Table: Mysteries of a failed financial system and how failure can be avoided [a]

	Mysteries of an illogical and inefficient financial system	Possible explanations of mysteries with comments	Avoiding mysteries with cost carrying "green" renewable energy e-money
1	What is the utility of money created out of nothing?	No cost of creation and no limit on amount of money created.	Energy is essential for sustaining life. kWh is an objective unit of value.
2	Why use money to price assets when the value of money is not defined by any one or more specified commodities?	"Orthodoxy has never been able to explain" (Wray 2004). National currencies create "Faulty feedback to Cities" (Jacobs 1985: 156).	Terms of trade and so community sustainability determined by local value of green dollars defined by local renewable electricity sources.
3	Why use prices to allocate resources when money is not based on real things?	"…most economists have not delved deeply into this." (Wray 2004) but non-economist Jacobs (1985) has.	Monetary unit of account is determined by value of local renewable energy that is likely to be stable over the long run.
4	Why do governments create a national monopoly of what kind of money can be legal?	Once to borrow specie currency from banks to avoid taxing. Now to protect banks creating deposits from loans.	Credit only created by those providing goods, services and investments. Money no longer used as a store of value.
5	Why do governments control who can create bank deposits?	To protect private bankers creating a public good (money) for private profit.	Deposits in investment funds backed by securities. No fractional "Ponzi" banks
6	Why do governments provide a lender of last resort facility to private banks?	Originally to protect the duplicity of banks creating more deposit notes for specie currency than they held, later to reduce the risk of borrowing short and lending long.	Liquidity and solvency risk of traders and investors creating credit guaranteed by private insurance firms and/or their redemption to pay energy bills at a nominated time in kWh.
7	Why can money at a bank increase in value over time from earning interest when government notes do not?	To encourage individuals to give up consumption to create bank deposits. But deposits can be created without requiring consumption foregone.	No money created by banks. Credits used as exchange medium subject to a service fee payable to issuer and/or guarantor of their value and/or liquidity.
8	Why do governments borrow money when they can create money? Asked by chair of US Banking Committee Wright Patman (1941)	Because governments cannot be trusted to limit money creation so it is sounder (and highly profitable) for private bankers to create deposit money to finance government debts.	Government would create negotiable electronic property rights to receive future tax revenues and/or tolls to pay in kWh for deficits and/or infrastructure investments.
9	Why allow private banks to make profits from expanding the money supply that is a public good?	Private bankers have promoted a consensus that this is in the public interest and also spread a belief that they do not create money as deposits	Volume of credit determined by trade turnover and demand for investment that could be guarantee by private credit insurers.
10	Why do governments pay interest on borrowed money that they can create?	Habit from when governments needed specie currency from bankers and now reluctance to compete with banks except when they need a bail-out.	Governments would not borrow money but sell rights to future taxes and/or tolls to create a risk free future store of value defined by local kWh
11	Why do governments allow private financial organisations to grow too big to manage, regulate or fail?	Political influence and advisers who focus on economies of scale, not strategies for either promoting competition to further consumer interests or for achieving resiliency.	Financial system size and shape would be determined by local generation of renewable electricity to match size of local institutions not inflated by seigniorage or compounding interest.
12	Why don't governments create interest free money to fund public assets?	Refer to points 8 and 10. Interest costs can double the tax revenues required to finance public assets (Patman 1941) and/or increase the prices of any tolls.	Public assets would become self-financing as described in rows 8 and 10 above so as to liquidate the credit created to build them.

Jacobs, J. (1985), *Cities and Wealth of Nations: Principles of Economic Life*, Vintage Books, New York.
Patman, J.W.W. (1941), *Congressional Record of the House of Representatives*, Sept. 29, pp.7582–3, Washington D.C
Wray, L.R. (2004), 'The Credit Money and State Money Approaches', Working Paper No 32 available at http://www.cfeps.org/pubs/wp-pdf/WP32-Wray.pdf;

(a) Extracted from a paper by Dr. Shann Turnbull on 'How would the invisible hand handle electronic money', available from http://ssrn.com/abstract=1391812.