

The introduction of the EMS

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The introduction of the EMS

At the Copenhagen Summit, on 7 and 8 April 1978, Valéry Giscard d'Estaing and Helmut Schmidt revived the idea of a new European Monetary System (EMS), open to all the EEC Member States. Against the backdrop of a generally encouraging economic climate, the Bremen European Council endorsed the principle of the EMS on 7 July 1978. The EEC institutions and the Finance Ministers of the nine Member States were immediately instructed to draw up detailed proposals that were later adopted formally by the Brussels European Council on 5 and 6 December 1978.

On 13 March 1979, the EMS was born. The United Kingdom did not join the EMS exchange rate mechanism so as to allow the pound sterling to continue to float. The parity between the pound sterling and the Irish punt was thus broken. The other weak-currency countries, such as Italy and Ireland, secured an increase in Community aid, and France secured the gradual dismantling of monetary compensatory amounts (MCAs), as its farmers had long been demanding. The EMS was often called an improved snake, the most notable new feature being the creation of the European Currency Unit (ECU).