

(Free download) Banking on Sterling: Britain's Independence from the Euro Zone

# Banking on Sterling: Britain's Independence from the Euro Zone

*Ophelia Eglene*

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**Ophelia Eglene : Banking on Sterling: Britain's Independence from the Euro Zone** before purchasing it in order to gage whether or not it would be worth my time, and all praised Banking on Sterling: Britain's Independence from the Euro Zone:

*Banking on Sterling: Britain's Independence from the Euro Zone*, by Ophelia Eglene, provides an in-depth analysis of the British policy on the European Economic and Monetary Union (EMU) over the past twenty years. Eglene demonstrates how the Conservative government of John Major and the Labour government of Tony Blair implemented policies that had the same overriding goals. The first of their shared goals was to continue being involved in decisions on the remaining details of the EMU and to avoid discrimination in the European Union by appearing as a member state willing to embrace the full European project at an indeterminate point. The second goal was to address the conflicting preferences of domestic economic actors with an ambiguous policy aimed at buying time. Pressure on the British government came from both the business and financial sectors on the question of EMU membership. While the business community was divided on the euro, there was one sector, export-oriented producers, strongly in favor. The financial sector, for its part, needed more time to clearly assess where its interests lay, and it insisted that the government not rush a decision one way or the other. *Banking on Sterling* demonstrates that the government, no matter which party was in power, always had in mind the welfare of the financial sector. When the conclusion was reached in London that its financial sector would benefit more from an offshore position than as a member of the EMU, the British government provided both direct and indirect compensation to the export-oriented business sector that had definitely lost the battle for the euro. Ophelia Eglene's *Banking on Sterling: Britain's Independence from the Euro Zone* effectively shows the unequal influence of business and finance on the British economy.

Even before the financial crisis that began in 2007, scholars and pundits alike mused about Britain's "strange" relationship with the European Union, asking why the UK has failed to join its neighbors and adopt the euro. Existing answers do more to muddle than provide clarity or guidance as to the answer. Ophelia Eglene provides a much needed contribution to this discussion. Using a vast array of quantitative and qualitative evidence she demonstrates how economic self interest as much as history and cultural ties to the pound explain Britain's reluctance to join the eurozone. Her book will be of great interest to economists, political scientists and historians who are interested in understanding individual and social factors that drive international economic policy. (David Leblang, University of Virginia) In *Banking on Sterling*, Ophelia Eglene analyzes the political economy of British government policy toward the European Monetary System and the euro zone. She traces the trajectory of British policy from 1990 through 2007, demonstrating the impact of industrial and financial interests, as well as public opinion. Eglene grounds her analysis carefully in existing theoretical approaches, and brings to bear important evidence drawn both from the historical record and from original interviews with many of the principals. *Banking on Sterling* is particularly effective in demonstrating how the political economy of British policy changed over time as circumstances evolved. This book is a very valuable contribution to our understanding of the politics and economics of the euro, and of the European Union more broadly. It will also be read with great profit by anyone interested in the political economy of currency policy, and of foreign economic policy in general. (Jeffrey Frieden, Harvard University) Eglene, a political scientist, follows [the United Kingdom's currency] events since 1990 and focuses on the United Kingdom's deliberations on joining the euro that is, abolishing sterling altogether. She concludes that both the views of the United Kingdom's financial sector and official anxiety about it, rather than ideology or public opinion, played the decisive role in the country's procrastination with respect to joining the eurozone. (Foreign Affairs) About the Author Ophelia Eglene is a visiting assistant professor in the political science department at Middlebury College.