Contents

List	of Figures	page xiii
List	of Tables	xvii
Ack	nowledgements	xix
Intr	oduction	1
1	Sterling's Post-War Role and Lessons from the	
	1947 Convertibility Crisis	5
	The Sterling Balances Problem	7
	Different Sterling Areas	8
	The Convertibility Crisis of 1947	10
	Consequences of the Crisis	15
2	The 1949 Devaluation: Readjusting the Post-War Parities	18
	The Politics of the Devaluation	19
	Causes of the Devaluation	22
	The Balance of Payments Problem	24
	International Repercussions	29
3	The Reopening of the London Foreign Exchange Market:	
	Sterling's Window on the World	35
	Negotiations	36
	The Reopening	38
	Alternative Markets	43
4	The Bank on the Market	46
	Foreign Exchange Interventions	47
	Cooperation with the Fed	54
	Strategies and Tactics	56

x Contents

	Intervention Performance	59
	The Exchange Equalisation Account	66
5	The Reopening of the London Gold Market in 1954: Sealing the Fate of Sterling and the International System Burgeoning Competition The Gold Market Reopening Behind Closed Doors Bank of England Operations	73 76 78 83 86
6	1958 Convertibility and Its Consequences What Is Convertibility? The Politics of Convertibility in Europe An End to Parallel Markets	92 93 94 95
7	The Gold Pool Cooperation with the Fed The Politics of the Gold Pool Creation How the Gold Pool Worked The Creation of the Gold Pool and the Global Price of Gold	99 101 107 109 111
8	Cooperation and the Fed Swap Network The Bank of England's Use of Swaps Short-Term Swaps? An Arsenal of Credit	115 116 121 123
9	The 1964–1967 Currency Crisis The 1964 Crisis The Gold Crisis Sterling and Gold	127 128 136 144
10	The 1967 Devaluation and the Fall of the Gold Pool A British Trigger to an International Crisis The French or Sterling? The Run-Up to the Devaluation The Run on Gold	148 149 151 157 160
11	The Consequences of the Devaluation: Ongoing Crisis and Window Dressing at the Bank of England Not a Real Solution Disclosure of Reserves Window Dressing Secrets among Friends	166 166 170 174

Contents xi

12	Britain, Nixon and the End of Bretton Woods	180
	The Nixon Shift	181
	The Nixon Shock	183
	Stabilisation at Last	187
13	The 1976 IMF Crisis	190
	Was the IMF Crisis 'Natural' or 'Manmade'?	191
	Unfounded Rumours	194
	Rate Cut and Further Fall	197
	The Cat Is Out of the Bag	200
14	Britain's Last Currency Crisis	204
	A European Crisis	205
	An Unexpected and Brutal Shock	207
	Black Wednesday	213
	What If?	218
	More Luck across the Channel	220
Conclusion		224
Data Availability		227
References		229
Index		239

