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Escape from the Combined Crisis:
The Role of Parallel Electronic Currency

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Abstract

Structural imbalances are the consequence of fault lines in the model of neoliberal capitalism as an extreme version of market capitalism. Economic system is over-financialized. A disproportionate share of value added created in financial sector leads to plutonomy. An overly financialized real economy has been extracting value out of companies by rewarding shareholders. Stock buyback operations predominate over investment in R&D and fixed assets. The COVID-19 pandemic has only deepened structural imbalances from the past. Neoliberal model of growth has been conventionally financed through private investments, public investments (tax and fees) and philanthropic commitment. These investments are not enough in scale and speed of agglomeration to finance transition from the New Normal toward the Better Normal: sustainable growth, greener economy and healthier society. There is no potential for crowding-in. There is a tremendous gap (8-10 times) between the need to finance global commons and disposable sources of financing. Moreover, the disposable level is lower because the global economy is losing approximately 1/10th of global GDP on stabilizing financial system full of speculative bubbles. So, we need more financialization to protect the planet Earth and to increase wealth and medical security of the society. Electronic parallel currency supports a simple and profoundly important idea that the financial system and economy need retooling. Electronic money, as a source of financial retooling, is a way to provide a Pareto superior equilibrium. It could be a part of the new economy rules supporting the circular model of growth and heterodox economic policy platform.

1. Instead of an Introduction: Combined Crisis as the New Normal

During the last four decades, the neoliberal model of growth and related economic policy platform of the called Washington Consensus unleashed globalization of industrial production and jobs in search of narrowly defined profits. This created a new class of super-rich owners and helped the economic revival of China and India, while causing massive social and environmental harm elsewhere in the world. Based on an outdated linear production concept, the neoliberal economic model generated accelerated global GDP growth while ignoring the impact on resource depletion and environmental degradation, and assuming that increased financialization would compensate for the loss of industrial employment and income. It generated growth without creating value and betterment of society. And it increased vulnerabilities to global structural shocks such as climate change, deindustrialization and hyper-concentration of income.

Without an adequate and systemic treatment of public goods and externalities, the impact of global warming on the economy will continue to get worse every year. Moreover, a de-industrialized economy may not be able to cope with the de-carbonization challenge and growing income concentration after the Great Recession of 2008. The last "black swan" caused by the COVID-19 pandemic has further exacerbated past structural imbalances. In the last combined (economic, climate and medical) crisis, humans have lost the opportunity for continued prosperity based on the capitalization of huge and vigorous opportunities inspired by the fourth industrial revolution and entered the world sliding into regression.

In fact, the combined perpetual crisis becomes a New Normal. We are living in a permanent economic, climate, and health crisis. Geopolitical tensions and fight for national leadership complete the grim picture of these unprecedented times with the world drifting in the wrong direction. Possible lockdowns caused by another wave of the pandemic may lead to additional liquidity crunch and interrupt economic recovery.

A key stressor in the New Normal are microbe mutations and related superinfections. Social distancing, as the most effective way to contain the spread of the pandemic, is now becoming the main obstacle to keeping the economy and society going, and to securing long-term prosperity. The absence of vaccine and effective drugs to treat the disease gives rise to widespread uncertainty.

Based on hospitalization and death rates, the most important indicators of the pandemic severity, the situation in the world looked reasonably good as key parameters almost plateaued in August. But, the acceleration recorded in September reminds us that we have not hit rock bottom yet. Moreover, the numbers of hidden virus cases (or cases with unknown origin) are growing.

Without any doubt, the microbe mutations and superinfections will be a part of our future life, while the dynamic window of opportunity becomes relatively small.

In the New Normal we observe shocks both from supply and demand side. Consequently, the economy stalls and growth moves into negative territory: most governments have revised down GDP estimates from -5 to -20 percent year-on-year.

Mandatory social distancing created a huge problem in economies centered on the concept of freedom (free people, free market, and free enterprise). Constraints on free movement impose barriers on creativity and entrepreneurship, both of which thrive on interconnections. Also, in knowledge and services oriented economies, social distancing impacted dramatically the level of employment and demand (both the aggregate level and structure).

Based on lower output, higher public debt, and weaker/delayed tax revenues, credit rating agencies would probably have to downgrade sovereign risk for most countries at the end of the year, and this would definitely increase the cost of capital and indebtedness on the global level.

The last crisis has hit advanced economies hard, but developing economies even harder. As a result, the global economy is facing perhaps the worst recession ever.

The lack of confidence in the government is significant, particularly in core economies. Much like in previous crises, politicians suffer low approval ratings at a time when confidence in political leaders is crucial to address the issues during the crisis, and also in the post-crisis world.

The global economy enters a conundrum. "No vaccine-no drugs" means that an effective coordination of medical measures and economic measures becomes mission impossible. Namely, the easing of lockdown measures has led to a rebound in job numbers, as well as, predictably, a rebound in the number of virus cases. In such a conundrum, we face many unanswered questions. How to avoid secular stagnation under a permanent threat of the microbe mutations (and/or social distancing)? How to design economic policy to help ease the adverse impact of the combined crisis? How to sustain the essential sectors of the economy during lockdowns in order to maintain the critical mass of ongoing economic activities.

New financing instruments will be required to finance growing medical costs of crisis mitigation, as well as new investments in sustainable, greener and circular economy. Cryptocurrencies based on blockchain distributed ledger technologies have gained prominence as a parallel monetary channel that could finance structural adjustments in the economy, as eloquently elaborated by S. Brunnhuber (2019).[1] This channel could work both top-down, by giving monetary authorities a new source of liquidity, and/or bottom-up through local community electronic money creation.

The next step is to integrate this parallel way of financing with the emerging new economic framework (encompassing a new model of growth and related economic policy platform).

In our previous work (Djuricin and Loncar 2020) we proposed a circular model of growth combined with the heterodox economic policy platform as a response to unsuccessful neoliberal and *laissez-faire* approaches.[2] Our proposal is fully compatible with the parallel electronic money concept and the path toward "progressive capitalism"[3] as defined by J. Stiglitz (2019) or "entrepreneurial state"[4] as defined by M. Mazzucato (2013).

The concept of circular economy is an antonym to the traditional idea of linear economy which assumes that industrial production is based on the conversion of resources (from the physical system and biosphere) into desirable products, and undesirable waste, and pollution. A Circular economy rests on the concept of "cycles". Actually, there are two cycles: biogeochemical and the reversal cycle of already produced industrial products (Murray, Skene and Haynes 2017, p. 371).[5] The circular economy concept promotes industrial symbiosis, in which business organizations exchange (recycle) each other's waste resources thereby creating an exponential value chain with an aim of reducing or delaying waste and pollution. In other words, this is the process of reduction in displacement of industrial products through intelligent (or smart) manufacturing. In short, the circular economy is a 3R process of restructuring (reduce, reuse and recycle).

The heterodox approach combines the "invisible hand" of the market and the "visible hand" of the state. In this approach (Djuricin 2020), the government needs to rightsize its role in coordinating economic development by using smart industrial policy and a mix of

macroeconomic policies gauged at sustaining macro stability and promoting the betterment of society.[6] An active role of the government in economy contradicts the neoliberal wisdom of "no government". In their idealistic view, the role of the government is to clean up the consequences of market failure, fix market imbalances and then get out of the way. In reality, after four decades of neoliberal rule, this never happened. By contrast, the heterodox approach assumes a shift to sustainable growth based on an increasing role of the state in defining smart industrial policy, promoting technology development, managing innovation spillovers, supporting education, and funding healthcare.

"Market capitalization of tech companies (such as Apple, Amazon, Tesla, Zoom, etc.) is now a hundred times higher than their yearly income. This is a "bubble from within" or "bubble in bubble" with exponentially increasing risks."

Based on the case of microbe pandemic, the heterodox approach would allow the necessary and timely investment in the healthcare system to address future risks, secure fair treatment of all patients, prevent abuses of human rights, and guarantee that the prices of medicines properly reflect both cost and the underlying public funding. So, taxpayers do not need to pay twice.

2. Role of Anti-Crisis Program on Combined Crisis Mitigation

Recovery and rebound of the current economic system are not possible without a comprehensive anti-crisis program. In the combined crisis, public health is number one priority of the program, while the economy and ecology are in the second place. Social distancing remains the most effective instrument to curb the spread of the virus. Additionally, improved efficiency and resilience of medical systems are critical as confirmed through continuous worldwide efforts.

With social distancing, the economy is suffocating, literally dying. After the initial lockdown of March 2020 and the anti-crisis programs released in April 2020, governments started gradual opening up in May. Unfortunately, the recovery has been continuously interrupted by new waves of the pandemic.

In the economic part of the anti-crisis program, the majority of policy measures came from unconventional nexus. But, nobody in the "world of economics" (academicians, analysts, practitioners in national governments and international financial institutions) has been prepared for a lockdown which results in "zero or near zero revenue". An economic equivalent of "clinical death".

The supply shock was immediate and quite evident. Global supply chains have been heavily hit and simply stalled. Local SMEs, as satellites of global supply chains, were hit equally hard. The demand side revealed a number of weaknesses as well. With the exception

of essentials, the demand for consumer goods also dropped due to actual and anticipated loss of jobs and income. In the end, much of the fall in domestic and international demand was a consequence of fear. Actually the "fear of fear" or the growing uncertainty. Despite massive fiscal stimulus packages, all countries experienced an economic downturn, triggered both on the supply and demand side. This was followed by a negative chain of events channeled through new unemployment, increase in poverty and personal bankruptcies.

Policy makers must be aware that the current relatively tolerable situation is mainly owed to the fiscal stimulus (tax tag), credit backstopping, and monetary quantitative easing (QE). Albeit being seemingly effective in the very short run, most core anti-crisis policy measures do not respond to challenges posed from the longer-run development perspective. The real problems will be structural, in the long run. No doubt, the pandemic turned out to be a main game-changer in compliance with the definition of the new economy rules.

The global economy entered the pandemic at the beginning of 2020 with relatively comfortable monetary reserves. Unfortunately, the echo effect of a five-year sustainable growth period with employment and income increases wore out by the end of the first half of 2020. Starting with the second half of 2020 we observe the full impact of the lockdown on the world economy.

The level of severity of the crisis shows that the situation would have been even worse if governments had not applied active anti-crisis policy measures. Without exception, all governments are taking a very cautious approach in applying a mix of measures that flatten the pandemic curve and steepen the recession curves, simultaneously. Number one priority is to safeguard human lives, along with the protection of essential medical services from overloading and maintaining the resilience of medical system as a whole. The main anti-pandemic measures such as massive antibody testing, medical treatment of contained persons, etc. provide valuable information but are extremely costly, thus creating pressure on the budget.

The governments' intention has been to keep the jobs in the sectors of essential products and services untouched. Also, governments provided some support to private companies in sustaining employment (and, hence, incomes and aggregate demand) during absence from work due to lockdowns. Helicopter money was implemented too (Friedman, 1969).[7]

To mitigate the economic crisis the central banks followed the "whatever we can do to help" mode of behavior. As a consequence, their balance sheets exploded due to: bailout of banks with liquidity problems, financial support to companies in strategic industries, QE policies combined with near zero or negative interests, emergency purchases of bonds etc.

In the new crisis context, the central bank expanded its role of "a lender of last resort" to "a bond buyer of last resort" (i.e. emergency bond buying program). Moreover, some central banks declare the willingness to buy corporate bonds, under some conditions. Namely, central banks have announced the determination to buy corporate bonds if they satisfy minimum rating, maximum maturity, and related conditions.

With the aim of energizing investment and economic growth, near zero or negative interest rate policy in combination with QE has been launched and will definitely remain in place for some time. After massive liquidity injections and abundant supply of cheap money, irrational exuberance has returned to the capital markets. The result is the assets' repression.

The term "QE forever" indicates the continuation of QE policies beyond the point when market feedback has disappeared from capital markets. Capital markets, unhinged from reality, are pushing "tech stocks" into a classical speculative bubble. Market capitalization of tech companies (such as Apple, Amazon, Tesla, Zoom, etc.) is now a hundred times higher than their yearly income. This is a "bubble from within" or "bubble in bubble" with exponentially increasing risks.

The main consequence of an extremely relaxed monetary policy is a tug-of-war between positive technical indicators coming from capital markets and negative macroeconomic fundamentals. On the other hand, cheap money with increased leverage in traditional sectors increases moral hazard. Obviously, central banks have no good tools to promote the recovery of the real economy. They only have tools that further stimulate capital market rebound with disproportionately large share going to the bubble-prone tech sectors which benefited from the shift of economic activities during the pandemic.

Fiscal stimulus is also a necessary policy measure of anti-crisis programs. In the first half of 2020 global fiscal intervention approached US $11 trillion. It was strongly welcomed by the business sector (large and small), the general public, and especially, the political elite as it was simple and sent a positive signal of their early pro-active stance. But, the resulting fiscal deficits and public debt buildup create problems in the long run.

During economic slowdown (recession and even more crisis), the merit of monetary and fiscal relaxation is to revive the economic activity and keep the economy going in the short run. But, the real problem is developmental impact in the longer run. Short-term expansionary policy measures are almost always linear and, thus, cloud long-term and middle-term issues by perpetuating and often deepening structural imbalances from the past. Moreover, a significant portion of stimulus packages will build inflationary pressures and, more importantly, lead to increases in both sovereign and private debt. This will create a burden for future development and limit the ability to adapt to inevitable challenges brought by the ensuing Fourth industrial revolution.

Manifestations of macroeconomic fundamentals differ across sectors of the economy. Disinflation is typical for commodity markets and consumer goods industries. The situation is quite opposite in capital markets because stocks tend to enter the bull's territory in the presence of QE and stimulus packages. Stock indices climb quickly into the bull's territory thanks to fast-growing tech companies which seized the opportunities provided by the pandemic. Tech equity investment quickly expands and boosts the anemic average ROI on capital markets.

The COVID-19 pandemic has hit advanced economies hard, but developing economies even harder. In the absence of an "exorbitant privilege" of reserve currency, liquidity

pumping is not a real alternative for developing economies. They must finance liquidity shortage and growing medical costs from new debt. To keep liquidity in the financial system, the central bank has used credit backstopping as an alternative to QE. By doing so, the central bank has tightened the conditions in the banking industry. Alternatively, central banks could have decreased policy rate, but this approach has a limitation because commercial banks in developing economies have limited access to cheap financing line and often have to compete for deposits at relatively high interest rates.

Fiscal stimulus is an important measure, but it increases the level of indebtedness and pushes a developing economy into the middle income trap.

Moreover, developing economies face another challenge. The real probability of "imported inflation", particularly for economies with large and chronic trade deficits, and double BoP deficits (both on the current and the capital account).

The true structural impact of the COVID-19 pandemic has not been fully understood yet. This is best reflected in the complacency about the future, post-crisis growth revival in advanced and developing economies. Optimistic expectations that economic revival will take the shape of letter V or W may not materialize due to yet unknown structural changes. Besides, many economies may have to restore macroeconomic stability despite the extremely low level of economic activity. This is particularly relevant on the fiscal side where major tax revenues (from taxes like VAT, profit tax and labor tax) have been postponed, and the risk of a fiscal cliff still exists if future revenues fall short of (implicit or explicit) expectations.

In such circumstances, there will be a very limited fiscal space to finance global public goods and transition towards a carbon-free economy. This strengthens the need for the already discussed parallel channel of financing. In addition to financing investment in environmental conservation and advanced human resource development, the introduction of parallel electronic currency would provide necessary resources for basic human capital development, a healthier and less vulnerable humankind with access to universal healthcare. The COVID-19 pandemic urges us to recognize the health of basic human capital as the 18th Sustainable Development Goal.

3. Transition Toward the Better Normal

Along with T. Piketty (2014)[8] and M. Mazzucato (2013), J. Stiglitz (2019) forms the triumvirate of leading economic theory critics of the impact of inherited fault lines of neoliberal capitalism. In 2020, microbe mutations have emerged as a new asymmetric shock deepening structural imbalances from the past. However, there is some light at the end of the tunnel, but we will have to deal with many challenges and open issues before we embrace the new growth model and heterodox policy platform instead of arguing which theoretical view is better (market vs. state). In a new theory (and economics rules) there are some tailwinds which we have to keep in mind.

First, in times of pandemic, despite an obvious need to temporarily violate some freedoms due to necessary "social distancing", the net effect of medical, ecological and economic

policy measures is of utmost importance. It includes domestic and external aspects. And each government must address some complex global and regional solutions rather than attempt separately, on its own, to mitigate the pandemic crisis, find solutions to climate change, and seek sustainable economic rebound.

Second, it is evident that, in the near future, the majority of national economies will be driven (and revived) primarily based on domestic demand, building on Keynes' demand multipliers. This is a step back from (and possibly a revision of) full globalism. As a consequence, in the near future, the role of impact investment in promoting sustainable growth, carbon-free technologies and solutions, as well as universal healthcare, will be growing.

Third, when it comes to investment allocation, policy makers must focus primarily on the real economy, not only on capital markets. Potential spheres of investment interest, apart from tradable goods and services, could be essential products, carbon-free energy production, and medical products (particularly, vaccines and drugs). For the better New Normal, a circular model of growth must replace the linear one, and industrial (or intentional) policies must take the lead over core macro policies (monetary and fiscal, primarily). Of course, core macro policies will continue to play a key role in sustaining macroeconomic stability. To harmonize core macro and industrial policies, automatic stabilizers will have role to play both at the national and international level (Blanchard, Dell'Ariccia and Mauro 2010).[9] For example, future global taxes (such as carbon tax, digital tax, income/profit tax, VAT, etc.), with some part of revenue flowing back to national/local community, could act as global fiscal automatic stabilizers. This implies a paradigm change in the model of growth and economic policy platform discussed in (Djuricin and Vuksanovic Herceg 2020).[10]

Fourth, parallel use electronic currency could provide a source of financing sizeable investment in greener economy and society with better healthcare and education.

Fifth, human well-being is not the first derivative of egoism. To transform mindset, humanity requires catalytic strategies for socially transformative leadership (Jacobs et al. 2020).[11]

4. How to Finance Transition to the Better Normal?

The main constituent of a parallel electronic channel is the banking sector (central bank and banks), not capital markets. In banking industry, the reset happened before the last pandemic. Thanks to restructuring, banking sector is stronger than at the start of the Great Recession of 2008. Before the last crisis, NPL levels were relatively low and stable across most countries. For corporate NPLs, the underlying trend has been positive. A greater problem is private debt and NPLs portfolio legacy management which requires clean up. With a strong balance sheet, banking industry can cope with new challenges related to the combined crisis.

Between the last two crises, the banking industry implemented digital solutions and has become more sophisticated, particularly in the retail line of services. Online account opening

and credit release are now industry standards. In the post-pandemic landscape, digitalized banking will expand in corporate line of services.

Banking sector responses during the pandemic should address two headwinds: (1) capital buffers, and (2) loan-loss provisions. Regarding capital buffers, the Basel regulation must be followed. Regulators can lower capital buffers for carbon-free, circular economy projects, as well as medical projects. Regarding loan-loss provisions, banks were in a relatively good position until the pandemic which triggered an increase in long-term loan-loss provisions and put downward pressure on profitability. To address remaining risk exposures, detailed methodological and compliance notes, internal audit rules and AML procedure are needed. For the Future Normal (or Better Normal), new roles of corporate governance bodies need to be defined, along with a new corporate culture, particularly regarding the issues of climate change, healthcare, and a more inclusive and innovative workforce.

The implementation of heterodox policy platform hinges on mobilizing financing for industrial policies. Pensions, social security and social assistance programs rely on conventional sources of funds. For capital-based funding, a backing on the long-term liability side is often required. In such a context, long-term bonds with relatively high yields are a perfect match to attract savings as a way of financing.

Unfortunately, in today's world private savings are limited in most countries. Environmental, social and medical benefits related to the SDGs are regarded as positive externalities of investments. There are many variations of public goods valuation through "shadow prices", such as pollutant gasses emission trading, guarantees for green credits, and tax cuts (or increase) that could help to internalize positive external effects. Anyway, investment in SDGs has larger economic than financial return on investment. Negative externalities should also be regulated, for example, with "carbon taxes", "digital taxes" or "medical taxes", universally defined at the global level.

Adding private sector money creation is another large source of investment and stimulus funds. In economic theory, there is no limit to money and credit expansion. Money (also credit) is not based on natural law; it is a social convention (Brunnhuber and Jacobs 2020, p. 142).[12] Consequently, supplementary digital money and credit channels for circular and greener economy with better healthcare and education could be used in a parallel way with the existing channels of public money (and credit) multiplication.

During the pandemic commercial banking and investment banking turned out to be not so attractive business lines. Namely, the focus on liquidity eroded credit expansion, while stocks and bonds slipped past the risk. For the banking industry parallel electronic currency could be a profitable business line substituting for the loss of earnings from conventional business lines.

The global financial system is on the verge of reallocating substantial capital investments towards circular and carbon-neutral technologies as well as medical security. With the combined crisis, the development of new assets classes such as "green bonds", "healthcare bonds", as well as new credit lines such as "green credits", "healthcare credits", becomes

critical. Better quantification of the associated financial risks from climate change and the spread of viral infections prompted central banks to design new stress-tests for commercial banks, to focus on climate change and medical risks, and their impact on the capital buffers and provisions.

Emergency bond buying program offers some opportunities for special purpose financing like “green QE”. The “Whatever we can” mode of the central bank is supporting “green bonds” issuance. To annul (neutralize) moral hazard risks, the central bank eventually applied yield curve targeting or yield curve control. Previous adjustments are compatible with parallel electronic currency design to finance global public goods, including health care.

In changing the mind-set towards “progressive capitalism”, it is important to avoid short-term bias and develop innovative thinking about long-term benefits for all stakeholders. “Work from Home” concept has changed the concept of workplace and promoted a new definition of the term ‘employee’. Flexible concept of workplace and employment provides a way for greater efficiency and cost reduction in financial services (banking) and many other industries.

At the macro level, performance metrics must go beyond GDP measures and focus on social well-being indicators. At the micro level, conventional financial metrics (wage, financial bonuses and pension benefits) must be expanded to include ESGM (environmental, social, governance, and medical) dimensions needed to drive quality business improvement. According to some prominent authors (Schwab and Malleret 2020, pp. 185-186), the pandemic experience leaves no doubt that the absence of ESGM considerations in corporate boardrooms has the potential to destroy substantial value and even threaten the viability of a business. ESGM will therefore become more fully integrated and internalized into the core strategy and governance of companies.[13]

With the exception of China, upward trends in the virus spread and downward trends in economic activity prevail everywhere. So far, post-pandemic economic recovery has taken shape only in China. But, this recovery continues the past trends in inefficient resource use based on the linear production model. Unless changed, it will continue to cause irreversible damage to the planet Earth due to overconsumption of energy, wasteful use of natural resources, and free global public goods. A dilemma remains whether monetary relief and fiscal stimulus are a toxic policy mix which perpetuates socially and environmentally unsustainable production rather than provide an effective way of recovery.

In an unsynchronized, uncoordinated world economy, the question is: how long can the linear model of growth combined with existing economic policies be followed? This approach is not environmentally and socially sustainable. What is not sustainable will not sustain in the long run.

For the Better Normal to prevail in the future, the Main Street (real economy) should be given absolute priority over the Wall Street (financial and stock markets). The systemic support central banks render to the economy has to be both regulated and diversified through integration of the parallel electronic money channel.

Money needs to be available equally for the restructuring of the real economy, as for consumption or financial operations. Otherwise, the greener economy and healthier world dependent on "impact investment" in carbon-free technologies, efficient medical systems, and priority achievement of SDGs will be out of reach.

The chances are pretty slim that the "invisible hand of the market" would give priority to planet Earth, quality of life and health of ordinary people over selfish economic interests of the elite. Industrial policies promoting priority sectors (from environmental and social standpoint) can become a new reality in the presence of parallel channels of financing discussed above.

Diverting significant resources from oversized, largely speculative financial sector operation to the development of the real economy can become the centerpiece of the pro-growth government strategy. Strategy leading toward the Better Normal in the future. Banks and financial markets will continue to have a significant role to play in mobilizing financial resources, but the choice of critical, long-term environmental and social priorities will not be left to the impulses of short-term financial bets.

Microbe mutations and threats of worldwide pandemics marked the start of de-globalization processes. It is likely that this trend will be reflected in trade and production as well. The size of government will have to increase to handle the expected higher level of impact investment.

Solutions to the climate crisis and microbe mutations (which increase the risk of global pandemics) must be found soon by the current generation.

A multi-track approach to energize impact investment is particularly important for developing economies. The first track should focus on infrastructure, both physical and soft (conceptual). Geopolitical consensus and voice of support are critical in this area. Infrastructure development requires massive investment which can only be financed through cooperation with strategic partners from countries with compatible geopolitical interests and genuine concerns for the environment, quality of human capital and health, and a world safe from pandemic threats.

The second track of new investments covers investment in the tradable sector. To energize this track, policy makers must work closely with tradable industries in the design of effective industrial policies and improved competitiveness based on a comprehensive transformation toward circular and greener economy.

When it comes to essential sectors, a parallel track of implementing custom-tailored changes may be appropriate. Renewable energy is a good example. Another example is tourism, one of the fastest growing sectors before the pandemic. Tourism has been hit hard: firstly, due to restricted movement and dramatic reduction in travel; and secondly, due to decline in incomes. Overnight, rising economic stars have become shooting stars fighting for survival. One of the main vulnerabilities in renewable energy and tourism has been heavy reliance on bank credit (with relatively short maturities). Investment banking may find an opportunity to enter those sectors. Diversifying into health tourism is another possible solution.

Investment in ICT sector and other tech industries is also a possibility. We know from experience of advanced economies that investment in those sectors offers a perfect hedge against multiple risks. In line with chosen industrial policies, every economy aims to approach the technology frontier in sectors with comparable and/or competitive advantage.

When it comes to commodity markets, strategic decisions are needed regarding the level of production, capital, assets and number of employees. Global commodity markets remain unstable and are likely to experience pressure with increased recycling, reuse and other solutions of the circular economy concept.

To summarize, each national economy desperately needs restructuring to move towards Better Normal. In the near future, most economies will produce energy with zero emissions (of pollutant gases). The trend is to reshape the physical economy in line with the circular model of growth enabling greater resource efficiency and use of intensive technologies. Solutions from the circular economy nexus will soon become critically important for almost all industries.

New instruments from parallel electronic money track, along with conventional instruments, offer ample opportunities to finance circular and greener economy. Admittedly, the multi-track approach to financing will be a huge undertaking. The question is whether central banks have incentives to do this. So, we desperately need a new strategy of catalytic leadership (Jacobs et al. 2020) to transform the mindset of not just policy makers, but also political leaders.

5. Conclusions

The global economy is at the end of more than four-decade-long period of neoliberal capitalism which tried to encourage entrepreneurship without limits. To do so, this wisdom has followed the "3+3" concept, combining three extreme ideas in the model of growth (shareholder capitalism, market fundamentalism and supply-side economics) with three extreme principles in the policy platform configuration (liberalization, deregulation and privatization). Such a model of capitalism is divorced from sustainable growth and well-being, and non-inclusive toward people and nature. It ignores not only the rules of the functioning of physical system and biosphere, but also economic (and social) costs of environmental degradation and increasing medical costs, particularly during microbe pandemics. The previous structural imbalances associated with this system cannot be managed by market mechanism. Financial and other bubbles, income concentration, deindustrialization, climate crisis costs, costs of the microbe pandemics mitigation, and other negative external effects have reminded architects of the system that adherence to the current economic system represents a betrayal of future generations.

We do not have "Planet B" or a second life. Humans in a time of the Anthropocene are entering resource and energy scarce future as a result of the previous growth model and economic policy platform. The COVID-19 pandemic has simply exacerbated previous structural imbalances. Electronic parallel currency supports a simple and profoundly important idea that financial system and the economy as a whole need retooling. Market-

shaping instead of market-fixing is a way to transform neoliberal capitalism into progressive capitalism. Timing is simply perfect. Of course, not everyone buys it, particularly market fundamentalists and the business elite.

This tool offers a tremendous insight into the Better Normal by mitigating the combined crisis and, at the same time, offering solutions to SDGs financing, including better medical system development. Fascinating ideas have been merged into a simple, feasible and effective conceptual platform and this tool is a masterpiece of WAAS.

But, the full implementation of this concept raises some important questions.

First, who is responsible for what? Namely, the role of central banks from advanced economies in the new electronic money distribution in both advanced and developing economies. With regard to the previous investment portfolio of commercial banks in different environments.

Second, the role of international financial organizations. Special Drawing Rights (SDRs) could be main criteria for operating electronic money channels.

Third, the exchange of electronic currency to fiat money, cryptocurrency, gold, commodities, etc. as well as securitization based on a new parallel electronic channel could be interesting issues to tackle.

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Notes

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