

Working Papers: Abstracts

Christopher Hoag

Paper: Bank Executive Experience with Clearinghouse Loan Certificates

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Abstract: Does borrowing from a lender of last resort in the previous financial crisis encourage borrowing from a lender of last resort in the next financial crisis? In the late nineteenth century, clearinghouse loan certificates served as an early lender of last resort program. This paper uses individual bank data for New York City banks from four financial crises over the period 1884 to 1907 to evaluate senior bank executive experience with borrowing clearinghouse loan certificates. The results provide some evidence that bank presidents with experience at the same bank during the previous crisis borrowed larger amounts of loan certificates in the subsequent crisis.