ASX 200	ALL ORDINARIES	BEST ASX 50	WORST ASX 50	$A	OIL BRENT	IRON ORE
		COLES GROUP	OIL SEARCH LTD	US CENTS	$US PER BARREL	$US PER TONNE
5919.20	6036.30	$17.72	$3.00	69.27¢	$42.35	$104.61
-36.30 -0.61%	-38.60 -0.63%	+.25 1.43%	-.13 -4.15%	-0.61 -0.87%	-1.02 -2.35%	-0.42 -0.40%

The market finished lower for the fourth time this week as investors ponder the impact of the virus lockdowns in Victoria.

sued, Virgin administrators told

in the time frame imposed upon us."

Bondholders were concerned the administrators were of the mind the Bain deal was unable to be voted down at the creditors' meeting, Mr Jackman said.

He related an exchange with senior administrator Vaughan Strawbridge, a partner at Deloitte, who said "the vote of the meeting would not effectively change the outcome of the sale, as an asset sale would occur in that scenario". "That does raise questions in our mind exactly how the Bain deal is structured," Mr Jackman said.

"We are confused as to how the administrator no doubt with advice has come to the conclusion that it is a fait accompli and whatever happens at the second meeting can't change the asset sale to Bain."

Justice John Middleton asked Deloitte barrister Dr Ruth Higgins if it was a case of "a process had been entered into lawfully, and everybody had to live with that". Dr Higgins replied: "That's putting it bluntly".

"In any event, (the bondholders) would receive a report to creditors and that's the ordinary means by which creditors receive information that facilitates their ability to put together an alternative DOCA (deed of company arrangement).

"What does not happen is early access to the totality of confidential transaction documents."

Justice Middleton responded that not providing enough information could leave the administrators open to litigation, if creditors felt they were not well enough informed to make a decision.

Although he dismissed the bondholders' application, he put the administrators on notice to provide as much information as possible beyond "commercially sensitive" material.

The second meeting of creditors is set for August 22.

THE AUSTRALIAN

Sharp falls in jobs, emissions — study

LACHLAN MOFFET GRAY
PANDEMIC

THE coronavirus pandemic has put 4.2 per cent of the global workforce out of a job while contributing to the biggest-ever drop in greenhouse gas emissions, a study has found.

According to the research, the pandemic has caused global consumption losses of more than $US3.8 trillion ($5.5 trillion) — roughly the size of the German economy. It has triggered job losses equivalent to 147 million full-time workers, or 4.2 per cent of the global workforce.

Total global income from wages has fallen 6 per cent, or $US2.1 trillion. Economic losses have been mainly concentrated in the regional economies of the US, Europe and Asia, but have been multiplied throughout the world due to the ensuing disruption to global trade flows.

The study was carried out by the Australian Industrial Ecology lab at the University of Sydney. Study researcher and University of Queensland Business School senior tourism lecturer Dr Ya-Yen Sun said the bulk of the economic losses had occurred within the tourism and air travel industries.

"Among the total economic losses, 22 per cent of consumption reduction and 24 per cent of employment losses occurred in air transport and tourism," she said.

The downturn in tourism and air travel also contributed to the biggest decline on record in global greenhouse gas emissions, which have decreased by 4.6 per cent, or 2.5 giga tonnes.

THE AUSTRALIAN

Butterfly effects flood in from Berlin to Beijing

THE SHORT CUT
ANDREW MACKEN

WAS Australia's housing boom driven by the fall of the Berlin Wall? Did China's registration system for domestic households contribute to higher property prices here? Surely not.

How could it be that these political developments in far away lands have anything to do with our local housing market?

Yet, in today's globalised world, connected by international trade and capital flows, this is exactly the case.

In an excellent new book titled Trade Wars are Class Wars, authors Matthew Klein and Michael Pettis explain these counterintuitive connections.

In both instances, the net result of these political developments was a substantial build-up in national savings.

In this case, savings is the difference between a country's aggregate production (ie gross domestic product) and its aggregate consumption.

These excess savings were ultimately exported abroad, which we'll come back to in a moment.

Soon after the Berlin Wall came down in 1989 and the subsequent unification of Germany, a relatively short-lived economic boom resulted in significant inflation, including rampant wage inflation.

As domestic interest rates were raised and government spending restricted, a decade-long period of economic weakness followed.

The combination of weak domestic demand and high labour costs led many German corporates to relocate their manufacturing plants to lower-cost neighbouring countries in Eastern Europe.

As a result, the bargaining power of German labour evaporated. A long period of structural German underemployment and weak wage growth commenced.

This weakness in German household incomes meant their ability to consume much of what Germany produced became impaired.

And since the turn of the century, Germany's production has well exceeded what it needs to satisfy domestic consumption and investment. And these excess national savings were ultimately exported to the rest of the world.

In the case of China, there were a number of drivers over recent decades that led to the forced build up of excess national savings.

Financial repression was one form of wealth transfer from households to corporates.

Currency management, in which the Renminbi was kept artificially low, was another.

And yet another was indeed China's hukou system for household registration which, as Klein and Pettis put it: " … limits the rights of Chinese to move and settle anywhere in China outside of where they were born".

Of course, urban local governments have long welcomed such migrant labourers from rural locations given their low cost and lack of rights under the hukou system.

Furthermore, while these workers are required to contribute a portion of their wages to the national social security system, they may receive benefits only if they reside where they are officially registered.

Through this lens, the Chinese economy is supplied with cheap labour to subsidise production, but the same system also weakens the ability for these workers to consume.

As a result, for much of the past two decades, Chinese national savings were well above its domestic investment needs. And, as with the case in Germany, these excess national savings were ultimately exported to the rest of the world.

So what does this have to do with Australia? Well, Australia, like the US, is one of the global economies that has contributed to the absorption of excess savings being exported by the likes of Germany and China.

And as foreign capital has been pushed into the Australian economy, household borrowing costs have declined, access to credit has become easier and, perhaps not surprisingly, housing prices have increased.

It is both fascinating and humbling to consider that much of what happens in our own economy is inextricably linked to seemingly unrelated developments abroad.

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