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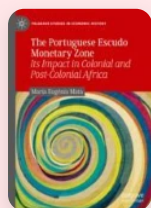
# The Results of the 1971 Reform of *Escudo* Monetary Zone Union. The Angolan and Mozambican Divergence

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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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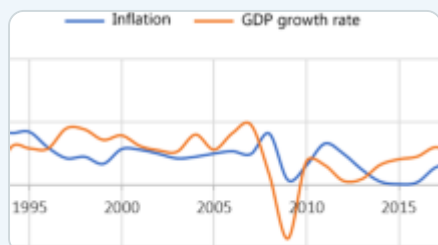
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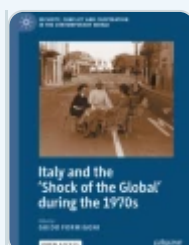
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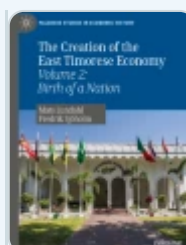
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# Notes

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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.
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10. PT/CGD/BNU/D, AG, 061.03/23, BNU Historical Archives.
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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° 16*, of 20 January 1972, and *Boletim Oficial de Moçambique, I Série, n° 19, 12 February 1972.*
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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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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](#).
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