Written by **Bruce Walker** on July 7, 2010

Euro Likely to Keep Losing Value

The grand hopes of a decade ago that the euro, a common currency of the E.U., would lead to a golden age of economic globalism has been dashed on the rocks of political reality.

Astute Europeans are learning that the value of a currency has much less to do with the size of the government or international organization issuing it and much more to do with the financial prudence and integrity of the issuer itself. That is why tiny Switzerland has historically had such stable currency, while giants like the Soviet Union have had almost worthless currency.

So, despite the economic size of the European Economic Community, the euro is being drawn down by the utterly irresponsible behavior of Greece, Portugal, Spain, Ireland, Iceland, and similar nations. Last November, the Euro had roughly 50 percent more value than the American dollar. The euro has now dropped so far that the two currencies have almost the same value. By 2011, it may well fall to have equivalent value with the dollar or, perhaps, even be worth a bit less than the dollar.

What makes this all the more alarming is that President Obama dramatically accelerated the process of bankrupting the federal government through a massive expansion of dollars built on an equally massive explosion of national debt. Even against such a pathetically weak American currency, the irresponsible European governments, who are wholly at the mercy of public employees unions, lack the political will to rein in commitments that are reducing some European governments to little more than collection agents for government workers.

In many of these European nations, the combination of population contraction, along with the early retirement of tens of millions of European natives, and the immigration of millions of indigestible Moslems (most of whom are not suitable for high tech or high productivity jobs) means that the Euro may simply never rebound because the economies of the member nations are in a long-term, steady, unstoppable decline.

In the short term, the European Central Bank is buying government bonds as a way of propping up national economies that seem teetering close to collapse. No one, however, considers this to be a workable long-term solution. The goal can only be to prevent jarring jolts which might precipitate panic. Are European leaders really trying to save their continent and their heritage? That can only happen when the self-indulgent government workers and voters of Europe decide to act responsibly. The prospects for that are not good.