

ASX 200 5998.70 +6.90 +0.11% The local bourse has shrugged off its early losses to close at a fresh 13-week high despite a slumping CSL dragging down the market.	ALL ORDINARIES 6116.50 +4.50 +0.07%	BEST ASX 50 SYDNEY AIRPORT \$6.48 +38 6.23%	WORST ASX 50 RAMSAY HEALTH \$67.11 -2.29 -3.30%	\$A US CENTS 69.90¢ +0.98 +1.42%	OIL BRENT \$US PER BARREL \$39.89 +0.44 +1.11%	IRON ORE \$US PER TONNE \$98.85 -1.55 -1.54%
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up vaccine, says CSL

MF59 made by Seqirus, along with expertise in process science, and scale up from our Australian facilities, managing advanced clinical trials and the large-scale manufacture of the recombinant vaccine."

Adjuvants are used in vaccines to create a stronger immune response and to speed vaccine production and output.

UQ vice chancellor and president Peter Hoj said the partnership with CSL was a "fantastic result" for the research team which has "worked tirelessly" on a vaccine. "We are absolutely de-

lighted at the speed with which we have been able to reach this critical juncture and off the back of positive results from our early preclinical studies," he said.

CEPI chair Jane Halton said the partnership with CSL and UQ was an important step toward fighting coronavirus.

"We know that the only way to beat this pandemic is through collaboration, across countries and also across sectors," Ms Halton said.

"We also know that we cannot afford to wait until we know whether a vaccine works

before ensuring we can produce it at scale.

"This partnership will benefit enormously from CSL's experience and capabilities in vaccine development and large-scale manufacturing, which is why this is such an important development."

Ms Halton said CEPI would provide a "significant number" of doses to the COVID-19 Vaccine Global Access Facility "for those who need them most", while allowing CSL to fulfil its own longstanding biosecurity commitments.

THE AUSTRALIAN

Is it about time we stopped paying tax?

WHY do we pay taxes? It is a simple question with a seemingly simple answer.

Most would agree that taxes obviously need to be paid so governments can pay for essential services in which we all share.

It was noteworthy, therefore, when elite bond investor Jeffrey Gundlach asked the following question on Twitter: "Why bother with any taxes at all if Chair Powell is correct that there is no limit to expanding the Fed's balance sheet?"

Chair Powell is, of course, US Federal Reserve chair Jerome Powell, pictured.

Today, the Fed is purchasing US Treasury securities at approximately the same rate as they are being issued by the Treasury, to fund the enormous increase in US federal spending associated with COVID-related fiscal stimulus.

If the Fed can simply buy an infinite amount of government debt, then it must be true that the government can issue an infinite amount of debt.

And if this is true, then government spending will be financed by the central bank.

So why bother with any taxes at all?

Gundlach's tweet went on: "Implicit in his declaration is that the whole tax collection system is a royal waste of resources."

This may seem like an outrageous claim, but is it? Enter the fascinating — and increasingly relevant — world of Modern Monetary Theory (MMT).

Under this economic theory, it is explicitly acknowledged that governments who issue debt in their own currency cannot default. Ever.



THE SHORT CUT

ANDREW MACKEN

This is because they can always print more money to repay their debts.

Instead, the constraint on borrowing and government spending becomes inflation.

If governments spend too much and the economy operates above its capacity, then inflation builds and the government should reduce spending (and/or the central bank could reduce the money supply by selling assets from its balance sheet).

But if no inflation builds, then spending can continue, irrespective of nominal levels of government indebtedness.

So then why do we need taxes? MMT establishes that governments can essentially print money to finance their own spending. Taxes are not required to finance this spend.

Yet proponents of MMT may not be seeking to abolish taxes tomorrow. The taxation system could be a very useful tool, even in an MMT world.

Apart from the obvious ways in which governments can use taxation policy to distribute



wealth in different ways across society, MMT proponents view taxes as a way to drain money from the economy.

Remember, under MMT, the key constraint on government spending is inflation. And if inflation were to pick up too quickly, taxes could be raised to drain money from the system. Similarly, in a disinflationary environment, taxes could be cut to leave more money in the economy.

It is a fascinating lens through which to view money, taxes and the concept of government indebtedness.

Under MMT, taxes may well be important — just for very different reasons to those which underpin the conventional wisdom today.

We likely remain far away from the widespread adoption of the principles of MMT. But in the last few months, as the COVID pandemic has decimated the incomes of many, the world has arguably taken its largest collective step towards such ideas.

We have seen governments around the world literally handing money to citizens to fill gaps in demand, among many other forms of stimulus. And we have seen many central banks step up to essentially finance these payments. Yet there remains no hint of inflation anywhere.

In the months and years ahead, there will be debate around how these debts are ultimately repaid.

No doubt, those from the MMT community will ask the thought-provoking question: why do they need to be repaid at all?

ANDREW MACKEN IS THE CHIEF INVESTMENT OFFICER AT MONTAKA GLOBAL INVESTMENTS

Musk wants Amazon break-up

TESLA chief Elon Musk wants Amazon to be broken up after an author complained on social media about being unable to self-publish a book via the world's largest online retailer.

The book, by author Alex Berenson, questions the risk of the coronavirus pandemic, a topic Mr Musk has expressed strong views on.

"This is insane @JeffBezos," Mr Musk tweeted at Amazon's chief.

TECHNOLOGY

"Time to break up Amazon. Monopolies are wrong!"

Amazon did not comment on Mr Musk's call for its dissolution but it said the book had been blocked in error and was now available for sale via its Kindle service.

The decision to approve the book's sale was not due to Mr Musk, Amazon said.

The Tesla chief, who earlier

this month said he would take a break from Twitter, has a history of being outspoken on the social media platform.

A tweet in 2018 that he had secured funding to take Tesla private led to a lawsuit against Mr Musk by the US Securities and Exchange Commission, which the parties later settled.

Mr Musk has lashed out about shelter-at-home restrictions to curb the spread of the novel coronavirus.

MARKET WRAP

THE Australian sharemarket continued to flirt with the 6000 point mark, shrugging off early losses yesterday to close at a 13-week high.

The benchmark ASX 200 index edged up 6.9 points, or 0.1 per cent, to close at 5998.7 points, while the broader All Ordinaries index added 4.5 points, also 0.1 per cent, to close at 6116.5 points.

It was the first time since late October the ASX had a week without a losing session.

"It doesn't happen very

often," CommSec market analyst Steven Daghlian said.

For the week, the ASX closed up 243 points, or 4.2 per cent.

The big four banks all rose. **Westpac** put on 3.4 per cent to \$18.79, **National Australia Bank** 3 per cent to \$19.48, **ANZ** 2.9 per cent to \$19.77 and the **Commonwealth Bank** 1.6 per cent to \$68.73. Regional lender **Bank of Queensland** gained 9 per cent to \$6.21 while **Bendigo and Adelaide Bank** rose 4.7 per cent to \$7.32.

Healthcare stocks came

under pressure as **CSL** fell 3 per cent to \$285.33, **Ramsay Health Care** 3.3 per cent to \$67.11 and **Cochlear** 2.3 per cent to \$192.46.

BHP finished up 0.1 per cent at \$36.33 and **Rio Tinto** 0.2 per cent to \$98.60 but **Fortescue Metals** slipped 0.4 per cent to \$14.54.

Sydney Airport gained 6.2 per cent to an almost three-month high of \$6.48 after Qantas announced on Thursday it would add more domestic flights in June and July.