

Ken Durham and Unilever as a 'Multi-Local Multinational', Portuguese Version



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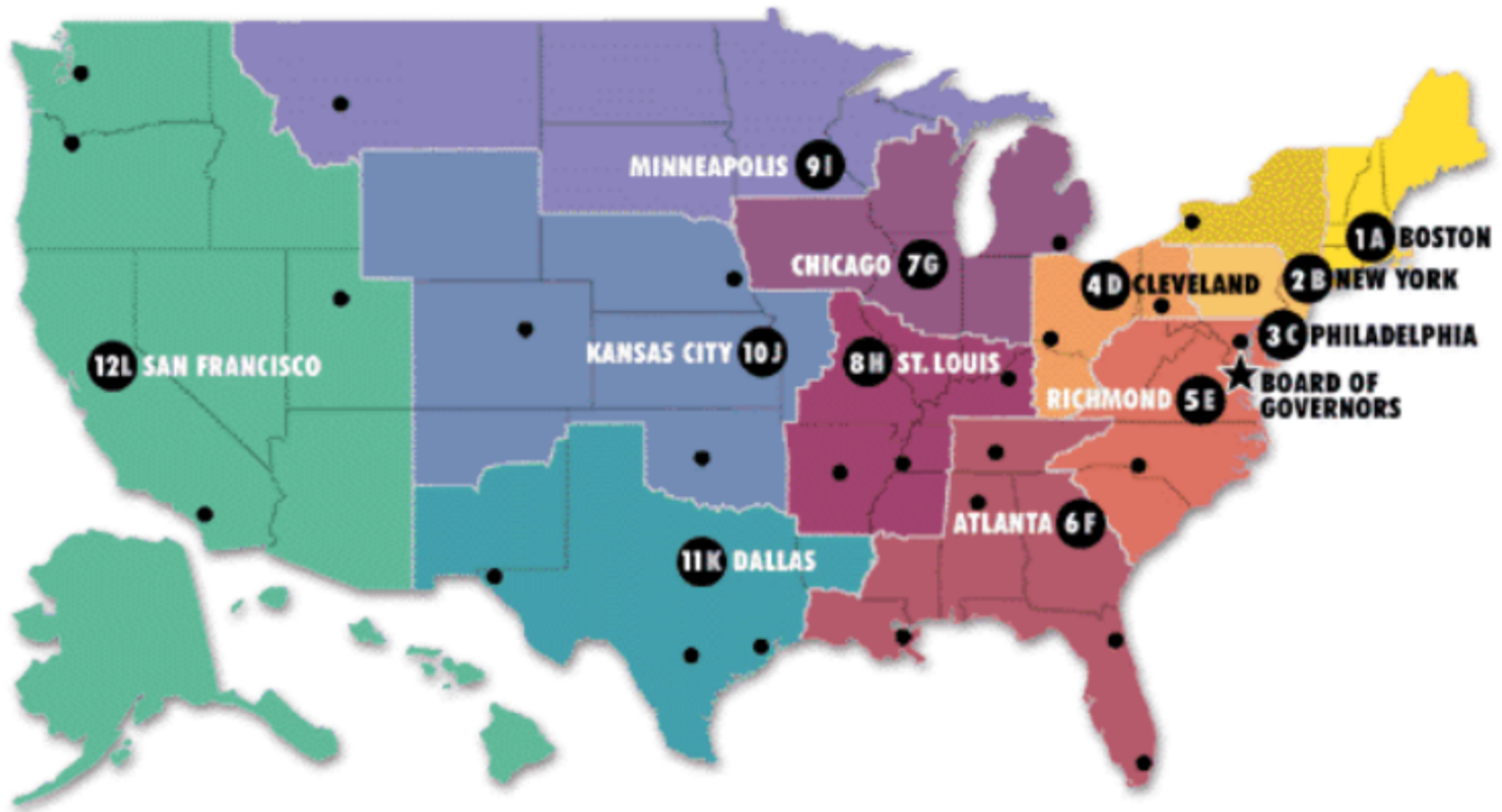


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Where is my Fed?

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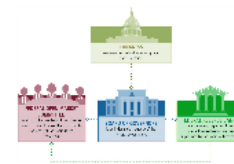
Warm- up:

What is the role of the Fed?



The Federal Reserve System

- The decentralized central bank of the US
 - It is apolitical
- 3 parts:
 1. Board of Governors
 2. 12 regional reserve banks
 3. Federal Open Market Committee



First Currency in the US

- Known as "continentals"
- Created to finance the American Revolution
- First money
- Led to inflation
- Midst that, rapidly accelerated as the war progressed
- Eventually, people lost faith in the notes
 - The phrase "Not worth a continental" came to mean "utterly worthless"



First Attempt at Central Banking:

- Alexander Hamilton established the First Bank of the US in 1791
- In Philadelphia
- It was the largest corporation in the country and was dominated by big banking and money interests
- Many opposed because Americans were uncomfortable with the idea of a large and powerful bank
- When the bank's 20-year charter expired in 1811, Congress refused to renew it by one vote



Take 2!

- Congress chartered the Second Bank in 1816
- Andrew Jackson, a central bank foe, was elected president in 1829
- His attack on its banker-controlled power touched a popular nerve with Americans, and when the Second Bank's charter expired in 1836, it was not renewed



1836-1865: The Free Banking Era

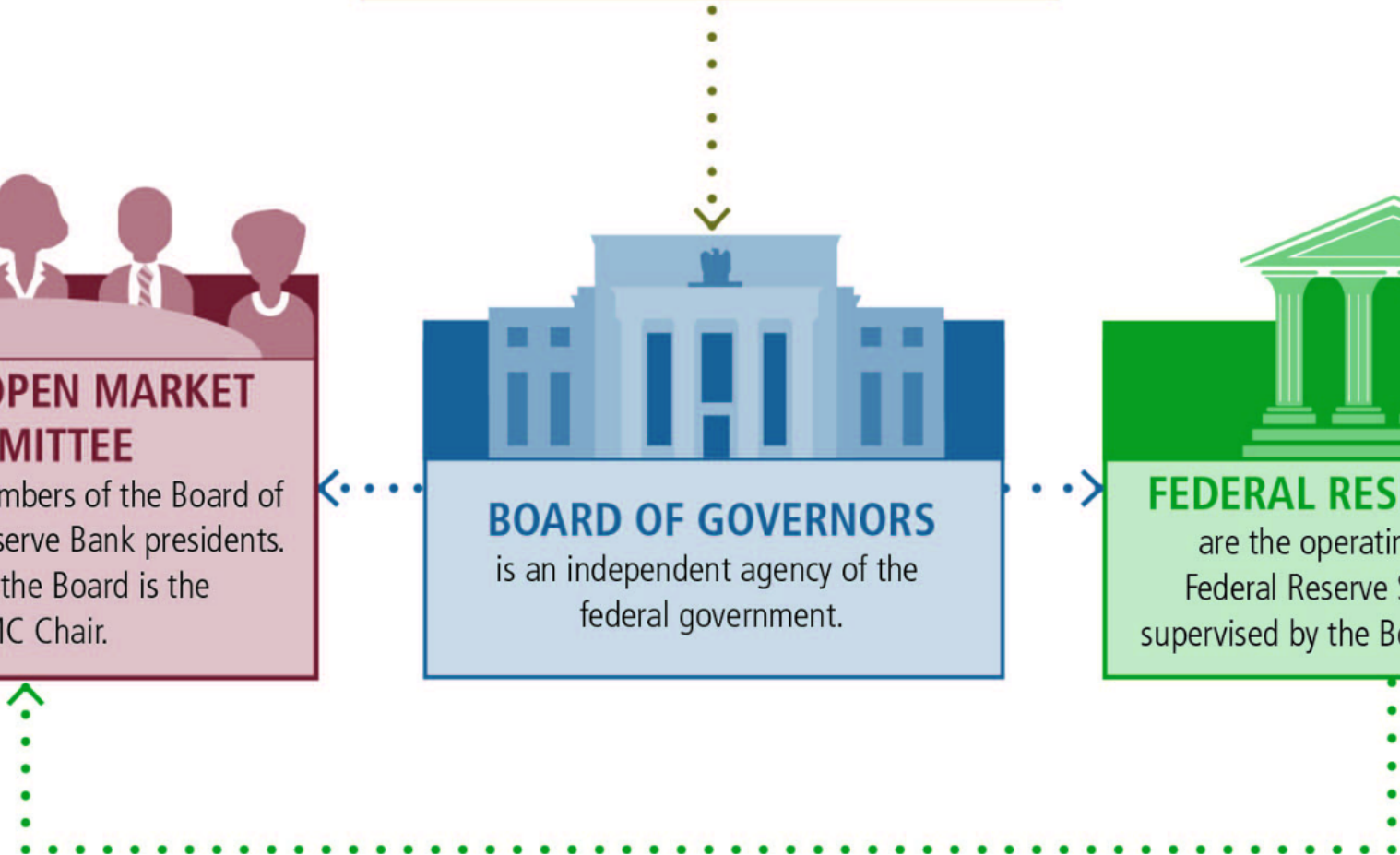
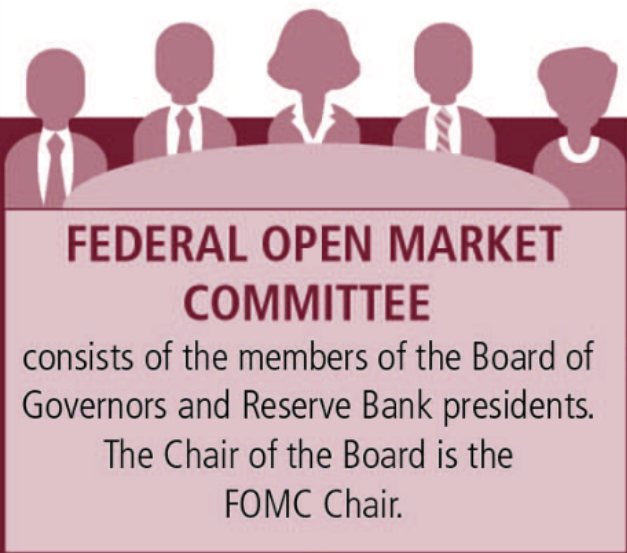
- State-chartered banks and unchartered "free banks" issued their own notes, redeemable in gold or specie
- 1863: National Banking Act
 - Provided nationally chartered banks whose circulating notes had to be backed by U.S. government securities
 - Created a uniform currency for the nation
 - During the Civil War
 - State banks continued to flourish due to demand deposits
- 1873-1907: Financial Panics Prevail
 - Bank runs and financial panics
 - Intervention by J.P. Morgan



1913: The Federal Reserve System is Born

- December 23, 1913 President Woodrow Wilson signed the Federal Reserve Act into law
- A decentralized central bank that balanced the competing interests of private banks and popular sentiment





First Currency in the US

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- Fiat money
- Led to inflation
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 - The phrase "Not worth a continental" came to mean "utterly worthless."

