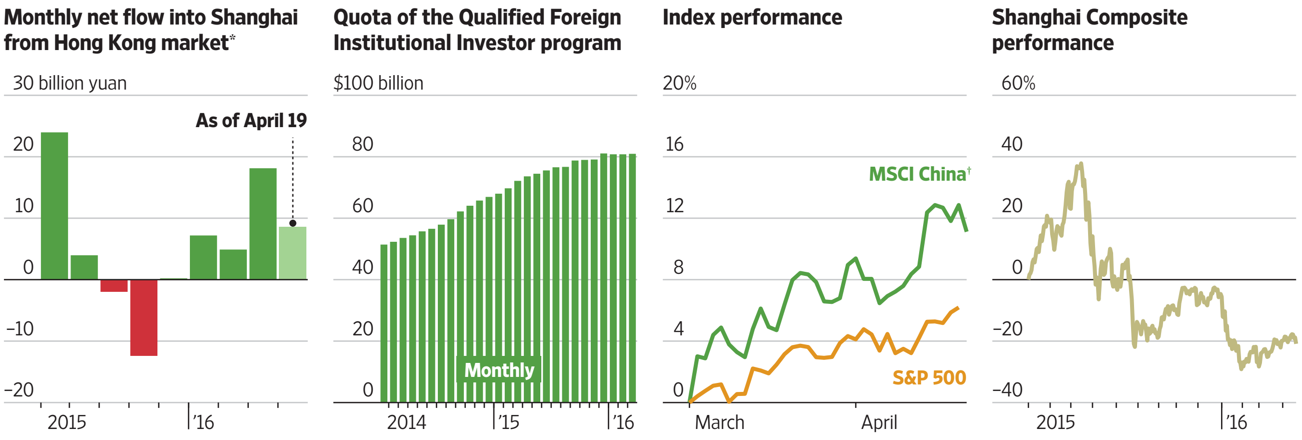
The latest research focused on online lenders, which, according to the CFPB's estimate, make up nearly half of the small-dollar market. At traditional payday lenders, customers tend to retain more control over payments as many take out loans and make cash payments at store counters. In contrast, online lenders often use an automated network to deposit loans to accounts and collect payments.

Online lenders often make repeated attempts to collect payments, with each one potentially resulting in more fees. Some use a tactic of splitting a single payment into several portions and processing them the same day. For example, they could request three $100 payments, instead of a single $300 request, in the hope of collecting at least some of the money.

The report analyzed the activities of more than 330 lenders and is based on data from an 18-month period in 2011-12, collected from several banks through the agency's supervisory process.

China Calling

Having fled following last summer's stock-market meltdown, global investors are now giving China a fresh look.



*Shanghai-Hong Kong Stock Connect limit is 13 billion yuan a day. †Includes Chinese companies listed outside the mainland 1 billion yuan = $154.8 million
Sources: Thomson Reuters (net flow, indexes); Wind Info (QFII)

THE WALL STREET JOURNAL.

Global Investors Step Back to China

By Chao Deng And Dominique Fong

Global investors appear to be regaining their appetite for Chinese stocks, buying shares in Shanghai through a stock-trading link at the highest level since China's market meltdown last summer.

After a tumultuous start to the year, Chinese shares began rising at the end of January, and are up 12% since their 2016 closing low on Jan. 28.

Some investors also have been buying Chinese stocks trading in Hong Kong: The Hang Seng China Enterprises Index of major mainland China companies has gained 22% from mid-February, when it hit a seven-year low.

"Two months back, nobody wanted to talk about China," said Rahul Chadha, co-chief investment officer of Asia equities at Mirae Asset Global Investments. "Now, clearly there's an interest."

To be sure, the Shanghai Composite Index, China's main benchmark, is still down 16% since the start of the year.

On Wednesday, the market fell 2.3%, its worst one-day slide since Feb. 29, as worries about tighter liquidity in China's financial system and the lack of stimulus from Beijing sent investors into a panic. But that type of volatility has become the exception of late.

That global investors are coming back to China can be seen in the surge in buying on the Shanghai-Hong Kong Stock Connect, which allows them to invest in a broader range of Chinese companies than those listed in Hong Kong. Investors

Please see CHINA page B8

MARKETS DIGEST

Nikkei 225 Index

16906.54 ▲32.10, or 0.19%

High, low, open and close for each trading day of the past three months.

Year-to-date		▼11.18%
52-wk high/low	20868.03	14952.61
All-time high	38915.87	12/29/89

STOXX 600 Index

350.75 ▲1.51, or 0.43%

High, low, open and close for each trading day of the past three months.

Year-to-date		▼4.12%
52-wk high/low	412.42	303.58
All-time high	414.06	4/15/15

S&P 500 Index

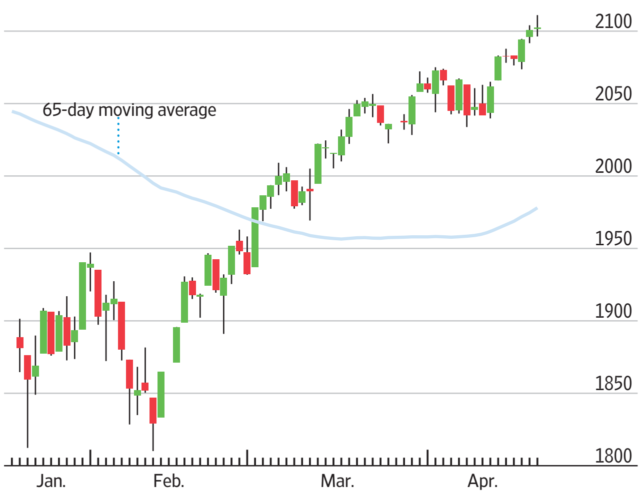
Data as of 4 p.m. New York time

2102.40 ▲1.60, or 0.08%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	24.15	20.87
P/E estimate *	18.50	17.61
Dividend yield	2.19	1.99
All-time high:	2130.82, 05/21/15	

* P/E data based on as-reported earnings from Birinyi Associates Inc.



International Stock Indexes

Data as of 4 p.m. New York time

Region/Country	Index	Latest Close	Latest NetChg	Latest % chg	52-Week Range Low	52-Week Range High	YTD % chg
World	**The Global Dow**	2406.09	1.76	0.07	2033.03	2643.78	3.0
	MSCI EAFE	1708.12	−4.07	−0.24	1471.88	1956.39	−0.5
	MSCI EM USD	850.44	−2.29	−0.27	691.21	1067.74	7.1
Americas	**DJ Americas**	505.89	0.53	0.10	433.38	525.25	3.8
Brazil	**Sao Paulo Bovespa**	53547.78	−162.26	−0.30	37046.07	58574.79	23.5
Canada	**S&P/TSX Comp**	13907.41	40.13	0.29	11531.22	15456.35	6.9
Mexico	**IPC All-Share**	45653.80	−126.38	−0.28	39256.58	46307.61	6.2
Chile	**Santiago IPSA**	3164.58	−3.67	−0.12	2730.24	3361.36	7.5
U.S.	**DJIA**	18096.27	42.67	0.24	15370.33	18351.36	3.9
	Nasdaq Composite	4948.13	7.80	0.16	4209.76	5231.94	−1.2
	S&P 500	2102.40	1.60	0.08	1810.10	2134.72	2.9
	CBOE Volatility	13.24	...	unch.	10.88	53.29	−27.3
EMEA	**Stoxx Europe 600**	350.75	1.51	0.43	303.58	412.42	−4.1
	Stoxx Europe 50	2945.05	20.27	0.69	2556.96	3584.02	−5.0
Austria	**ATX**	2342.26	4.02	0.17	1929.73	2695.57	−2.3
Belgium	**Bel-20**	3500.09	2.46	0.07	3117.61	3867.21	−5.4
France	**CAC 40**	4591.92	25.44	0.56	3892.46	5283.71	−1.0
Germany	**DAX**	10421.29	71.70	0.69	8699.29	12050.71	−3.0
Greece	**ATG**	582.51	3.66	0.63	420.82	857.92	−7.7
Hungary	**BUX**	27192.03	−79.75	−0.29	20452.90	27380.85	13.7
Israel	**Tel Aviv**	1498.60	−4.06	−0.27	1383.34	1728.89	−2.0
Italy	**FTSE MIB**	18658.36	210.38	1.14	15773.00	24157.39	−12.9
Netherlands	**AEX**	456.20	−0.26	−0.06	378.53	510.55	3.3
Poland	**WIG**	48632.80	36.46	0.08	41747.01	57460.44	4.7
Russia	**RTS Index**	943.16	16.52	1.78	607.14	1092.52	24.6
Spain	**IBEX 35**	9147.20	175.90	1.96	7746.30	11684.60	−4.2
Sweden	**SX All Share**	497.89	2.14	0.43	432.78	564.90	−1.4
Switzerland	**Swiss Market**	8186.97	34.21	0.42	7425.05	9537.90	−7.2
South Africa	**Johannesburg All Share**	53789.75	408.81	0.77	45975.78	55355.12	6.1
Turkey	**BIST 100**	85550.21	−700.76	−0.81	68230.47	88651.88	19.3
U.K.	**FTSE 100**	6410.26	4.91	0.08	5499.51	7122.74	2.7
Asia-Pacific	**DJ Asia-Pacific TSM**	1393.24	−4.14	−0.30	1188.42	1621.10	0.3
Australia	**S&P/ASX 200**	5216.00	27.20	0.52	4765.30	5982.70	−1.5
China	**Shanghai Composite**	2972.58	−70.24	−2.31	2655.66	5166.35	−16.0
Hong Kong	**Hang Seng**	21236.31	−199.90	−0.93	18319.58	28442.75	−3.1
India	**S&P BSE Sensex**	25844.18	27.82	0.11	22951.83	28504.93	−1.0
Japan	**Nikkei Stock Avg**	16906.54	32.10	0.19	14952.61	20868.03	−11.2
Singapore	**Straits Times**	2949.95	−1.86	−0.06	2532.70	3515.85	2.3
South Korea	**Kospi**	2005.83	−5.53	−0.27	1829.81	2173.41	2.3
Taiwan	**Weighted**	8514.48	−119.24	−1.38	7410.34	9973.12	2.1

Source: SIX Financial Information; WSJ Market Data Group

Global government bonds

Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 3 p.m. ET

Coupon	Country/Maturity, in years	Yield	Spread Over Treasurys, in basis points: Latest	Previous	Month Ago	Year ago	Yield: Previous	Month ago	Year ago
3.250	**Australia** 2	1.989	118.3	124.2	110.9	132.9	2.003	1.948	1.853
4.250	10	2.538	68.5	77.9	68.5	51.5	2.566	2.563	2.406
3.500	**Belgium** 2	-0.475	-128.1	-122.7	-125.5	-70.5	-0.465	-0.415	-0.180
0.800	10	0.383	-147.0	-136.9	-141.3	-161.3	0.417	0.465	0.278
4.250	**France** 2	-0.452	-125.8	-122.1	-124.7	-69.4	-0.460	-0.408	-0.169
0.500	10	0.494	-135.9	-126.7	-131.5	-153.0	0.520	0.563	0.361
0.500	**Germany** 2	-0.499	-130.5	-125.0	-131.2	-77.9	-0.489	-0.473	-0.255
0.500	10	0.156	-169.7	-161.5	-166.4	-181.2	0.172	0.214	0.079
4.500	**Italy** 2	0.006	-80.0	-75.9	-83.4	-41.2	0.002	0.005	0.113
2.000	10	1.395	-45.8	-37.5	-60.2	-43.5	1.411	1.276	1.456
0.100	**Japan** 2	-0.264	-107.0	-102.3	-105.1	-51.9	-0.261	-0.212	0.006
0.100	10	-0.130	-198.3	-191.6	-196.9	-158.0	-0.129	-0.092	0.311
0.500	**Netherlands** 2	-0.513	-131.9	-128.4	-132.8	-72.4	-0.522	-0.488	-0.200
0.250	10	0.241	-161.2	-152.2	-156.2	-173.2	0.264	0.316	0.159
4.350	**Portugal** 2	0.272	-53.4	-50.6	-55.5	-48.5	0.255	0.284	0.039
2.875	10	2.965	111.2	116.8	86.3	10.6	2.954	2.741	1.997
4.500	**Spain** 2	-0.044	-85.0	-79.6	-80.0	-43.8	-0.035	0.040	0.086
1.950	10	1.533	-32.1	-24.7	-43.7	-42.9	1.539	1.440	1.462
4.250	**Sweden** 2	-0.420	-122.6	-117.1	-146.8	-86.1	-0.409	-0.629	-0.337
1.000	10	0.770	-108.3	-100.0	-132.8	-163.3	0.786	0.549	0.257
1.250	**U.K.** 2	0.476	-33.0	-28.4	-36.9	6.5	0.477	0.471	0.589
2.000	10	1.483	-37.0	-27.8	-42.6	-29.9	1.509	1.452	1.592
0.875	**U.S.** 2	0.806	...	...	...	...	0.762	0.839	0.524
1.625	10	1.853	...	...	...	...	1.786	1.878	1.891

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 4/19/2016

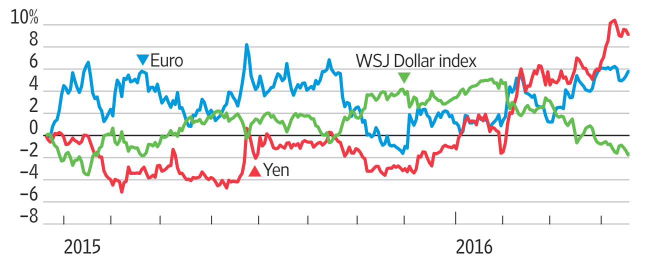
Commodity	Exchange	Last price	One-Day Change: Net	Percentage	Year high	Year low
Corn (cents/bu.)	CBOT	400.50	11.00	2.82%	400.75	351.25
Soybeans (cents/bu.)	CBOT	1017.75	23.00	2.31	1,021.00	862.00
Wheat (cents/bu.)	CBOT	512.00	17.75	3.59	512.75	449.50
Live cattle (cents/lb.)	CME	117.050	-1.525	-1.29%	131.350	116.925
Cocoa ($/ton)	ICE-US	3,079	unch.	unch.	3,211	2,746
Coffee (cents/lb.)	ICE-US	128.90	1.00	0.78	138.20	115.35
Sugar (cents/lb.)	ICE-US	15.76	0.34	2.20	16.63	12.68
Cotton (cents/lb.)	ICE-US	64.06	0.99	1.57	64.92	54.33
Robusta coffee ($/ton)	ICE-EU	1574.00	9.00	0.58	1,597.00	1,372.00
Copper ($/lb.)	COMEX	2.2420	0.0105	0.47	2.3290	1.9580
Gold ($/troy oz.)	COMEX	1246.60	-7.70	-0.61	1,287.80	1,063.00
Silver ($/troy oz.)	COMEX	17.025	0.053	0.31	17.255	13.760
Aluminum ($/mt)*	LME	1,566.00	10.50	0.68	1,588.50	1,451.50
Tin ($/mt)*	LME	17,035.00	-165.00	-0.96	17,500.00	13,225.00
Copper ($/mt)*	LME	4,803.00	25.00	0.52	5,070.50	4,320.50
Lead ($/mt)*	LME	1,728.00	10.00	0.58	1,888.00	1,598.00
Zinc ($/mt)*	LME	1,913.00	13.00	0.68	1,913.00	1,467.00
Nickel ($/mt)*	LME	9,090.00	95.00	1.06	9,400.00	7,750.00
Rubber (Y.01/ton)	TCE	196.70	2.90	1.50	197.80	175.10
Palm oil (MYR/mt)	MDEX	2709.00	21.00	0.78	2,780.00	2,405.00
Crude oil ($/bbl.)	NYMEX	43.75	1.28	3.01	44.26	30.79
NY Harbor ULSD ($/gal.)	NYMEX	1.3315	0.0604	4.75	1.3403	0.9161
RBOB gasoline ($/gal.)	NYMEX	1.5189	0.0208	1.39	1.5723	1.1528
Natural gas ($/mmBtu)	NYMEX	2.180	-0.008	-0.37	2.5930	1.8440
Brent crude ($/bbl.)	ICE-EU	45.23	1.38	3.15	45.71	30.02
Gas oil ($/ton)	ICE-EU	397.50	16.75	4.40	400.25	272.00

Sources: SIX Financial Information; WSJ Market Data Group

Currencies

London close on April 20

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Country/currency	Wed in US$	Wed per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso-a	0.0702	14.2475	10.1
Brazil real	0.2817	3.5502	−10.4
Canada dollar	0.7919	1.2628	−8.8
Chile peso	0.001515	660.10	−6.8
Colombia peso	0.0003443	2904.28	−8.5
Ecuador US dollar-f	1	1	unch
Mexico peso-a	0.0579	17.2739	0.4
Peru sol	0.3082	3.2450	−5.0
Uruguay peso-e	0.0314	31.870	6.6
Venezuela bolivar	0.100137	9.99	58.4
Asia-Pacific			
Australia dollar	0.7816	1.2794	−6.8
China yuan	0.1546	6.4672	−0.4
Hong Kong dollar	0.1289	7.7558	0.1
India rupee	0.0151	66.1145	−0.1
Indonesia rupiah	0.0000760	13163	−4.9
Japan yen	0.009136	109.46	−9.0
Kazakhstan tenge	0.002959	337.98	−0.2
Macau pataca	0.1252	7.9895	−0.2
Malaysia ringgit-c	0.2588	3.8640	−10.2
New Zealand dollar	0.6995	1.4296	−2.3
Pakistan rupee	0.0096	104.650	−0.2
Philippines peso	0.0216	46.278	−1.2
Singapore dollar	0.7448	1.3426	−5.3
South Korea won	0.0008839	1131.35	−3.8
Sri Lanka rupee	0.0068339	146.33	1.5
Taiwan dollar	0.03106	32.195	−2.2
Thailand baht	0.02870	34.840	−3.3
Europe			
Bulgaria lev	0.5794	1.7260	−4.1
Croatia kuna	0.1511	6.619	−5.6
Euro zone euro	1.1335	0.8823	−4.2
Czech Rep. koruna-b	0.0419	23.842	−4.2
Denmark krone	0.1523	6.5655	−4.5
Hungary forint	0.003663	273.01	−6.0
Iceland krona	0.008097	123.51	−5.1
Norway krone	0.1232	8.1181	−8.2
Poland zloty	0.2646	3.7799	−3.7
Russia ruble-d	0.01522	65.688	−8.6
Sweden krona	0.1237	8.0831	−4.3
Switzerland franc	1.0343	0.9668	−3.5
Turkey lira	0.3556	2.8125	−3.6
Ukraine hryvnia	0.0394	25.3670	5.7
U.K. pound	1.4381	0.6954	2.5
Middle East/Africa			
Bahrain dinar	2.6527	0.3770	−0.03
Egypt pound-a	0.1127	8.8769	13.4
Israel shekel	0.2659	3.7612	−3.4
Kuwait dinar	3.3161	0.3016	−0.6
Oman sul rial	2.5980	0.3849	−0.01
Qatar rial	0.2746	3.641	−0.04
Saudi Arabia riyal	0.2667	3.7502	−0.1
South Africa rand	0.0704	14.2096	−8.2

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	85.78	0.10	0.12	−4.87

Sources: Tullett Prebon, WSJ Market Data Group

Cross rates

London close on Apr 20

	USD	GBP	CHF	JPY	HKD	EUR	CDN	AUD
Australia	1.2794	1.8404	1.3233	0.0117	0.1650	1.4503	1.0136	...
Canada	1.2628	1.8158	1.3058	0.0115	0.1628	1.4310	...	0.9866
Euro	0.8823	1.2690	0.9125	0.0081	0.1138	...	0.6987	0.6894
Hong Kong	7.7558	11.1535	8.0221	0.0709	...	8.7910	6.1424	6.0603
Japan	109.4580	157.4100	113.2000	...	14.1140	124.0700	86.6820	85.5400
Switzerland	0.9668	1.3904	...	0.0088	0.1247	1.0959	0.7658	0.7557
U.K.	0.6954	...	0.7192	0.0064	0.0897	0.7883	0.5507	0.5434
U.S.	...	1.4381	1.0343	0.0091	0.1289	1.1335	0.7919	0.7816

Source: Tullett Prebon

Key Rates

	Latest	52 wks ago
Libor		
One month	**0.44125%**	0.18175%
Three month	**0.63510**	0.27750
Six month	**0.90415**	0.40490
One year	**1.22480**	0.69915
Euro Libor		
One month	**-0.34886%**	-0.04571%
Three month	**-0.26729**	-0.00500
Six month	**-0.15586**	0.06071
One year	**-0.02886**	0.18000
Euribor		
One month	**-0.34200%**	-0.03400%
Three month	**-0.24900**	-0.00200
Six month	**-0.14100**	0.06800
One year	**-0.01100**	0.17500
Yen Libor		
One month	**0.22786%**	0.23786%
Three month	**0.54250**	0.38500
Six month	**0.87815**	0.54143
One year	**1.27279**	0.84214
	Offer	
Eurodollars		
One month	**0.5000%**	0.4000%
Three month	**0.6500**	0.5500
Six month	**0.9000**	0.8000
One year	**1.2500**	1.1500
	Latest	52 wks ago
Prime rates		
U.S.	**3.50%**	3.25%
Canada	**2.70**	2.85
Japan	**1.475**	1.475
Hong Kong	**5.00**	5.00
Policy rates		
ECB	**0.00%**	0.05%
Britain	**0.50**	0.50
Switzerland	**0.50**	0.50
Australia	**2.00**	2.25
U.S. discount	**1.00**	0.75
Fed-funds target	**0.25**	0.00
Call money	**2.25**	2.00
Overnight repurchase rates		
U.S.	**0.37%**	0.12%
Euro zone	**n.a.**	n.a.

Sources: WSJ Market Data Group, SIX Financial Information, Tullett

Top Stock Listings

4 p.m. New York time

Asia Titans

Cur	Stock	Sym	Last	% Chg	YTD% Chg
HK$	AIAGroup	1299	44.65	-1.00	-4.18
¥	AstellasPharma	4503	1518.00	0.36	-12.33
AU$	AustNZBk	ANZ	23.90	-0.67	-14.43
AU$	BHP	BHP	20.34	3.41	13.89
HK$	BankofChina	3988	3.24	-0.61	-6.36
HK$	CKHutchison	0001	97.15	-0.26	-6.94
HK$	CNOOC	0883	9.65	-1.43	19.58
¥	Canon	7751	3333.00	0.12	-9.31
¥	CentralJapanRwy	9022	20285	0.55	-6.09
HK$	ChinaConstructnBk	0939	5.04	-0.79	-5.08
HK$	ChinaLifeInsurance	2628	19.24	-1.84	-23.35
HK$	ChinaMobile	0941	88.70	-0.95	1.37
AU$	CmwlthBkAust	CBA	74.55	-0.20	-12.84
¥	EastJapanRailway	9020	10250	1.08	-10.48
¥	Fanuc	6954	18505	0.79	-12.22
¥	Hitachi	6501	527.20	0.65	-23.76
TW$	Hon Hai Precisn	2317	79.20	-2.82	-1.98
¥	HondaMotor	7267	3050.00	-0.91	-21.99
KRW	HyundaiMtr	005380	151500	-0.98	1.68
HK$	Ind&Comml	1398	4.34	-0.91	-7.26
¥	JapanTobacco	2914	4709.00	-1.11	5.32
¥	KDDI	9433	3197.00	-0.53	1.36
¥	Mitsubishi	8058	1935.50	-0.54	-4.56
¥	MitsuUFJFin	8306	538.80	-1.12	-28.83
¥	Mitsui	8031	1338.50	0.41	-7.40
¥	Mizuho Fin	8411	171.10	-0.06	-29.73
¥	NTTDoCoMo	9437	2705.00	-0.51	8.90
AU$	NatAustBnk	NAB	27.16	-0.15	-10.07
¥	NipponStl&SmtmoMtl	5401	2426.50	0.89	0.43
¥	NipponTeleg	9432	4960.00	-0.36	2.56
¥	NissanMotor	7201	1016.00	-0.97	-20.59
¥	NomuraHldgs	8604	508.00	-0.02	-25.20
¥	Panasonic	6752	1004.50	0.86	-19.02
HK$	PetroChina	0857	5.35	-1.47	5.11
HK$	PingAnInsofChina	2318	37.40	-1.32	-12.82
$	RelianceIndsGDR	RIGD	31.30	-2.34	2.29
AU$	RioTinto	RIO	51.30	4.08	14.74
KRW	SamsungElectronics	005930	1299000	0.85	3.10
¥	Seven&I Hldgs	3382	4684.00	-1.14	-15.60
¥	SoftBankGroup	9984	6002.00	0.07	-2.23
¥	Sumitomo Mitsui	8316	3598.00	0.28	-21.88
HK$	SunHngKaiPrp	0016	98.20	0.20	4.75
TW$	TaiwanSemiMfg	2330	154.00	-2.22	7.69
¥	TakedaPharm	4502	5369.00	0.90	-11.48
HK$	TencentHoldings	0700	161.90	-2.29	6.02
¥	TokioMarineHldg	8766	3692.00	0.19	-21.65
¥	ToyotaMtr	7203	5643.00	-0.65	-24.64
AU$	Wesfarmers	WES	41.06	0.59	-1.32
AU$	WestpacBanking	WBC	30.76	0.69	-8.34
AU$	Woolworths	WOW	22.00	-0.63	-10.20

Stoxx 50

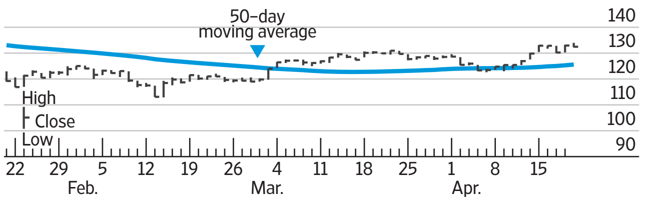
Cur	Stock	Sym	Last	% Chg	YTD% Chg
CHF	ABB	ABBN	20.28	3.84	12.92
€	AXA	CS	22.71	1.41	-9.97
€	AirLiquide	AI	106.15	1.10	2.41
€	Allianz	ALV	155.30	2.61	-5.04
€	Anheuser Busch	ABI	116.10	0.56	1.49
£	AstraZeneca	AZN	4141.00	-0.46	-10.30
€	BASF	BAS	71.10	1.59	0.54
€	BNP Paribas	BNP	46.81	2.60	-10.37
£	BT Group	BT.A	438.25	-2.85	-7.09
€	BancoBilVizAr	BBVA	6.36	5.77	-4.62
€	BancoSantander	SAN	4.32	3.60	-5.24
£	Barclays	BARC	171.15	2.00	-21.81
€	Bayer	BAYN	109.70	0.05	-5.27
£	BP	BP.	363.65	0.19	2.73
£	BritishAmTob	BATS	4264.50	-0.39	13.09
CHF	FinRichemont	CFR	66.65	2.07	-7.56
CHF	CreditSuisse	CSGN	15.23	3.25	-29.78
€	Daimler	DAI	66.13	0.75	-14.76
€	Deutsche Bank	DBK	16.44	5.12	-27.01
€	DeutscheTelekom	DTE	16.09	-0.25	-3.62
£	Diageo	DGE	1948.00	0.08	4.93
€	ENI	ENI	13.89	1.61	0.65
£	GlaxoSmithKline	GSK	1495.50	-0.37	8.92
£	HSBC Hldgs	HSBA	465.40	2.50	-13.20
€	INGGroep	INGA	11.18	0.04	-10.20
£	ImperialBrands	IMB	3717.00	-1.41	3.64
€	IntesaSanpaolo	ISP	2.46	1.82	-20.21
€	LVMHMoetHennessy	MC	154.50	0.68	6.63
£	LloydsBankingGroup	LLOY	67.76	-0.13	-7.27
€	LOreal	OR	168.10	-0.24	8.24
£	NationalGrid	NG.	1001.00	-0.60	6.77
CHF	Nestle	NESN	73.85	-0.14	-0.94
CHF	Novartis	NOVN	74.05	-0.13	-14.69
DKK	NovoNordiskB	NOVO-B	372.40	-1.43	-6.88
£	Prudential	PRU	1436.50	0.77	-6.17
£	ReckittBenckiser	RB.	6925.00	-0.70	10.25
£	RioTinto	RIO	2423.50	3.88	22.43
CHF	RocheHldgctf	ROG	253.60	-0.31	-8.25
£	RoyDtchShell A	RDSA	1813.00	0.69	18.81
€	SAP	SAP	71.09	0.08	-3.12
€	Sanofi	SAN	77.98	0.35	-0.79
€	SchneiderElectric	SU	56.47	1.20	7.44
€	Siemens	SIE	96.22	0.87	7.05
€	Telefonica	TEF	9.94	1.91	-2.84
€	Total	FP	43.34	1.07	6.09
CHF	UBSGroup	UBSG	16.20	2.08	-17.01
€	Unilever	UNA	41.41	-0.23	3.24
£	Unilever	ULVR	3330.00	-0.03	13.79
£	VodafoneGroup	VOD	232.60	0.11	5.25
CHF	ZurichInsurance	ZURN	217.60	0.65	-15.79

DJIA

Cur	Stock	Sym	Last	% Chg	YTD% Chg
$	AmericanExpress	AXP	65.03	2.30	-6.50
$	Apple	AAPL	107.13	0.21	1.78
$	Boeing	BA	130.54	-1.61	-9.72
$	Caterpillar	CAT	79.74	-0.81	17.33
$	Chevron	CVX	101.74	1.23	13.09
$	CiscoSystems	CSCO	28.44	0.39	4.73
$	CocaCola	KO	44.36	-4.81	3.26
$	Disney	DIS	103.27	0.61	-1.72
$	DuPont	DD	64.74	-1.43	-2.79
$	ExxonMobil	XOM	86.79	0.67	11.34
$	GenElec	GE	31.16	0.03	0.03
$	GoldmanSachs	GS	167.20	2.80	-7.23
$	HomeDepot	HD	135.19	-0.18	2.22
$	Intel	INTC	32.00	1.27	-7.11
$	IBM	IBM	146.12	1.47	6.18
$	JPMorganChase	JPM	64.22	1.42	-2.74
$	JohnsJohns	JNJ	113.54	0.76	10.53
$	McDonalds	MCD	128.55	-0.24	8.81
$	Merck	MRK	56.58	-0.49	7.12
$	Microsoft	MSFT	55.59	-1.42	0.20
$	NikeClB	NKE	59.62	0.10	-4.61
$	Pfizer	PFE	33.23	1.03	2.94
$	Procter&Gamble	PG	81.55	-2.08	2.69
$	3M	MMM	168.93	-0.42	12.14
$	TravelersCos	TRV	115.80	-0.40	2.60
$	UnitedTech	UTX	105.54	0.51	9.86
$	UnitedHealthGroup	UNH	134.00	2.68	13.91
$	VISACIA	V	81.24	0.61	4.76
$	Verizon	VZ	51.75	-0.63	11.96
$	WalMart	WMT	69.22	-0.79	12.92

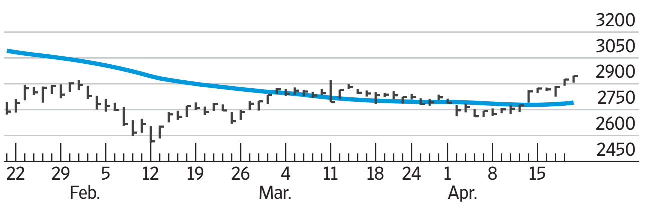
Asia Titans 50

Last: **132.47** ▼0.47, or 0.35% YTD ▼2.8%



Stoxx 50

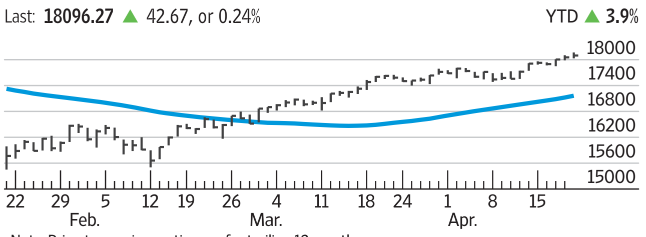
Last: **2945.05** ▲20.27, or 0.69% YTD ▼5.0%



Dow Jones Industrial Average

P/E: 19

Last: **18096.27** ▲42.67, or 0.24% YTD ▲3.9%



Note: Price-to-earnings ratios are for trailing 12 months
Sources: WSJ Market Data Group; Birinyi Associates

Oil Boosts Energy Shares

Sharp decrease in U.S. stockpiles lifts crude prices; Shanghai stocks decline 2.3%

BY SAUMYA VAISHAMPAYAN AND RIVA GOLD

U.S. stocks rose Wednesday as a rally in oil prices ignited gains in energy shares.

Stock markets around the world have rallied since mid-February, as global growth fears eased, oil prices rebounded and the U.S. Federal Reserve signaled a slow path of interest-rate increases. Shares of commodity-sensitive firms have been some of the biggest winners in this period, helping push major U.S. indexes back near all-time highs.

WEDNESDAY'S MARKETS

Some investors say they are encouraged by the broad gains in U.S. shares. More stocks have participated in the rally than just a few big gainers, and shares of both large and small companies have advanced.

"The market is in a stronger position today as we approach all-time highs than it was a year ago," said Hank Smith, chief investment officer at Haverford Trust, which manages $6.5 billion in assets.

Expectations for stock swings have diminished as U.S. stocks have clambered back near records. The CBOE Volatility Index, or VIX, hit an intraday low of 12.50 Wednesday, which marked a fresh low for the year. By late afternoon, the VIX was down 0.5% at 13.18.

On Wednesday, the Dow Jones Industrial Average gained 42.67 points, or 0.2%, to 18096.27. The S&P 500 rose 1.60, or 0.1%, to 2102.40, and the Nasdaq Composite rose 7.80, or 0.2%, to 4948.13.

Energy stocks turned higher along with oil prices after an unexpected and sharp decrease in U.S. distillate stockpiles. U.S. crude oil rose 3.8% to $42.63 a barrel.

"There's a sense of confidence that oil has established a new trading range," said Giles Fitzpatrick, partner at London's Hannam & Partners.

Corporate news continued to spark stock moves. **UnitedHealth Group** raised its guidance for the year and said Tuesday that it would pull out of nearly all of the Affordable Care Act's exchanges. Its shares rose 2.8% by late afternoon.

Intel is planning to slash 11% of its workforce, the chip maker said late Tuesday as it announced first-quarter results. Its shares added 1.4%.

Coca-Cola, meanwhile, fell 4.8% after the company said revenue and profit declined in its latest quarter.

Investors were also looking ahead to the European Central Bank's April meeting on Thursday. While few expect policy makers to announce new moves after the central bank's comprehensive easing package last month, the meeting will be closely watched for any comments on the exchange rate and details of the bank's corporate-sector purchase program.

The Stoxx Europe 600 rose 0.4% to 350.74.

The euro fell 0.5% against the dollar to $1.1299.

The moves also followed a rocky session in Shanghai, which left some investors nervous that a recent rally in Chinese stocks may have run its course.

The Shanghai Composite Index ended down 2.3% after falling as much as 4.5%. Traders cited a range of possible triggers for the move, including short-term liquidity pressures and lackluster first-quarter earnings reports.

Also, officials fixed the yuan daily benchmark rate higher against the U.S. dollar for a third consecutive day, putting it at its highest level in four months.

Elsewhere, stocks in Japan ended a touch higher.

Saudis Back in Global Credit Market

BY NICOLAS PARASIE

DUBAI—Saudi Arabia is set to secure a $10 billion loan from international banks as the kingdom seeks to address a budget shortfall caused by the drop in oil prices, according to five bankers close to the transaction.

Saudi Arabia increased the loan size from an initial target range of between $6 billion and $8 billion after receiving strong demand from a wide range of global banks, said the people familiar with the matter. The terms of the loan have been agreed on and require only the documentation to be completed, the bankers said.

Among the participating lenders are U.S. banks J.P. Morgan Chase & Co., **Goldman Sachs Group** Inc. and **Morgan Stanley.** There is also an Asian contingent, including **Bank of Tokyo-Mitsubishi UFJ, Industrial & Commercial Bank of China** Ltd. and **Mizuho Bank.**

Saudi Arabia's Ministry of Finance didn't respond to requests for comment.

The five-year loan marks the country's return to the global credit markets after a 25-year absence. It also comes as the major oil exporters of the Persian Gulf are under pressure to find new sources of capital after their principal source of income has dwindled along with energy prices, which have dropped steeply since 2014.

WASEEM OBAIDI/BLOOMBERG NEWS

The financial district in Riyadh, Saudi Arabia. The country has announced overhauls to soften the fiscal pain from low oil prices.

Saudi Arabia, whose credit rating was recently cut by Fitch and Standard & Poor's, isn't the only country in the region raising funds. Qatar and Oman have already borrowed in recent months, while Abu Dhabi is considering an international bond, according to the bankers.

Standard & Poor's earlier this year said it expects Middle East and North African sovereigns to borrow a total of $134 billion this year, nearly double the amount in 2014, when oil prices topped $100 a barrel.

Saudi Arabia's loan is expected to pave the way for the country to obtain additional cash by tapping the international bond markets, the bankers said. A timeline for when it might enter the bond markets hasn't been determined.

In its attempt to soften the fiscal pain from low oil prices, Saudi Arabia has announced changes that include raising utility prices, cutting subsidies and privatizing state assets. The country is expected to announce a more-detailed economic-overhaul plan in coming weeks.

To finance its budget deficit, Saudi Arabia has issued domestic bonds and has been drawing down its foreign reserves. Those reserves have fallen under $600 billion, down almost $150 billion from their peak in the middle of 2014. "They've been tapping their external reserves significantly and would like to slow that down," said Giyas Gokkent, a Dubai-based economist at the Institute of International Finance.

Bankers said the list of participating banks reflects the appetite of Asian banks to expand outside their domestic market. Japanese banks, in particular, are looking for fresh opportunities abroad as they face negative interest rates at home.

One of the bankers said the loan was priced at around 1 percentage point above the London interbank offered rate. Another banker said the deal wasn't necessarily hugely profitable for some of the banks involved but could open doors to future work in the kingdom.

Verus Partners, a London-based boutique, has been advising the Saudi government on the loan accord, the bankers familiar with the matter said.

ECB

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lus on March 10, which involved sweeping rate cuts, an increase in its bond purchases to €80 billion a month, and cheap loans for banks. But the positive market reaction reversed when Mr. Draghi said at a news conference that he didn't expect to cut interest rates again. The ECB's deposit rate, paid on funds parked with the central bank, stands at minus-0.4%.

Top ECB officials have since refined that message, indicating that fresh rate cuts and other tools remain on the table. But investors have responded cautiously. The Euro Stoxx 50 index is up about 3% since before the last policy meeting, while the euro has strengthened against the dollar, to around $1.14 from $1.10, an unpleasant surprise for the ECB.

"The confidence boost that the central bank had hoped for has not materialized," said Michael Schubert, an economist with Commerzbank in Frankfurt.

On interest rates, the ECB faces a dilemma: Signaling that rates could fall further would likely weaken the euro exchange rate, helping the bloc's exporters. But ECB policy makers also appear eager to avoid a currency war, in which central banks try to outdo each other with ever-deeper rate cuts, according to the minutes of their March meeting. Central banks from Japan to Sweden have also cut rates below zero.

Mr. Draghi is likely to tread a cautious path on Thursday, economists say, seeking to reassure investors that the central bank hasn't used up all its ammunition without undermining Europe's banks, which complain that negative interest rates impose costs that can't easily be passed on to customers.

Investors are pricing in a further 0.1-percentage-point cut to the ECB's deposit rate by the third quarter, to minus-0.5%, said Mr. Bosomworth, citing derivative markets.

The stresses in Europe's banking sector appear to have diminished in recent weeks. Banking stocks are up almost one-fifth from their February lows. The ECB's most recent survey of bank lending, published on Tuesday, shows an improved supply of loans to firms, and higher demand for credit from both companies and households.

Recent economic data has been mixed, however. Retail sales rose for a fourth straight month in February and unemployment is at a four-year low of 10.3%. But economic growth probably softened in the first quarter, according to a closely watched business survey, and inflation was zero in March, far below the ECB's near-2% target.

Top ECB officials have stressed repeatedly that they are ready to take further action to ensure ultralow inflation doesn't become entrenched.

Such statements, and a debate over helicopter money, appear to have stoked concerns in Berlin over the ECB's easy-money policies. German Finance Minister Wolfgang Schäuble this month argued that the ECB was partly to blame for the rise of a new anti-immigration party, the Alternative for Germany.

The rate paid on funds parked with the central bank is minus-0.4%.

Mr. Draghi will likely be asked about his relations with Berlin, and to clarify his position on helicopter money, which he described at his last news conference as "a very interesting concept."

"It's going to be very frustrating [for Mr. Draghi] if, just a few weeks after a second package of policy measures was announced, there's a clamor to discuss a helicopter drop," said Ken Wattret, an economist with BNP Paribas in London.

Mr. Draghi may also reveal fresh details of the ECB's new corporate-bond-purchase program, which is due to start in June. Investors will look for more details on which bonds the central bank might purchase, whether it will target a specific monthly volume, and how risks will be shared among eurozone central banks.

The ECB's broader bond-purchase program is due to end in March 2017. Mr. Draghi will likely be pressed on whether the program could be extended, and how to avoid bottlenecks in certain bond markets, such as German government bonds. For now, investors will let Mr. Draghi remain vague, economists said.

BROWN

Continued from page B5

pared with a 2.8% rise in the S&P 500. That has forced investors to take on more risk to stay in the game, which means looking for turnaround stories, even if the turnarounds are largely uncertain.

The fun part is picking the next to fall. Topping the list are South Africa's Jacob Zuma and Malaysia's Najib Razak. Both leaders face corruption allegations and are under pressure to resign, though both are political survivors with strong party backing.

SUMAYA HISHAM/EUROPEAN PRESSPHOTO AGENCY

South Africa's Jacob Zuma

What excites investors is that both countries have young populations that are brimming with potential. What worries them is that both countries depend on China buying their commodities and both face policy paralysis caused by unpopular leaders and entrenched party establishments.

As with all emerging markets, both countries are unloved by investors and cheap on many measures.

The risk with betting on change in emerging markets is that problems are so deep and the global economic situation so weak that the optimism can dissipate quickly.

In South Africa, Mr. Zuma backed off a plan to replace a respected finance minister after markets sold off. In Malaysia, Mr. Najib appointed a political ally who served on the advisory board of a scandal-plagued government investment fund to replace the country's widely respected central-bank head who is retiring.

Then there is undoing the mess left behind by the previous government. For many emerging markets, that means somehow paying off big piles of debt that were typically squandered on bad policies or used for political favors. Brazil's debt tripled to $1 trillion in the past nine years, and all three major credit-rating companies reduced the country's rating to junk. The economy shrank 3.8% last year and will likely shrink again this year.

But investors think back to 1992 and the last impeachment in Brazil, when then-President Fernando Collor was charged with corruption. His resignation eventually ushered in the presidency of Fernando Enrique Cardoso, who oversaw the country's economic revival.

As heartless as they can be, investors appear to be very forgiving these days. Witness Argentina, which has been at war with hedge funds for 15 years and whose central bank said earlier this year it would start printing higher-denomination bank notes to deal with inflation that is estimated at around 40%.

The buying frenzy for Argentina's offering—$70 billion in orders for $16.5 billion in bonds—should be incentive enough for every country with a lousy government to make a change. It is staggering that investors would lend money for 30 years to a country that just emerged from a default in return for a yield of just 8%. Buyers apparently bid up the bond prices further after the deal.

But with emerging-market currencies up about 10% from their lows and bond yields down to 4.6%, there aren't many options to get a juicy return.

ETFS

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heads State Street Global Advisors' line of SPDR ETFs.

Born near Chicago and raised in Manhattan, Ms. Moriarty often wears a gold brooch of a long-legged spider.

She has won regulators' assent for several new products over the past two decades, from basic stock-market-tracking funds to those that seek to replicate the performances of bonds and gold, and those that use derivatives to amplify performance.

While on vacation last summer, Ms. Moriarty returned from a walk on the beach on New York's Fire Island, and noticed she had more than a dozen missed calls. That day, Aug. 24, marked one of the most-volatile stock-market trading sessions in recent years, when several ETFs traded at sharp discounts to their underlying holdings.

The SEC had been looking into ETFs before August, but that trading session highlighted how the structure of the popular products could backfire in times of market stress.

The Dow Jones Industrial Average dropped more than 1,000 points in early trading amid fears that China's economy was slowing. There were close to 1,300 trading halts, most of them in exchange-traded products, according to an SEC report.

"I fear that the risk presented by some of these new products may not be fully understood by those who have invested in them," SEC Commissioner Kara Stein said in a speech in February. "Indeed, even plain-vanilla, equity-index ETFs may present risks that are not always anticipated or fully understood, as evidenced by the events of Aug. 24, 2015."

Last year, the agency proposed new rules that could limit ETFs' growth and even slim down the current lineup, such as curbing the use of derivatives by mutual funds and ETFs and limiting their holdings of assets that are illiquid, or tough to buy and sell.

An SEC spokeswoman declined to comment.

Ms. Moriarty said regulators' concerns about the products' proliferation is extreme. "How many more mutual funds do we need? Nobody ever asks that question," she said. (There are more than 8,100 mutual funds and about 1,600 ETFs in the U.S. as of February, according to the Investment Company Institute, a fund-industry group.)

"I don't necessarily see a risk," she said. Ms. Moriarty said she has about half of her personal retirement investments in ETFs.

Ms. Moriarty said it took roughly seven years to win SEC approval for what is now a small but controversial corner of the ETF world: leveraged ETFs.

These products, which she helped ProShare Advisors inaugurate in 2006, often use swap agreements, usually with investment banks, that amplify investors' gains and losses.

The top gainer among U.S.-listed exchange-traded products this year, according to FactSet, is a leveraged product, Direxion's Daily Junior Gold Miners Index Bull 3x Shares ETF, which aims to provide investors with three times the daily performance of a selection of gold-mining companies. It is up more than 260% this year, compared with a loss of more than 74% in all of 2015.

In 2010, the SEC put a moratorium on new approvals for asset managers seeking to enter the leveraged ETF market. Then-SEC Chairman Mary Schapiro said it was appropriate because of the "questions surrounding the risks associated with the derivative instruments underlying many funds."

Ms. Moriarty cited bitcoin's volatility as a risk in the filing she co-wrote. She said her proposed ETF's structure is similar to that of the $32 billion exchange-traded gold product, the SPDR Gold Trust, that she helped launch in 2004 because it aims to give investors access to the commodity without having to hold it. The fund, GLD, has risen sharply along with gold prices this year.

"I'm optimistic," Ms. Moriarty said about the bitcoin application.

SPY remains the largest ETF around, with more than $188 billion in assets as of Friday, according to FactSet. But it now is facing competition from newer, cheaper rivals, such as Vanguard's S&P 500 ETF, which charges investors a fee of 0.05% on assets compared with SPY's more than 0.09%.

Fund companies are trying to slice the market into finer and finer pieces.

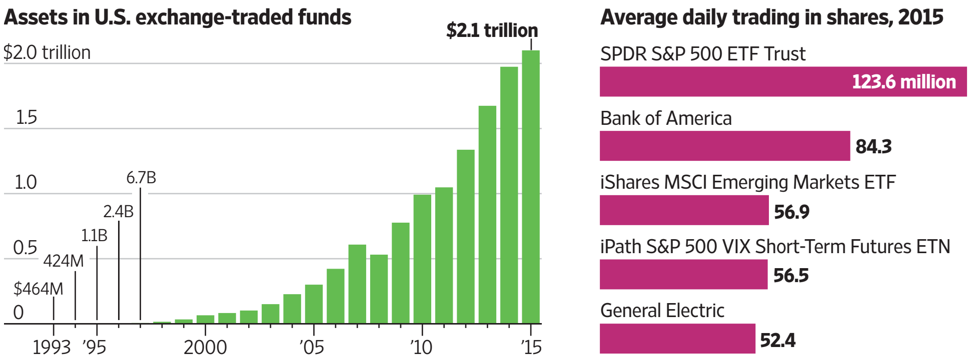
Janus Capital Group said last month it was planning an ETF that tracks companies that produce or sell organic products and another that seeks to mirror the performance of firms that treat obesity and related diseases.

While index-tracking funds make up the lion's share of ETFs, some asset managers are seeking approval for funds whose securities are chosen by a manager but don't disclose their holdings on a daily basis, veiling the portfolio manager's strategy from other traders.

Ms. Moriarty said less than half of the proposals she takes on are for simple ETFs, saying they tend to cruise to market on a well-worn regulatory path, but she has her limits. "If it's really completely ludicrous, you don't want to waste regulators' time."

Wide Web

Investors have poured money into exchange-traded funds since they took off in the early 1990s. Three of the five most-traded U.S.-listed securities last year were exchange-traded products.



Source: Investment Company Institute (assets); FactSet (shares traded)

THE WALL STREET JOURNAL.

HEARD ON THE STREET

Banks: Watch 'Brexit' Relief Rally

Simple and predictable is hard to find in banking.

Smaller, retail-focused U.K. lenders like **Lloyds Banking Group** or **Virgin Money**, which are expected to produce steady dividends, have seen valuations suffer in the past year even as Europe's larger, more complex lenders struggle and cut payouts.

Lloyds and Virgin are valued at 1.1 times forecast book value per share. For most of last year the former traded above 1.2 times and the latter upward of 1.3 times.

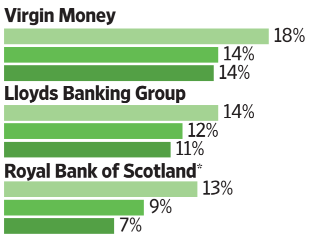
There is one big thing weighing on these banks: this summer's vote on whether the U.K. should remain a part of Europe. Investors should be prepared for a snap rebound if most Britons opt for the status quo in June.

Britain's long-term prospects either in or out of the European Union are incredibly difficult to predict despite the U.K. government's rather specific claim that families would be £4,300 ($6,150) worse off in 14 years' time if Britain exits Europe.

Risk Reductions

Risk-weighted assets under internal models as a proportion of total mortgages

2013 | 2014 | 2015



*U.K. mortgage book only
Sources: the companies; Bloomberg News (photo)
THE WALL STREET JOURNAL.

Residential properties in Brighton, U.K.

However, a vote for "Brexit" would cause short-term economic disruption due to uncertainty about future trade agreements, a falling pound, a decline or reversal in investment from overseas and potentially higher interest rates. Worries about this already are damping activity. The Bank of England notes that investment decisions are being postponed ahead of the vote.

To be sure, Lloyds and others face risks if the U.K. remains in the EU. The house-price rally has helped to cut the amount of capital mortgage lenders need to hold against their loans.

Over the past few years, Lloyds, Virgin Money and Royal Bank of Scotland all have seen big falls in risk-weighted assets as a percentage of their total mortgage loans, also known as a decline in risk density. Falling house prices would increase riskiness and thus require more capital.

Chirantan Barua at Bernstein sees a big hit to some banks. A 10% decline in U.K. house prices would cut 1.5 percentage points from Lloyds's common equity Tier 1 ratio, Mr. Barua reckons.

The bank doesn't agree that house-price falls would hurt capital anything like that much. That view is supported by the latest European "stress test."

But if there is some uncertainty over house prices in general, the outlook is likely worse in a Brexit scenario. The U.K. finance minister has warned that mortgage costs would be higher, while foreign capital could flee the market.

The trouble is no one knows—and that is what will weigh on U.K. mortgage banks until the vote.

Brexit may make matters much worse for Lloyds, Virgin and others, but a vote to remain quashes the worst immediate risks—and should mean investors jump on these simple, defensive banks once more.

—Paul J. Davies

OVERHEARD

Just like some plane rides, airline investing can be stressful. But **United Continental Holdings** and its investors can exhale.

United has settled a spat with hedge-fund investors over who sits on its board. United will add two board members selected by hedge funds **PAR Capital Management** and **Altimeter Capital Management**, who together own 7.1% of the company. United also will add a third director, mutually agreed upon by both parties.

The deal helps United avoid a proxy contest, a welcome relief given recent management turmoil and long-running operational issues. And the hedge funds, which don't have a reputation for traditional activist investing, have successfully lobbied for more industry experience on the board. That can only help.

With the fight behind it, investors and management can again focus on operational and financial performance. Now, it is up to United to spend any peace dividend wisely.

VW Drama Won't End With a Deal

Enter Mitsubishi stage left, exit **Volkswagen** stage right?

As shares in the Japanese car maker tanked in response to an admission it had falsified fuel-economy data, Volkswagen stock rose Wednesday in anticipation of a settlement with U.S. authorities following its own admission of fraud last September.

The German group has until Thursday to strike a deal with the various U.S. bodies involved in the emissions scandal. A report published Wednesday in German business daily Handelsblatt suggested Volkswagen was poised to announce an agreement.

As the emissions scandal moves out of the limelight, the wider case for owning Volkswagen will take center stage.

Crudely, this amounts to a bet that the operation in Wolfsburg that makes VW cars can be reformed, both to make it more responsive to local tastes across the globe and to improve profitability.

Alas, there is little evidence this will happen. Herbert Diess, whom Volkswagen hired from BMW last summer to turn around the VW-branded business, remains at loggerheads with union chief Bernd Osterloh.

Last week group Chief Executive Matthias Mueller agreed to negotiate directly with Mr. Osterloh. But there is little the top boss can do. Labor and local government agents form a majority of voices on Volkswagen's supervisory board, which signs off strategy.

News of an emissions deal in the U.S. will bring investors a measure of relief. But the wider corporate drama at Volkswagen continues.

—Stephen Wilmot

Iron-Ore Cuts by Rio, BHP Don't Herald Price Salvation

Rejoice! Miners **Rio Tinto** and **BHP Billiton** have pruned their guidance for production of iron ore.

Does this herald the end to their much-criticized strategy of flooding the market with low-cost supply, driving prices down? No.

For a start, the changes are tiny in the context of a seaborne iron-ore market of about 1.2 billion metric tons. Rio said it would produce 330 million to 340 million tons in 2017, down from its previous goal of 350 million tons. BHP shaved its expected output for the fiscal year to June by 4%, to 260 million tons.

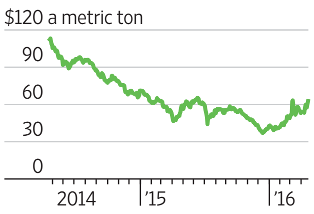
Both tweaks have a partial operational explanation. Rio has hit problems with its driverless trains. BHP has opted to bring forward maintenance work on its rail system.

But, strategically, the conclusion isn't that tons are being cut because they are important to the market. Instead, it is that those tons don't matter too much at all.

Unlike in the past, Rio and BHP aren't worried that other eager miners will mop up demand. Sure, iron-ore prices are up about 50% this year, a blessed relief for miners. But that isn't expected to last. The seasonal dip in steelmaking demand is approaching after the summer. There is still plenty of supply in the pipeline to deter would-be iron mongers.

Iron Back

Benchmark iron-ore prices



Source: The Steel Index
THE WALL STREET JOURNAL.

However, that supply isn't coming from Australia's biggest miners.

Rio has the infrastructure in place to boost output to 360 million tons, and BHP to 290 million tons, with relatively modest investment. They may do so. But the more substantial expansion is elsewhere in the coming years, namely at Vale's S11D project and Gina Rinehart's Roy Hill.

Meanwhile, Rio and BHP, which together control about half of the highly consolidated seaborne market, are sitting at the bottom of a flattened cost curve, with a potential advantage if and when the iron-ore market starts to recover.

The big miners have all benefited from weaker producer currencies and lower freight rates, but others like Vale and Anglo American were boosted by these market factors more, notes Citigroup. Meanwhile, the question of whether cost reductions prove sustainable in the longer term looms larger for rivals like Fortescue Metals Group and Anglo, which achieved the most drastic cuts.

This looks like the culmination of Rio and BHP's strategy, not its reversal.

—Helen Thomas

MONEY & INVESTING

Europe Lags Far Behind Bull Market in U.S. Banks

By Mike Bird

U.S. banking stocks may be back in bull market territory, but their peers in Japan and Europe have a long way to go before they catch up.

The KBW Bank Index has risen from the flames, up more than 20% since its February nadir. That leaves its just 6.4% below the level at which it entered 2016.

MONEYBEAT

European banks, by comparison, have much further to go. In U.S. dollar terms, banks listed on the Stoxx Europe 600 index are 13.6% below their Dec. 31 level.

It could be worse. In dollar terms, banks listed on Japan's Nikkei index are more than 20% below the level at which they began the year, with even less of a recovery from February's lows.

Central banks in both Europe and Japan have cut interest rates this year, with the Bank of Japan taking its first step into negative territory, and the European Central Bank going further after first taking the plunge in 2014.

That has led to worries about bank profitability in both regions. With income streams already thin because of shrinking yields on many assets, the prospect of banks making even smaller returns on their lending seems to be leaving investors cold.

But banks aren't doing badly everywhere.

Even in dollar terms, emerging-market banks have blown the competition out of the water. Banks listed on the MSCI emerging-market index now are up 25% from their 2015 lows.

The strengthening dollar has put enormous pressure on emerging-market stocks since 2013, making it more difficult for companies to service their external debts. The slump in commodity prices has had a brutal impact, too, dragging down producers and the banks exposed to them.

This year, so far at least, the dollar has weakened and commodity prices have picked up, offering investors in emerging-market stocks—including banks—a reason to cheer for the first time in quite a while.

CHINA

Continued from page B5

bought 18.1 billion yuan ($2.8 billion) of Chinese stocks in March, the biggest monthly net gain since August, according to Reuters.

"From what we're seeing, these are medium- to long-term investors—everyone from mutual funds to the global pension-fund community, as well as retail investors," Andy Maynard, head of sales and trading in Asia for HSBC, said of the increase in northbound traffic on the trading link. "It's not massive in size, but there is an uptick."

The link, which opened in November 2014, allows up to 300 billion yuan of Shanghai-listed stocks to be bought by investors with access to a Hong Kong brokerage firm.

Kweichow Moutai Co., a producer of baijiu liquor whose shares are among the most actively traded via the link, has climbed 9% this year.

Concerns about the Chinese currency and the country's economy slowing down have abated. The yuan has stabilized, easing worries about capital outflows from the mainland, and recent data suggest some improvement in China's economy. A rebound in global shares and commodity prices has also made investors feel more comfortable in increasing their exposure to emerging markets such as China, according to analysts.

It is too soon to know whether the signs of interest are a blip or the start of global investors being ready to trust their money again in China's historically volatile stock markets. Many large institutional investors are still holding back, worried about where China's economy is headed.

Catherine Yeung, investment director for Fidelity International, which manages $272 billion of assets globally, said she is watching for whether China will follow through on pledges to cut down on overcapacity, overhaul state-owned enterprises and tackle the high level of corporate debt.

Professional fund managers can also buy Chinese domestic stocks through two quota-based programs, which as of March allow them to buy as much as a total $153 billion in mainland assets. There are no figures available to show how much of the quota investors have used.

Nor do other data do show who is allowed to invest in mainland shares, and how much they are allowed to invest. Total quota allotted to global investors through the Qualified Foreign Institutional Investor (QFII) program has plateaued at roughly $81 billion since December.

Global investors are also turning to Chinese listings that they can buy without limits outside the country's $6.3 trillion mainland stock market. The MSCI China Index, a basket of Chinese stocks listed in Hong Kong and the U.S., is up 4.5% over the past 30 days, outpacing other Asian stock markets and the S&P 500, which is up 2.5% in the period.

Finance Watch

BORIS ROESSLER/EUROPEAN PRESSPHOTO AGENCY

CEO Martin Blessing, left, is leaving Commerzbank.

COMMERZBANK

CEO Casts Doubt On Profit Guidance

Commerzbank AG's outgoing chief executive officer, Martin Blessing, raised doubts about the German bank's ability to meet its 2016 net-profit guidance.

"It is getting increasingly ambitious to reach the 2015 profit," Mr. Blessing told shareholders at the bank's annual general meeting. Commerzbank had indicated to investors it expected a slight improvement over the €1.06 billion ($1.20 billion) net profit Commerzbank posted for 2015.

The bank's earnings are pressured by low interest rates and intense market volatility, Mr. Blessing said, adding that the first-quarter result will likely be below that of the previous quarter.

Board member Martin Zielke will succeed Mr. Blessing May 1.

—Madeleine Nissen

CHASE BANK KENYA

Most Depositors To Get Funds Now

Chase Bank Kenya Ltd. will be managed by major local lender **KCB Bank Kenya** Ltd. and reopen to the public after suffering a run on deposits and being put in receivership earlier this month, the country's central-bank governor said

Chase Bank Kenya, a mid-sized lender, on April 7 became the third to be put in receivership since last summer by Governor Patrick Njoroge.

It will reopen April 27, the governor said, and customers will have access to deposits of up to one million Kenyan shillings, or $10,000, per account. The central bank said that means holders of 97% of the bank's accounts, a total of 167,290, would have full access to their funds immediately.

The KCB role in the reopening of Chase doesn't amount to a takeover, but is a precursor to one, the central bank said.

"KCB will undertake a detailed due diligence review of CBL. This will inform decisions relating to KCB's interest in a majority stake," it said. KCB will provide a management team for Chase's reopening and guarantee its liquidity, together with the central bank.

—Matina Stevis

SWEDBANK

Prosecutors Drop Probe of Ex-CEO

Swedish prosecutors have abandoned an investigation into alleged insider trading by former Swedbank AB Chief Executive Michael Wolf, saying that evidence they had gathered wasn't sufficient to prove any crime had been committed.

Mr. Wolf had been suspected of using inside knowledge in conducting share trades while he was Swedbank CEO, but a spokeswoman for the prosecutor's office said this couldn't be proved.

Mr. Wolf expressed relief at the decision.

—Charles Duxbury

CHINA

Property-Sector Loans Increase 22%

Outstanding bank loans to China's property sector rose 22%, to 22.51 trillion yuan ($3.48 trillion) at the end of March from a year earlier, the People's Bank of China said.

The growth rate was 1.3 percentage points higher than three months ago, said the central bank, thanks to China's recent housing boom.

Chinese banks issued 1.5 trillion yuan of loans to the country's real-estate sector in the first three months of the year, 504.5 billion yuan more than they issued a year earlier.

—Grace Zhu