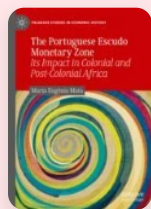


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The Results of the 1971 Reform of *Escudo* Monetary Zone Union. The Angolan and Mozambican Divergence

| Chapter | First Online: 13 June 2020


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The Portuguese Escudo Monetary Zone

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Abstract

In spite of settling the outstanding payment orders, the reform of 1971 could not sustain the payment arrears in the *Escudo* Monetary Zone. As Angolan and Mozambican deficits toward the Metropolis were overwhelming for the EMZ Fund, these colonies were in great need of support in 1973 and 1974. Delayed transfers increased again, and their sudden settlement was considered to be dangerous, because it would introduce such a high amount of liquidity in the Metropolis' economy that inflationary pressure would be felt, while a boom already flourished

in the Lisbon stock market. The more payments were settled, the more transfers were demanded. Parallel markets also spread, benefiting from a “collective psychosis” demand for transfers. The first oil shock brought new constraints in the autumn of 1973, and a military revolution sought to put an end to the Portuguese political regime on 16 March 1974, but failed. A successful one took place on 25 April.

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Notes

1. Krugman [1993](#), p. 129.
2. *Instruções a que se refere o n° 3 do artigo 9° do Decreto n° 550/71, de 15 de Dezembro de 1971. PT/CGD/BNU/D, AG, 061.03/23, BNU Historical Archives.*

Also available at *Regime Cambial, Instruções*. Portugal. Arquivo Histórico do Banco de Portugal. Departamento de Serviços Jurídicos. Espaço Económico Português. Pasta n° 19.

3. PT/CGD/BNU/D, AG, 061.03/23, BNU Historical Archives. The Angolan milk sector located in *Cela*, in spite of a Metropolis firm's participation in this business (Martins and Rebelo), also did not receive credit in *Despacho* of 14 December 1971.
4. "O novo regime de pagamentos entre a metrópole e o ultramar focado pelo Dr. Silva Cunha", *Jornal do Comércio*, of 20 November 1971. Detailed explanations in "Criado o sistema de compensação interterritorial do espaço português", *Jornal do Comércio*, of 17 Dcembre 1971. Speech of the Minister of Overseas, "Perante os altos comandos, O pagamento dos atrasados começará dentro de dias, afirmou o Prof. Silva Cunha a propósito das transferências", *Jornal do Comércio*, 8 February 1972.
5. "O problema das transferências, Declarações do representante das Associações Económicas de Angola no Conselho Legislativo da Província", *Jornal do Comércio*, 4/5 December 1971.
6. Decree-law nr. 32/71 of 8 February 1971.
7. Minutes of the meeting of 9 December 1971 of the government board for economic issues, p. 4, PT/CGD/BNU/D, AG, 061.03/23, BNU Historical Archives.
8. *Boletim Oficial de Moçambique, I Série, n° 19, 12 de Fevereiro de 1972.*
9. By decree-law nr. 32/71 of 8 February 1971.
10. PT/CGD/BNU/D, AG, 061.03/23, BNU Historical Archives.
11. Newit [1995](#), p. 529.

12. Decision of the Board of Ministers for Economic Issues, on 6 January 1972. PT/CGD/BNU/D, AG, 061.03/23, BNU Historical Archives. A work group from the Ministry of the Economy organised lists with criteria for priorities, which were published in *Boletim Oficial de Angola, I Serie, n.º. 16*, of 20 January 1972, and *Boletim Oficial de Moçambique, I Série, n.º 19*, 12 February 1972.
13. Letter from Beira, Moçambique, by Raul de Almeida, in *Jornal do Comércio*, of 15 December 1971.
14. “O financiamento das transferências interterritoriais”, *Jornal do Comércio*, 8 December 1971.
15. Frankel and Rose [1998](#), p. 1011. Branch and McGough [2008](#), pp. 224-244.
16. As a result of decree-law nr. 553/71.
17. Following the Service order on *Plano de Contas e Esquemas de Contabilização*, Banco de Portugal Historical Archives, 46, mimeographed [1963](#), p. 115.

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20. Decree-law 553/71 of 15 December 1971, article 6th.

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22. Ibid.

23. Authorised by decree 52/72 of 12 February 1972.

24. According to decree-law nr. 480/71 of 6 November 1971. The contracts of the 500 million escudos loan were signed on 12 February 1952.

25. A technical report of 14 January 1976 of Banco de Portugal confirms this value for Angolan consolidated delayed payments (that is to say, transfers already paid in BNU-Angola waiting for payment in Lisbon), but mentions 5 million more for hidden delayed payments (transfers ordered but not yet paid in BNU-Angola). *Informação*, 14.1.76. Portugal. Banco de Portugal. Departamento de Operações de Crédito. Descolonização. IARN. Pagamentos Atrasados Angola e Moçambique. [1975-1976](#).

26. *Relatório do Agente, Sistema de Compensação Interterritorial, Banco de Portugal, Ano de 1973*, pp. 6, 7. *Relatórios Anuais do Agente*. Portugal.

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33. Letter of 4 March 1974, ref^a D.U. n° 15 to the government representative (*comissário*) at BNU.

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36. Governo-Geral de Moçambique, Lourenço Marques, 20 Dezembro 1973. Portugal. Arquivo Histórico do Banco de Portugal. Departamento de Estrangeiro. Correspondência com o Ministério das Finanças. 1974.
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Cite this chapter

Mata, M.E. (2020). The Results of the 1971 Reform of *Escudo* Monetary Zone Union. The Angolan and Mozambican Divergence. In: The Portuguese Escudo Monetary Zone. Palgrave Studies in Economic History. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-030-33857-2_7

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DOI	Published	Publisher Name
https://doi.org/10.1007/978-3-030-33857-2_7	13 June 2020	Palgrave Macmillan, Cham
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