Southern DAILY Make Today Different

WORLD NEWS

Tesla overtakes GM as most valuable U.S. automaker, short sellers burned

(Reuters) - Tesla Inc (TSLA.O) shares soared 17% on Thursday after the electric carmaker surprised Wall Street by delivering on Chief Executive Officer Elon Musk's promise of a profit in the third quarter, even as doubts remained about its long-term prospects.

FILE PHOTO: The front hood logo on a 2018 Tesla Model 3 electric vehicle is shown in this photo illustration taken in Cardiff, California, U.S., June 1, 2018. REUTERS/Mike Blake/File Photo

Trading at $298, Tesla's market capitalization was $53 billion, surpassing General Motors Co's (GM.N) $51 billion stock market value and making it the United States' most valuable car company. It has been the No. 1 U.S. car company by market cap before, but recently GM has had a substantial lead.

Tesla late on Wednesday reported a quarterly profit, citing improvements in operating efficiency and a reduction in manufacturing and material costs.

The strong report unleashed a bloodbath on traders shorting Tesla, the second most shorted U.S. company, after Apple Inc (AAPL.O), in terms of the overall amount of money shorted.

With $10.5 billion bet against Tesla, short sellers suffered paper losses of $1.4 billion on Thursday, erasing 70% of the profits they had logged in 2019, according to S3 Partners, a financial analytics firm. Tesla's shares remain down 10% year to date.

Tesla's $1.8 billion junk bond due in August 2025 surged 3 points in price following the results, driving its yield to the lowest since March 2018.

"A strong step forward, yet Tesla will need to put together a string of similar data points to demonstrate the sustainability of results ... and its track record has been spotty on this," said analysts at brokerage Credit Suisse.

At least eight brokerages raised their price targets on Tesla shares, while the company's average rating on Wall Street remained "hold", with just 11 of 34 analysts recommending investors buy the stock. Investors in the past have shown impatience with the company's serial failures to meet financial and production targets and shares in the company are still down more than a third from their 2018 peak of almost $390.

The company has been struggling with margins and a new Chinese factory is expected to be help on that front, but analysts said the jury was still out on whether it can sustain the push into profitability.

Trump's Republican allies push ahead with anti-impeachment drive

WASHINGTON (Reuters) - Republicans pressed their effort to discredit the Democratic-led impeachment inquiry against President Donald Trump on Thursday with plans for a Senate resolution calling it illegitimate, while the White House lauded lawmakers in his party who stormed into a high-security room and interrupted testimony.

The House of Representatives is examining whether there are grounds to impeach Trump over his request in a July telephone call to Ukrainian President Volodymyr Zelenskiy to investigate a domestic political rival, Joe Biden. The former U.S. vice president is a leading contender for the Democratic nomination to face Trump in the 2020 presidential election.

Trump on Monday called on his fellow Republicans to "get tougher" in fighting the impeachment inquiry, which threatens to end his presidency.

Republican Senator Lindsey Graham, a Trump ally who on Tuesday agreed with the president's description of the impeachment probe as a "lynching" by Democrats, was scheduled to announce his resolution later on Thursday. Graham's office said the resolution would condemn the "closed-door, illegitimate impeachment inquiry."

Republicans have sought to attack the legitimacy of the impeachment probe and have complained about depositions being given behind closed doors. The U.S. Constitution, however, gives the House wide latitude in how to handle impeachment.

Even if passed in the Republican-led Senate, the resolution would not affect the House inquiry. However, it would place Republican senators on the record on impeachment at a time when some cracks in Trump's support within his own party have appeared, including pointed criticism from Senator Mitt Romney.

If the House passes articles of impeachment - formal charges - the Senate would then hold a trial on whether to remove Trump from office. A two-thirds majority of the 100-seat Republican-controlled Senate would be required to remove the president.

Explainer: Protesting Republicans say impeachment probe violates Trump's rights. Is that true?

U.S. hearing room 'swept' for security breaches after Republican protest: sources

No U.S. president has ever been removed from office via impeachment.

Senate Majority Leader Mitch McConnell voiced support for Graham's resolution but did not say when he would bring it up for a vote. He also accused House Speaker Nancy Pelosi and her fellow Democrats of having an "impeachment obsession."

Chuck Schumer, the top Senate Democrat, accused Trump and his Republican congressional allies of hypocrisy for demanding that impeachment proceedings be done in public even as the administration withholds subpoenaed documents and tries to block testimony to House investigators.

Southern DAILY Make Today Different

Editor's Choice

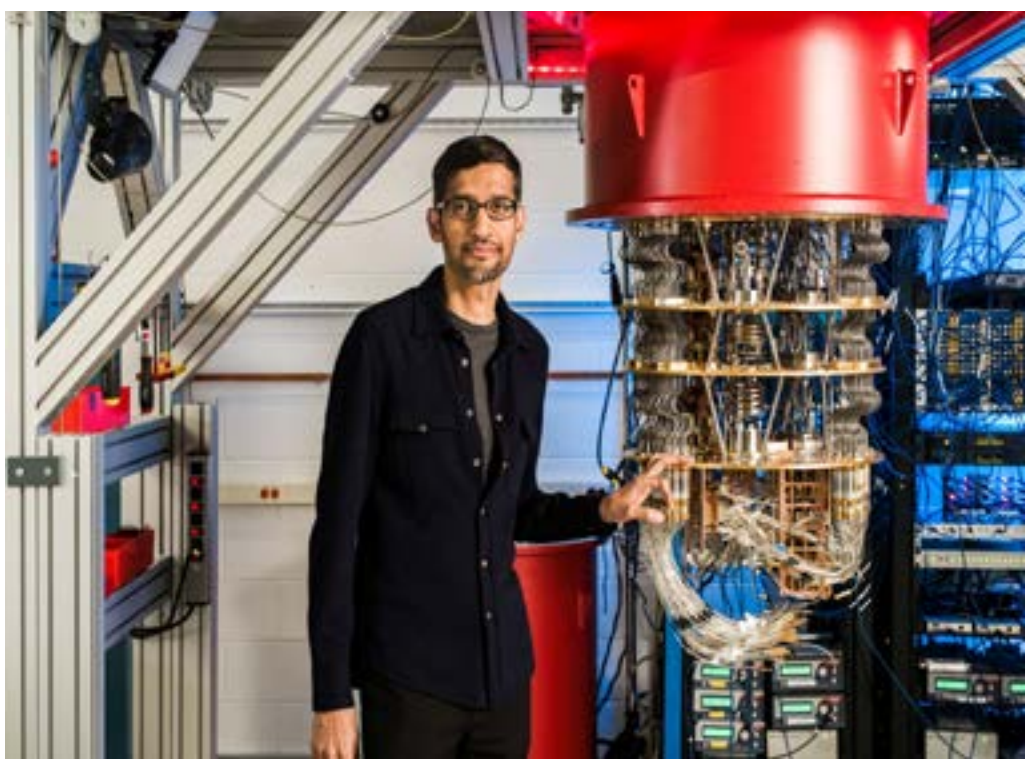
Belen Perez holds a Republican flag near the Valle de los Caidos (The Valley of the Fallen), the state mausoleum where late Spanish dictator Francisco Franco is buried, in Peguerinos, near Madrid, Spain, October 24, 2019. REUTERS/Jon Nazca TPX IMAGES OF THE DAY

Democratic 2020 U.S. presidential candidate and U.S. Senator Elizabeth Warren (D-MA) takes the stage for a campaign town hall at Dartmouth College in Hanover, New Hampshire, U.S., October 24, 2019. REUTERS/Brian Snyder TPX IMAGES OF THE DAY

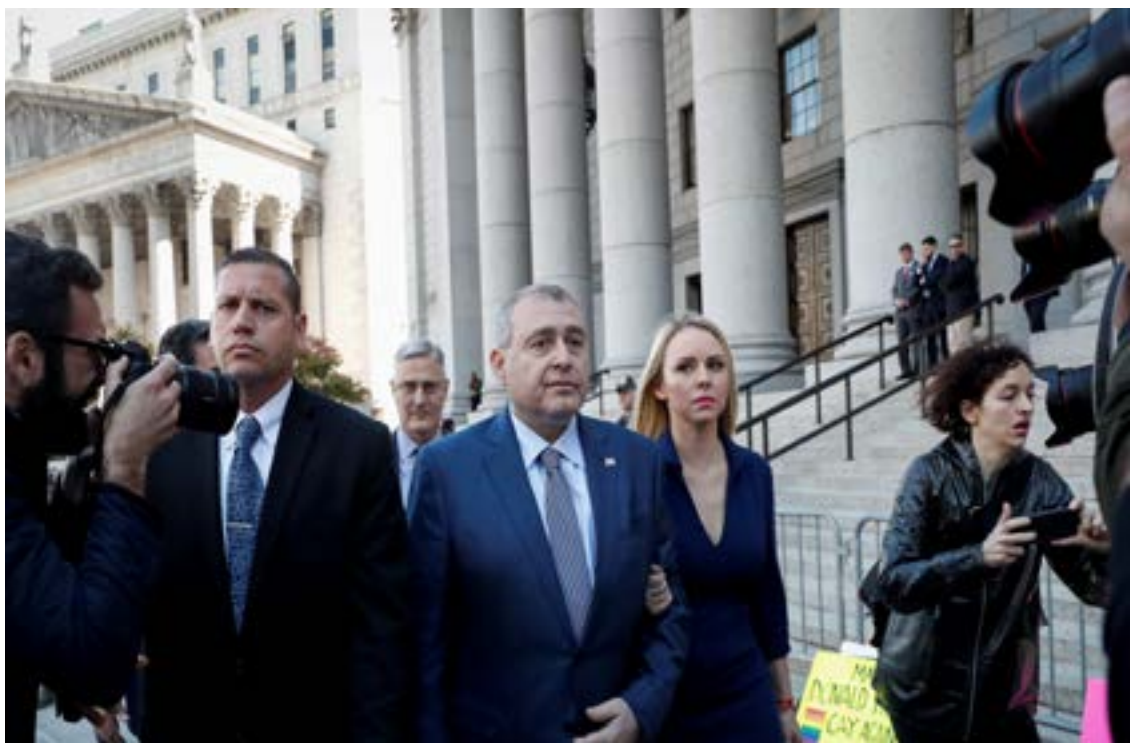
Army soldiers wear roses given by demonstrators during an anti-government protest in Nabatiyeh, southern Lebanon October 24, 2019. REUTERS/Ali Hashisho TPX IMAGES OF THE DAY

Facebook Chairman and CEO Zuckerberg testifies at a House Financial Services Committee hearing in Washington

A demonstrator sits on a street light as protests against high living costs continue, in Santiago, Chile October 22, 2019. REUTERS/Pablo Sanhueza TPX IMAGES OF THE DAY



A handout picture shows Sundar Pichai with one of Google's Quantum Computers in the Santa Barbara lab



Ukrainian-American businessman Lev Parnas exits following his arraignment at the United States Courthousein New York

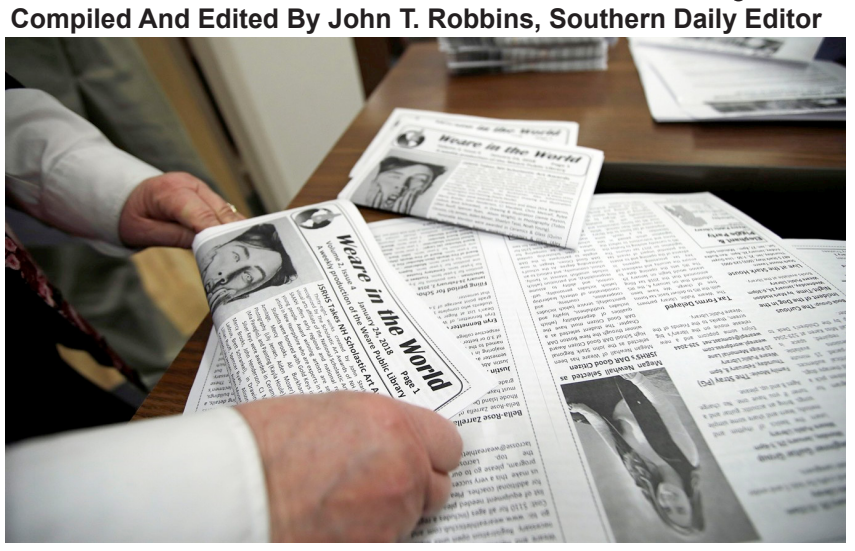
A U.S. Border Patrol agent seizes a rope ladder found rigged onto a levee wall after apprehending a group of undocumented migrants who illegally crossed the Rio Grande near Penitas

Southern DAILY Make Today Different

COMMUNITY

Newspaper Closings Raise Fears About Industry

Compiled And Edited By John T. Robbins, Southern Daily Editor



Sometime soon, millions of people may find themselves unwittingly involved in a test that could profoundly change their daily routines, local economies and civic lives.

They'll have to figure out how to keep up with City Hall, their neighborhoods and their kids' schools — as well as store openings, new products and sales — without a 170-year-old staple of daily life: a local newspaper.

At least one city — possibly San Francisco, Miami, Minneapolis or Cleveland — likely will soon lose its last daily newspaper, analysts say. And it "could be a lot more widespread than people have been predicting," says Mike Simonton, who tracks media debt for Fitch Ratings.

It's hard to ignore that possibility as the pace of newspaper closings accelerates.

Starting Wednesday, Hearst's 146-year-old Seattle Post-Intelligencer survives as a scaled-down online publication offering mostly commentary. That leaves The Seattle Times as the city's only major paper-and-ink daily.

Gannett gci, parent of USA TODAY, may shutter the 140-year-old Tucson Citizen, which competes with the Arizona Daily Star, if a buyer can't be found.

Last month, E.W. Scripps ssp closed the Rocky Mountain News, leaving The Denver Post as the city's sole major daily.

Are these symptoms of a miserable economy that's pulverizing a handful of high-profile papers, including some owned by companies with unusually crushing debt loads? Or have we reached a tipping point where advertisers and readers are flocking so quickly to digital media that most of the nation's 1,400 dailies may end up in the morgue?

Industry watchers aren't sure, although some say it's too early to start hanging crepe. "Publishers and journalists have become their own worst enemy," says Robert Picard, a media economics scholar who edits the Journal of Media Business Studies. "They are running around arguing that the sky is falling. And they're making the situation appear far worse than it is."

About 80% of newspaper revenue comes from advertising, and the Newspaper Association of America expects those sales to drop 9.7% in 2009 to $34.2 billion, after falling 16.5% in 2008.

"Advertising has fallen off a cliff," says Randy Bennett, senior vice president of business development at the NAA. "The question is how much of that will come back when things pick up again. And the expectation is, certainly not all of it."

Business models

Almost everyone agrees that newspapers must reinvent their business models. Experiments include The New York Times' plan to enlist journalism students to help cover some neighborhoods in Brooklyn and New Jersey. The East Valley Tribune in Mesa, Ariz., recently began to offer free home delivery four days a week to neighborhoods with families that appeal to advertisers.

Some experts say that it's time to consider extraordinary measures, including government bailouts, to ensure that no community has its newsrooms go dark.

"We need to view journalism in the same way that we view libraries and public schools, as absolutely essential to any prospering community," says Theodore Glasser, professor of communications at Stanford University. "A lot of good stuff is published by newspapers so that public officials see it and act accordingly. That's the power of the press. And that's the first thing being cut."

Others say not to worry: The Internet and the market will empower professional journalists, bloggers and interest groups to independently provide all the local news anyone could want.

"There's going to be an ecosystem, a network of different players involved in news for different reasons," says Jeff Jarvis, who runs the City University of New York's interactive iournalism program.

Traditional newspapers won't be part of the mix, though: They "aren't willing to cannibalize and disrupt themselves," Jarvis says. "It's too late. ... It's going to be a post-Armageddon rebuilding."

Over the past few months:

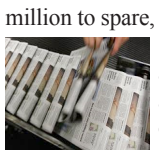
• The Detroit Free Press and The Detroit News announced plans to cut home delivery to three days a week beginning March 30 and urged readers to go online to follow the news on other days.

• Virtually every major newspaper announced staff cuts. McClatchy mni— which owns The Miami Herald, The Kansas City Star and the Fort Worth Star-Telegram— said in February that it would slash 15% of its workforce, on top of a 10% cut late last year. "By the end of 2009, a quarter of all the newsroom jobs that existed in 2001 will be gone," the Pew Project for Excellence in Journalism said this week in its annual "The State of the News Media" report.

• Those keeping their jobs have seen salaries cut. Gannett required virtually all employees to take a one-week unpaid furlough in the first quarter.

• Publicly traded publishers collectively lost about 39% of their market value since Jan. 1, underperforming the benchmark Standard & Poor's 500 index, which is down 16.5%.

Looked at another way, the $5.4 billion that Rupert Murdoch paid in 2007 for Wall Street Journal parent Dow Jones nwsa could buy Gannett, McClatchy, New York Times Co. nyt, Washington Post Co. wpo, A.H. Belo ahc and E.W. Scripps with about $750 million to spare, based on current values.



• Publishers in Philadelphia and Minneapolis as well as the Journal Register, a chain in the northeast and Michigan, filed for Chapter 11 bankruptcy protection. That followed a similar filing in December by Tribune Co., publisher of Chicago Tribune, Los Angeles Times and The-Sun in Baltimore.

Double-digit profit margins

Tough times? You bet. But one has to imagine an epic social and economic transformation to conclude that the newspaper industry is at death's door.

Nearly half of all adults read a newspaper every day and spent $10.5 billion last year to do so. The average newspaper generates about a 10% profit margin.

"It's not the 20% to 30% they were enjoying several years ago," Bennett says. "But it's still an enviable profit margin for many businesses."

That's overlooked with all of the attention on large local papers that are especially vulnerable to the soft economy.

Advertisers in big cities have plenty of options to reach consumers, and newspapers are one of the most expensive. They typically charge about $25 for every 1,000 people who might see an ad covering one-third of a page. That's a lot more than the cost to reach a similar audience via radio, magazines, billboards and websites. Advertisers outside of big cities have far fewer alternatives. As a result, "Smaller-market newspapers are in better financial shape," Bennett says.

Most large publishers also are straining to pay off heavy debt they took on before the economy fell into a tailspin.

Although large local newspapers have the biggest problems, everyone is struggling to keep ad sales and readers. That includes national dailies led by USA TODAY, The Wall Street Journal and The New York Times, although they benefit from economies of scale and strong brand identities.

Nearly 67% of homes have an Internet connection. That opens them to sites offering almost everything found in newspapers, including national and global news, business, opinion, entertainment, sports, comics and horoscopes.

That's why some experts say local newspapers should concentrate on local news and events and become less stuffy.

"This was a much more fun business years ago when people didn't hold themselves to such high standards," says former Merrill Lynch analyst Lauren Rich Fine, now at Kent State University. "There are different ways to (report the news) and not be so hard on yourself if you get it wrong."

It's hard to predict how many people want local news enough to pay a price that, as ad sales shrink, could be much higher than now — or to pay any fee to read stories online, where most papers now offer them free. "If you look at public radio and the troubles their outlets have raising money for public affairs journalism, it might give you pause," says James Hamilton, who runs Duke University's DeWitt Wallace Center for Media and Democracy.

Before about 1840, when the Penny Press turned newspapers into an inexpensive mass medium, 15% of the population spent the equivalent in today's dollars of as much as $4 a day for a newspaper, Picard says.

Digital media evangelists say the future will be much different. About 85% of a newspaper's costs go to things such as presses, paper, ink and trucks. Without those costs, even modest ad sales could support lots of people to provide local news and information without charge.

"There's a market demand for quality journalism and reporting," Jarvis says. What's the evidence? "Based on democracy. Based on the intelligence of the audience. Based on the fact that my son reads more news than ever. Based on the fact that we need it."

Some journalists agree, working with non-profit online publications including Voiceofsandiego.org, the St. Louis Beacon and Minneapolis' MinnPost.com1'.

`Several former Rocky Mountain News employees plan to start InDenverTimes.com in May if they can persuade 50,000 people to pay $4.99 a month for a year.

Glasser doubts that such ventures can compensate for the loss of newspaper newsrooms. "I've seen nothing in the blogosphere that provides the sustained, systematic coverage that a good newsroom provides. Not even close," he says.

If he's right, then the consequences from current trends could be ugly.

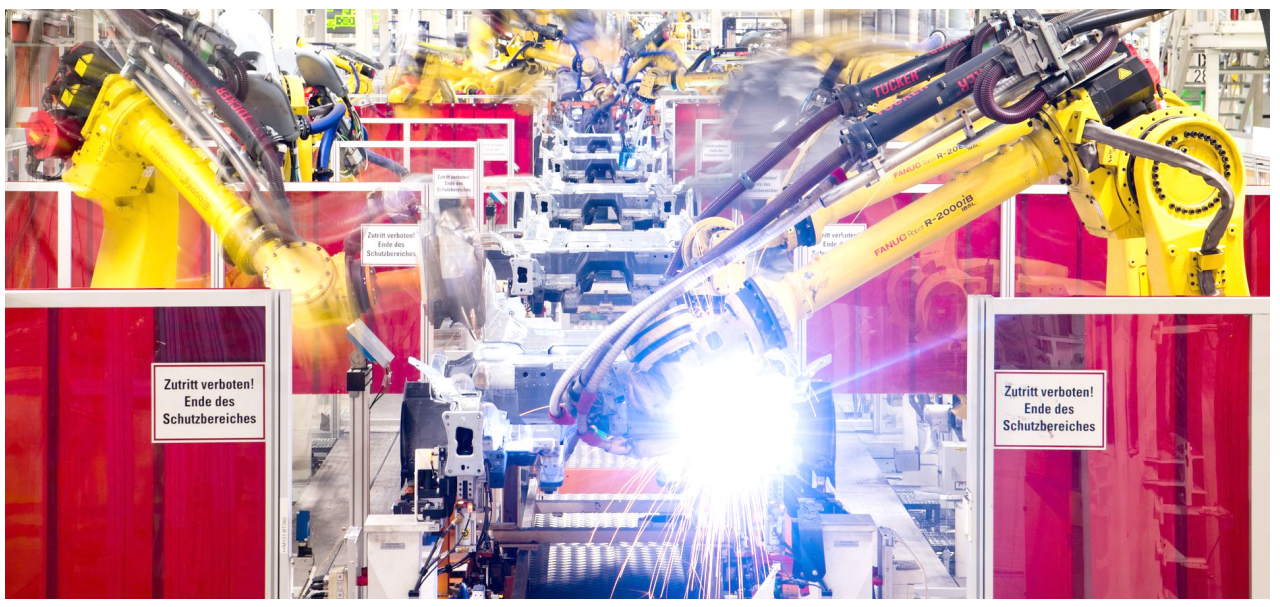
"We'll know if things don't work out if there's an increase in corruption," Hamilton says. "When the watchdog goes away, what happens? That's the experiment we're starting to run." (Courtesy abcnews.go.com)

Southern DAILY Make Today Different

BUSINESS

Robots May Be Taxed In The Future To Fund Human Services

Experts Consider Taxing Robots To Pay For The Jobs They Took



(Photo/Getty Images)

Compiled And Edited By John T. Robbins, Southern Daily Editor

Most Americans have filed their income taxes by midnight Monday, April 15, and employers will report their payroll taxes later this month. But companies that have replaced or expanded their flesh-and-blood staff with robots will get a free pass.

What's new: Amid fears of automation-fueled job loss, a once-fringe debate is exploding into public view: Why don't we tax the bots?

The big picture: For over a century and a half, the United States has taxed income, first to fund war and later to build up the country's coffers. But now, some experts say it's time to reevaluate who — or what — should be taxed.

•**The idea is** to use money raised from companies carrying out automation to help retrain or support people who lose their jobs because of it.

•**Among the robot levy's** most ardent — and improbable — supporters is Bill Gates, who in a 2017 interview said robots should be taxed "at a similar level" to the humans it replaced, even if that slows the speed of automation.

•**Pumping the brakes** will give policymakers more time to counteract potential unemployment, proponents argue.

"It's a bit like polluting the environment," says James Manyika, director of the McKinsey Global Institute. Companies will choose cheap, dirty fossil fuels over clean energy unless there are incentives not to — just like they'll likely choose to automate away jobs.

Detractors, however, say a tax could stall innovation at a time when China is unwaveringly pushing to dominate AI and robotics.

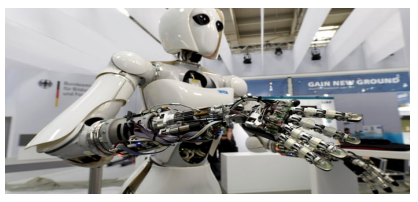
•In a report last week, the Information Technology and Innovation Foundation, a think tank, argued that the robot tax would slow GDP and wage growth.

•**ITIF president Rob Atkinson** instead called for a tax credit for investing in robots, calling predictions of job loss from automation overblown.

Related
Why robots should be taxed if they take people's jobs

Bill Gates says governments could use a robot tax to fund human services – it would also help remedy income inequality

The idea of a tax on robots was raised last May in a draft report to the European parliament prepared by MEP Mady Delvaux from the committee on legal affairs. Emphasising how robots could boost inequality, the report proposed that there might be a "need to introduce corporate reporting requirements on the extent and proportion of the contribution of robotics and AI to the economic results of a company for the purpose of taxation and social security contributions".



A tax on robots might provide revenues to finance retraining schemes for displaced workers. (Photo/Reuters)

The public reaction to Delvaux's proposal has been overwhelmingly negative, with the notable exception of Bill Gates, who endorsed it. But we should not dismiss the idea out of hand. In just the past year, we have seen the proliferation of devices such as Google Home and Amazon Echo Dot (Alexa), which replace some aspects of household help. Likewise, the Delphi and nuTonomy driverless taxi services in Singapore have started to replace taxi drivers. And Doordash, which uses Starship Technologies miniature self-driving vehicles, is replacing restaurant delivery people.

If these and other labor-displacing innovations succeed, surely calls to tax them will grow more frequent, owing to the human problems that arise when people lose their jobs – often jobs with which they closely identify, and for which they may have spent years preparing. Optimists point out that there have always been new jobs for people replaced by technology, but, as the robot revolution accelerates, doubts about how well this will work out continue to grow. A tax on robots, its advocates hope, might slow down the process, at least temporarily, and provide revenues to finance adjustment, like retraining programs for displaced workers.

If the robots are coming for our jobs, make sure they pay their taxes
–John Naughton

Such programmes may be as essential as our work is to healthy human life as we know it. In his book Rewarding Work, Edmund S Phelps emphasized the fundamental importance of maintaining a "place in society – a calling". When many people are no longer able to find work to support a family, troubling consequences ensue, and, as Phelps stresses, "the functioning of the entire community may be impaired". In other words, there are externalities to robotisation that justify some government intervention.

Critics of a robot tax have emphasized that the ambiguity of the term "robot" makes defining the tax base difficult. The critics also stress the new robotics' enormous, undeniable benefits to productivity growth.

But let's not rule out so quickly at least modest robot taxes during the transition to a different world of work. Such a tax should be part of a broader plan to manage the consequences of the robotics revolution.

Robots won't just take our jobs – they'll make the rich even richer

Discussion of a robot tax should consider what alternative we have to deal with rising inequality. It would be natural to consider a more progressive income tax and a "basic income". But these measures do not have widespread popular support. If support is not widespread, the tax, even if imposed, will not last.

So, taxes must be reframed to remedy income inequality induced by robotisation. It may be more politically acceptable, and thus sustainable, to tax the robots rather than just the high-income people. And while this would not tax individual human success, as income taxes do, it might in fact imply somewhat higher taxes on higher incomes, if high incomes are earned in activities that involve replacing humans with robots.

A moderate tax on robots, even a temporary tax that merely slows the adoption of disruptive technology, seems a natural component of a policy to address rising inequality. Revenue could be targeted towards wage insurance, to help people replaced by new technology make the transition to a different career. This would accord with our natural sense of justice, and thus be likely to endure. (Courtesy the guardian.com)