

## Equicapita's Brief History of Finance – Price Controls: “Executive Order 11615 - Providing for Stabilization of Prices, Rents, Wages, and Salaries - pursuant to the Economic Stabilization Act of 1970” otherwise known as the “Nixon Price Control Act of 1970”.

Nixon Price Control Act of 1970: President Nixon issued Executive Order 11615 (pursuant to the Economic Stabilization Act of 1970) imposing a 90-day freeze on wages and prices in order to counter inflation. This was the first time the U.S. government had enacted wage and price controls since World War II. The price controls were part of package of three legislative items that formed the US default on gold convertibility of the dollar:

1. Convertibility of the dollar into gold or other reserve assets was suspended
2. 90-day freeze on wages and prices
3. A surcharge of 10 percent on imported goods was imposed

In a masterpiece of political wishful thinking Nixon promised his legislation would reduce inflation and stabilize the dollar... *“The third indispensable element in building the new prosperity is closely related to creating new jobs and halting inflation. We must protect the position of the American dollar as a pillar of monetary stability around the world. In the past 7 years, there has been an average of one international monetary crisis every year ... I have directed Secretary Connally to suspend temporarily the convertibility of the dollar into gold or other reserve assets, except in amounts and conditions determined to be in the interest of monetary stability and in the best interests of the United States. Now, what is this action—which is very technical—what does it mean for you? Let me lay to rest the bugaboo of what is called devaluation. If you want to buy a foreign car or take a trip abroad, market conditions may cause your dollar to buy slightly less. But if you are among the overwhelming majority of Americans who buy American-made products in America, your dollar will be worth just as much tomorrow as it is today. The effect of this action, in other words, will be to stabilize the dollar.”*



**"All the News That's Fit to Print"**

**The New York Times**

**LATE CITY EDITION**

Weather: Mostly sunny and warm today; fair tonight and tomorrow. Temp. today: mid-80s; Sunday 61-67. Temp. Mon. Index yesterday 74. Full U.S. report on Page 21.

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### NIXON ORDERS 90-DAY WAGE-PRICE FREEZE, ASKS TAX CUTS, NEW JOBS IN BROAD PLAN: SEVERES LINK BETWEEN DOLLAR AND GOLD

**A WORLD EFFECT**  
Unilateral U.S. Move Means Others Face Parity Decisions  
By EDWIN L. DALE Jr.  
WASHINGTON, Aug. 15—President Nixon announced tonight that hereafter the United States would cease to convert foreign-held dollars into gold—effectively changing the 25-year-old international monetary system.

**REACTION MIXED**  
Mansfield Pleased by Wage-Price Action—McGovern Critical  
By CHRISTOPHER LYDON  
WASHINGTON, Aug. 15—Politicians and political economists who commented on President Nixon's speech tonight drew careful distinctions between the domestic and international elements of the package.


**SPEAKS TO NATION**  
Urges Business Aid to Bolster Economy—Budget Slashed  
Text of the President's speech will be found on Page 14.  
By JAMES H. HANFORD  
WASHINGTON, Aug. 15—President Nixon charted a new economic course tonight by ordering a 90-day freeze on wages and prices, repudiating Federal tax cuts and making a broad appeal of domestic and international moves designed to strengthen the dollar.

**Hate Pursues British Troops in Ulster**  
By BERNARD WEBER  
BELFAST, Northern Ireland, Aug. 15—They walk in all but certain, which means uncertainty for American troops, reporters and inspectors. The President said he was taking the action to stop "the market of international money."

**Highlights of Nixon Plan**  
President Nixon after delivering televised address  
WASHINGTON, Aug. 15—(AP)—President Nixon's plan...

The Result: Dollar was not stabilised, inflation was not contained, the 1970s stagflation era was ushered in and the Bretton Woods era of fixed, stable exchange rates was ushered out.





About Equicapita: Equicapita is a lower mid-market buyout fund founded in 2013 with ~\$350M in AUM (March 2022) with a focus on acquiring businesses in the healthcare and royalty/master franchise segments.

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