



Shoppers walk into a Costco store, March 3, in Tacoma, Washington. Costco Wholesale Corp. reported earnings results on March 4. (AP)

Costco Q4 profits rise, helped by pandemic shopping habits

Warehouse retail chain Costco Wholesale said its fourth-quarter profits rose slightly from a year ago, its profits weighed by wage premiums paid to employees during the pandemic.

In a quarter during which Costco saw a surge of online shopping, the company based in Issaquah, Washington, said it earned \$951 million, or \$2.14 per share.

That's compared to a profit of \$931 million, or \$2.10 per share, in the same period a year earlier.

But the results were below analysts' expectations, pushing the Costco's stock down about 2% in after-hours trading.

The average estimate of 13 analysts surveyed by Zacks Investment Research was for earnings of \$2.42 per

share in the latest quarter. Costco said the premium COVID-19 pay for its employees trimmed its profits by 41 cents per share.

Costco has been one retailer that has mostly benefited from the pandemic, as stay-at-home Americans stocked up on bulk goods. The company also is seeing a jump in online shopping, notable for the chain mostly

known for its mammoth warehouse stores.

E-commerce revenues were up 75% from a year earlier in the quarter that ended Feb. 14.

The warehouse club operator posted total revenue of \$44.77 billion in the period, exceeding Street forecasts. Six analysts surveyed by Zacks expected \$44.5 billion. (AP)

Business Plus



125 people under universal basic income reported lower rates of anxiety and depression: study

Employment rose among those in free money experiment



In this file photo, Susie Garza displays the city provided debit card she receives monthly through a trial program in Stockton, California. A study of people in California who received \$500 a month for free says they used it to pay off debt and get full-time jobs. A pair of independent researchers reviewed data from the first year of the study and released their finding on March 3, 2021. (AP)

By Adam Beam

After getting \$500 per month for two years without rules on how to spend it, 125 people in California paid off debt, got full-time jobs and reported lower rates of anxiety and depression, according to a study released Wednesday.

The program in the Northern California city of Stockton was the highest-profile experiment in the US of a universal basic income, where everyone gets a guaranteed amount per month for free. Announced by former Mayor Michael Tubbs with great fanfare in 2017, the idea quickly gained momentum once it became a major part of Andrew Yang's 2020 campaign for president.

Supporters say a guaranteed income can alleviate the stress and anxiety of people living in poverty while giving them the financial security needed to find good jobs

and avoid debt. But critics argue free money would eliminate the incentive to work, creating a society dependent on the state.

Tubbs, who at 26 was elected Stockton's first Black mayor in 2016 after endorsements from Oprah Winfrey and Barack Obama, wanted to put those claims to the test. Stockton was an ideal place, given its proximity to Silicon Valley and the eagerness of the state's tech titans to fund the experiment as they grapple with how to prepare for job losses that could come with automation and artificial intelligence.

The Stockton Economic Empowerment Demonstration launched in February 2019, selecting a group of 125 people who lived in census tracts at or below the city's median household income of \$46,033. The program did not use tax dollars, but was financed by private donations,

including a nonprofit led by Facebook co-founder Chris Hughes.

A pair of independent researchers at the University of Tennessee and the University of Pennsylvania reviewed data from the first year of the study, which did not overlap with the pandemic. A second study looking at year two is scheduled to be released next year.

When the program started in February 2019, 28% of the people slated to get the free money had full-time jobs. One year later, 40% of those people had full-time jobs. A control group of people who did not get the money saw a 5 percentage point increase in full-time employment over that same time period.

"These numbers were incredible. I hardly believed them myself," said Stacia West, an assistant professor at the University of Tennessee who analyzed the data along with Amy Castro Baker, an assistant professor at the

University of Pennsylvania.

Tomas Vargas said the extra \$500 a month was enough for him to take time off from his part-time job and find full-time work that paid better. He said he was depressed at the start of 2019, but now says he is happier and healthier.

"Every day I get to wake up and enjoy my kids," he said. "My wife, we enjoy time together. We didn't have that before."

Tubbs cheered the results, telling reporters on a conference call to "tell your friends, tell your cousins, that guaranteed income did not make people stop working."

Matt Zwolinski, director of the Center for Ethics, Economics and Public Policy at the University of San Diego, reviewed the study and said it is "really good news for supporters of a basic income guarantee." But he said the study

is limited because it only lasted two years, and people are unlikely to drop out of the labor force if they know the extra money is temporary.

"Tubbs' claim that this experiment proves that a basic income doesn't negatively affect employment is overstated," he said.

Researchers found the people who got the money reported lower incidences of anxiety and depressive symptoms when compared to another group of people who did not get the money. Those findings could be key to next year's study, which will look at how participants fared during the pandemic.

"It will allow us to ask the question: To what degree did that \$500 serve as a financial vaccine as people were entering the pandemic," Baker said. "The fact that folks went (into the pandemic) in a much stronger position, I think, bodes really well for the ways in which cash can really alleviate chronic strain."

People got the money once a month on a debit card, which let researchers track how most of the people spent it. Less than 1% of the money went to tobacco and alcohol.

Tubbs, who lost his reelection bid as Stockton's mayor in November, said his goal is to convince state and federal lawmakers to implement guaranteed income programs on a larger scale. Aside from conservatives who object to big government spending, opposition also comes from labor unions that worry the government would end other social safety net programs to pay for it. Yang's plan would have cost nearly \$3 billion a year to provide a guaranteed income to everyone.

"That's a question these experiments are not designed to answer," said Steve Smith, communications director for the California Labor Federation.

Still, guaranteed income programs seem to be gaining momentum. More than 40 mayors have joined Mayors for a Guaranteed Income, with many planning projects of their own. A proposal in the California Legislature would offer \$1,000 per month for three years to people who age out of the state's foster care system. And in Congress, Republican US Sen Mitt Romney of Utah has proposed expanding the child tax credit to send most parents at least \$250 per month.

Tubbs said that's a big difference from when he first announced this guaranteed income program four years ago.

"How the pendulum has swung," he said. (AP)

'Tubbs' claim that this experiment proves that a basic income doesn't negatively affect employment is overstated.'

'We do not accept to be cornered as a legacy carmaker'

4th largest carmaker to be disruptive: Stellantis CEO

MILAN, March 7, (AP): Stellantis CEO Carlos Tavares said the new car company formed from the merger of Fiat Chrysler Automobiles and PSA Peugeot would be a "disruptive" force in the industry, and that both sides would provide technologies to achieve the promised 5 billion euros (\$6 billion) in cost savings each year.

The Italian-American carmaker and the French mass-market automotive company completed their merger on Jan. 16, creating Stellantis, the world's fourth-largest carmaker, despite a pandemic year that saw profits plunge.

"Stellantis is not born from a crisis," Tavares told a conference call after fourth-quarter earnings were released. "This is not only about implementing synergies, it will also be a disruptive plan. We do not accept to be cornered as a legacy carmaker."

Tavares cited the recent investment in the Archer aviation company to develop vertical flying devices for urban mobility as an example of how Stellantis intended to be a disruptive force.

"We believe that this strategic investment is going to be highly convergent with the technol-

ogy we need for the automobile world," he said, citing energy management, lightweight batteries and quick-charging technologies.

"We are not going to let ourselves be cornered as dinosaurs, that is clear," Tavares said.

Tavares also indicated that both FCA and PSA would contribute

technologies that would help the company get rid of duplications and save money. He cited bigger engines from FCA, and smaller ones from Fiat, and said that PSA has been adept at achieving efficiencies through sharing components and platforms, while FCA has faster processes.

"So if I combine both, I should

go fast and I should be very efficient at the end of the day," the CEO said.

Offering its first financial guidance, Stellantis announced it was targeting an adjusted income margin of between 5.5% and 7% in its first year of operation as a new company.

Tavares said one "strong caveat" to the guidance is that they cannot anticipate if there will be lockdowns or restrictions on business due to the pandemic.

While strong North American performance is expected to help Stellantis meet the goal, Tavares said "three big gorillas" were providing headwinds: rising costs of raw materials, potential production losses due to a shortage of semiconductors and increased costs for electrification.

Earlier Wednesday, Fiat Chrysler Automobiles and PSA Peugeot reported their last financial statements as independent companies, each contributing full-year profits of around 2 billion euros to the new company.

Fiat Chrysler reported adjusted net profits in the pandemic year of 1.9 billion euros (\$2.3 billion), down 57% from 2019. PSA

reported earnings of 2.2 billion euros, a drop of 32%.

Fiat Chrysler reported fourth-quarter adjusted earnings before interest and taxes of 2.3 billion euros, a record 2.2 billion euros of those generated in North America, where the profit margin was 11.6%.

As a result, about 43,000 employees represented by the United Auto Workers union will each get \$8,010 profit-sharing checks on March 15, Stellantis said in a separate release. Last year the workers got \$7,820, and the average hourly worker has received over \$44,700 in profit sharing since 2009, Stellantis said.

All regions and Maserati made a positive contribution to the results, for the first time since the first quarter of 2019, said Mike Manley, the former FCA CEO and current head of North American operations for Stellantis.

The French mass carmaker said second-half operating margins hit 9.4% at record levels.

"These figures demonstrate the financial soundness of Stellantis, bringing together two healthy companies," Tavares said in a statement.



The Stellantis sign is seen outside the Chrysler Technology Center, Jan 19, in Auburn Hills, Michigan. Carlos Tavares, the CEO of Stellantis, the carmaker created from the merger of PSA Peugeot and Fiat Chrysler, said Tuesday that the tie-up will help preserve jobs, factories and the 14 storied brands as billions in annual savings are achieved. (AP)

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