

The European Monetary System

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After the failure of the European currency snake, European leaders began looking for a new approach to ensure currency stability. At the same time, on 8 January 1976, in Kingston, Jamaica, the Finance Ministers sitting on the Interim Committee of the International Monetary Fund (IMF), chaired by the Belgian Finance Minister Willy De Clercq, adopted a reform of the international monetary system. What are known as the Jamaica Agreements actually gave a legal basis to the system of floating exchange rates by bringing an end to the adjustable fixed exchange rates.

On 20 October 1977, in Florence, the President of the European Commission, Roy Jenkins, put forward a proposal which aimed towards monetary union. He presented it as the surest way to revive economic growth and combat inflation and unemployment. The initiative for a new European Monetary System (EMS) was now in the hands of France and Germany.