The global economy, a new vision for the euro

Christophe Aubin-Nury de Malicorne

University of Paris 10

13. March 2012

Dr. Christophe AUBIN-NURY de Malicorne is Director, International Board for Asset Management at SCMS/ SCMS Capital Group Ltd; Lecturer of Economics-Finance and Member of CEDIN Research Center at University of Paris 10.

In the midst of European governance disaster, consequences for European countries and population are dramatic at all levels including especially social and economic aspects.
The future is gloomy at best for European economies due to the lack of vision, responsibility and incompetence of European authorities and national governments which have clearly failed to protect their populations. Now, these authorities are putting the burden of their actions on European people. Notwithstanding that in the corporate world these matters would have most likely ended in the legal arena, one of the urgent and crucial issues is at least how to partially resolve this European economic mess in light of the two other major currencies influencing the trading world?
The Yuan is evidently manipulated by Chinese authorities in order to protect their expanding economic growth and the US government is flooding their economy with "quantitative easing" measures, printing dollars by trillions to support their national interest. These actions are leaving European economy with a currency which is definitely not at a sustainable level in order to compete in today business world as the Euro has gained over 25 to 30 percent from its intended "parity" with the US dollar particularly.
From the dramatic Greek, Portugal, Ireland, Italian and Portuguese crisis, plus the pending troubles in UK and French economies it seems that the time has come for Europeans to do something for their own economic destiny geared toward the survival of the European Union as this synergistic model is the only one viable to remain strong enough against the American and Asian economic blocs.
From our research, one of the key to restore European competitiveness appears to be the change of how the Euro is being calculated in order to reflect the recent weakness of the here above cited European countries economy. In our model, each European country currency should not have a fixed parity in the Euro but should be allowed to float and therefore reflect their real economic power or weakness under a proportional weight adjusted basis in accord with the size of the economy of each country. As a result, the Euro would be representing the real value of the European economy and as of today, it would subsequently drop by a minimum of 20 percent against the US dollar, which in turn would not only support greatly European finances but also would favor drastically European exports as well as to reduce imports and contribute to numerous positive aspects for the immediate benefit of European Union economy and population.
In nowadays global economy, European trading partners must learn how to play "global" and a change of parity between the Euro, the Yuan and the US dollar is consequently inevitable.