Despite predictions of its imminent demise several months ago, the Euro struggles on. Some people are surprised, but those with an interest in its survival have successfully managed to keep kicking the can down the road. How much longer can it go on? Last week, statistics from Eurostat confirmed that the Eurozone remains in recession. The day before that, millions of people across Europe, but predominantly in the most affected countries: Portugal, Spain, Italy and Greece, took to the streets in protests. Unemployment figures are at record heights.

There were those of us who queried the Euro project from the start. What was the driving force behind the idea of the common currency? Of course, for the individual living in somewhere like Cologne and regularly travelling to France, Belgium, the Netherlands and Luxembourg, all relatively close by, the benefits of not having to have separate wallets for different countries' currencies are self-evident. Political unity is also seen as a way of avoiding another European war, a potent factor amongst people where the previous one is still within living memory. The 67 years since 1945 is the longest unbroken period of peace in Western Europe ever, and European union is seen as a guarantee that this happy state of affairs will continue. We should not be too hard on the politicians in their pursuit of what is in principle a noble aim. What went wrong? A common currency is not unrealistic in principle. But there are prerequisites if it is to function.

1. All member countries must operate robust tax systems: avoidance- and evasion-proof
2. All member countries must apply tight budgetary control
3. Their tax systems must have no deadweight losses ie they must not inhibit economic activity.
4. The wealth that naturally tends to flow to those countries with the greatest locational advantage, in reality, economic rent, must be recycled to the periphery efficiently.
5. There must be open and honest, fully audited accounting, with powers of enforcement against breaches.

Provisos (1) and (3) require land value taxation in the form that we propose it. Proviso (4) is needed to prevent Europe from turning into a scaled up version of the situation experienced in countries such as the UK, where the South-East region is prosperous whilst the economy of much of the rest of the country languishes. On the European scale, Germany flourishes and the southern countries languish. That Scandinavia is an exception, is possibly because of the low population and presence of natural resources, which compensate.

None of these prerequisites apply in any of the Eurozone countries. How could Europe's politicians have fallen into this trap? Clearly they were not aware of the need for these prerequisites, but then they would not be, given the theories of economics which they and their advisers subscribe to. The problem of the Euro, as with most other problems with the economy, originates with defective economic theory - there are several rival theories but all of the accepted ones are defective. One should not underestimate the power of vested interest and one way in which it operates is by keeping these deficient theories in circulation, and there are also those with a vested interest in sustaining the deficient theories themselves.

In the absence of sound understanding of economic principles, and reforms to take account of them, the effects of these mistakes will take their course. Disintegration is as likely to take place by erosion as collapse, or a combination of the two. Eventually the political and social instability and unrest will become irresistible and irreversible, as it was in the Communist countries in 1989. Whichever way it happens the end will be messy. There is no guarantee that anything better will emerge from it. Final collapse is probably not imminent, but since the European currency was never based on sound economic principles, it was doomed from the moment of its conception.