

Author's Accepted Manuscript

Local banking Panics of the 1920s: Identification and Determinants

Lee K. Davison, Carlos D. Ramirez



www.elsevier.com/locate/jme

PII: S0304-3932(14)00076-2
DOI: <http://dx.doi.org/10.1016/j.jmoneco.2014.05.001>
Reference: MONEC2698

To appear in: *Journal of Monetary Economics*

Received date: 10 June 2013
Revised date: 1 May 2014
Accepted date: 2 May 2014

Cite this article as: Lee K. Davison, Carlos D. Ramirez, Local banking Panics of the 1920s: Identification and Determinants, *Journal of Monetary Economics*, <http://dx.doi.org/10.1016/j.jmoneco.2014.05.001>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting galley proof before it is published in its final citable form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

Local Banking Panics of the 1920s: Identification and Determinants^{*0}

Lee K. Davison

*Division of Insurance and Research
Federal Deposit Insurance Corporation*

and

Carlos D. Ramirez

*Department of Economics
George Mason University
and
Center for Financial Research
Federal Deposit Insurance Corporation*

Abstract

Using a newly discovered dataset of U.S. bank suspensions from 1921 to 1929, we discovered that banking panics were more common in the 1920s than had been believed. Besides identifying panics, we investigate their determinants, finding that local banking panics were more likely when fundamental economic conditions were generally weak and more likely in “overbanked” states; they were less likely in states with deposit insurance or states where a relatively large share of banks belonged to chain banking organizations.

JEL Classification Codes: N22, G21

Keywords: Bank Runs, Banking Panics, Cluster Analysis, U.S. Banking History

* Corresponding author: Carlos D. Ramirez, Department of Economics, George Mason University, 4400 University Drive, Fairfax, VA 22030-4444, Tel. 703-993-1145, e-mail: cramire2@gmu.edu

⁰ We would like to thank, without implicating, Mark Carlson, Gary Gorton, Myron Kwast, Paul Kupiec, Gary Richardson, and participants at an FDIC workshop, the GMU Economic History Seminar Series, and at the Central Banking in Historical Perspective Conference at the Federal Reserve Bank of San Francisco. We gratefully acknowledge the superb research assistance of Ashley Mihalik, Lily Freedman, Juan Srolis, Kayla Shoemaker, and Cody Hyman. None of the opinions expressed in this paper necessarily reflects the views of the Federal Deposit Insurance Corporation.

Download English Version:

<https://daneshyari.com/en/article/967122>

Download Persian Version:

<https://daneshyari.com/article/967122>

[Daneshyari.com](https://daneshyari.com)