The Decline of Sterling

The demise of sterling as an international currency was widely predicted after 1945, but the process took thirty years to complete. Why was this demise so prolonged? Traditional explanations have emphasised the British effort to prolong sterling’s role on the grounds that it either increased the capacity to borrow, enhanced prestige or supported London as a centre for international finance. This book challenges this view by arguing that sterling’s international role was prolonged by the weakness of the international monetary system and by collective global interest in its continuation. Using the archives of partner countries in Europe, the United States and the Commonwealth, Catherine R. Schenk shows how the United Kingdom was able to convince other governments that sterling’s international role was critical for the stability of the international economy and thereby attract considerable support for managing its retreat. This revised view has important implications for current debates over the future of the US dollar as an international currency.

CATHERINE R. SCHENK is Professor of International Economic History at the University of Glasgow. She has held academic posts in the United Kingdom, New Zealand and Malaysia and has been a visiting researcher at the Hong Kong Institute for Monetary Research and the International Monetary Fund. Her previous books include *Hong Kong as an International Financial Centre* (2001) and *Britain and the Sterling Area* (1994).
The Decline of Sterling

Managing the Retreat of an International Currency, 1945–1992

Catherine R. Schenk
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