R 1: THE COMPELLING '*THERE IS NO SUCH THING AS A FREE LUNCH'* ARGUMENT—REVISED

Neoclassical economists argue that there is no such thing as a free lunch. We can only spend what we have earned in the first place. Even in the Austrian School of economic thought, a temporary credit line (which is eventually paid back in full) requires increased efficiency, productivity gains and enhanced competitiveness, which finally equals S=I.

According to this view, any money injected into the economy will cause either (hyper-)inflation, Ponzi-like schemes or asset meltdowns, affecting savings accounts in particular (pension schemes, social security claims etc.). This is particularly true in aging societies, which require higher consumption rates and where large cohorts save less and consume more.

This is a very strong argument against MMT or any other QE programs that simply inject additional money into the economy. This argument is even stronger when the money is injected in a monetary environment with a low to zero interest rate, leading to devastating distribution effects.

What is more, increasing empirical evidence shows that in a zero-interest environment, liquidity and purchasing power shift from the poor to the rich, from the young to older generations, from SMEs to transnational corporations, from countries with a trade surplus to countries with a trade deficit, from the corporate world as a whole to the financial sector, and finally from the periphery of the world economy to its core. In such a monetary environment, the allocation function of the price of money (the interest rate) is lost or hidden, so any 'green' MMT or QE programs are unable to reverse the negative distribution effects. Allowing investment in so-called 'green' bonds would simply increase further consumption, zombification and overuse of natural resources. This would finally end in a breakdown of our economy and a failed state scenario.

However, a parallel additional CBDC (Central Bank digital currency) installed with a positive interest rate can reverse these trends and would revise the compelling '*there is no such thing as a free lunch'* argument. This additional liquidity injected into the economy with blockchain technology and a smart contract would make it possible to reduce fraud, illicit transactions and corruption. It would further target SDGs (mainly commons), which have an ROI 10 to 30 times larger than private yields.

Such a parallel-currency scenario would generate multiple so-called positive second-round effects (jobs, green marketplaces, public revenues); a *disentanglement effect* would decrease fees and taxation, as parts of public investment would be delivered through the parallel currency, increasing competitiveness; a long-term view on investment would be honored, in which the *institutional investor freezes* his assets now in order to reinvest them in a more favorable environment in the future; and finally, this parallel currency would reverse the negative distributive effects of a zero-interest environment.

In conclusion: there is indeed no such thing as a free lunch or a free gift of ‚God'. Increased productivity and competitiveness are key to future welfare. A parallel CBDC (or a mechanism similar to this) would achieve precisely this: delivered through public development banks (EIB, DB, WB), it would decrease negative spillovers and indirect and direct social and environmental costs and therefore increase competitiveness, productivity and efficiency through targeted funding of the (global) commons, enhancing welfare for all. Such a monetary mechanism would decrease costs (such as disaster management, stranded fossil assets), operate anti-cyclically, and provide a more resilient monetary and fiscal environment in times of increasing external asymmetric shocks (climate change, loss of biodiversity and pandemics). Then finally our savings would equal our investments again, but on a higher level of welfare. Neoclassical economists call this a Pareto-superior equilibrium. In this Pareto-superior equilibrium, we start really paying for our lunch—but the lunch we get will be better than anything we've ever been served before.

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