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The banking “recklessness” described by William Rees-Mogg did not result from the departure from the gold standard

Sir, I am surprised at the suggestion (Opinion, William Rees-Mogg, July 20) that the gold standard represented some sort of halcyon age for Britain and the United States.

Britain was effectively forced off the gold standard because of the lack of flexibility over exchange rates — very similar to the implications of eurozone membership. John Maynard Keynes was delighted when adherence to the fixed rate of exchange implied by gold ceased: “We feel that we at last have a free hand to do what is sensible.”

The US, under President Roosevelt, decided to come off the gold standard some two years later, in 1933. This enabled devaluation of the dollar and growth soon followed.

Lord Rees-Mogg is right, though, to aspire to a new cultural discipline. But the banking “recklessness” which he describes did not result from the departure from gold.

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