Publications: Abstracts

Christopher Hoag

Paper: National Bank Window Dressing, 1867-71
2015. *Accounting History Review* 25(1): 27-41.

Abstract: Market observers accused national banks of window dressing their balance sheets after the American Civil War. A test of window dressing compares two distinct series of legal tender reserves of Philadelphia banks from 1866 to 1871. The test provides some evidence that Philadelphia banks window dressed aggregate legal tender reserves by about 6 per cent. At least in the aggregate, bank window dressing was not overly large during this period.

Paper: Transatlantic Capital Market Price Discovery during a Financial Crisis
(with Stephen Norman)
2013. *Bulletin of Economic Research* 65(1): 1-9

Abstract: Previous results show relatively small amounts of time variation in the Hasbrouck (1995) information share across international markets. Using data from a security that was cross-listed on the New York and London Stock Exchanges in the 1860s, we find that the information share changes dramatically during a financial crisis that began in the foreign market.

Paper: Clearinghouse Loan Certificates during the Panic of 1893
2012. *Academy of Banking Studies Journal* 11(2): 93-105

Abstract: Do riskier banks borrow more from a lender of last resort? If liquidity provision by a lender of last resort suffers from a moral hazard problem, then banks that assumed additional risk before a panic borrow more from a lender of last resort when a panic actually strikes. This paper considers clearinghouse loan certificates held by New York Clearing House member banks during the panic of 1893 as an example of a lender of last resort. The paper attempts to link loan certificate borrowing to pre-panic risk factors. Participation in asset markets and exposure to seasonal currency withdrawals do not explain loan certificate borrowing for national banks. Individual bank level data show that loan certificate borrowing did not suffer from a moral hazard problem during this panic.

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Paper: Aldrich-Vreeland Emergency Currency as a Lender of Last Resort
2012. *Journal of Economics (MVEA)* 38(1): 73-88

Abstract: This paper investigates borrowing from a lender of last resort at the individual bank level using data from a pre-Federal Reserve lender of last resort program, the Aldrich-Vreeland Emergency Currency Act of 1908. Contrary to the reluctance to borrow hypothesis, banks with lower capital/asset ratios were more likely to borrow. Banks with a higher reserve ratio borrowed less.

Paper: Clearinghouse Membership and Deposit Contraction during the Panic of 1893
2011. *Cliometrica* 5(2): 187-203

Abstract: Moen and Tallman (2000) show that clearinghouse membership reduced deposit contraction of commercial banks and trusts during the panic of 1907. This paper uses analogous data on New York banks during the panic of 1893 to quantify the value of clearinghouse membership. In contrast to the previous results, clearinghouse membership does not substantially alleviate deposit contractions in 1893. Most likely, less aggressive lending during the crisis in 1893 explains the different results.

Paper: The Atlantic Telegraph Cable and Capital Market Information Flows
2006. *Journal of Economic History* 66(2): 342-53

Abstract: The completion of the undersea Atlantic telegraph cable more closely integrated securities markets on two continents. This paper conducts an event study on the introduction of the Atlantic Cable in July 1866. Using daily data on one security with a dual listing on the New York and London Stock Exchanges, the event study provides some evidence that the information lag between the two markets shortened from ten days to zero days. Cointegration analysis confirms the result. Historical markets priced securities so well that we can recover transatlantic steamship crossing times from stock prices.

Paper: Deposit Drains on "Interest-Paying" Banks before Financial Crises
2005. *Explorations in Economic History* 42(4): 567-85

Abstract: This paper conducts an econometric test of Diamond and Dybvig's (1983) theory of bank runs as interpreted by Chari (1989) and Calomiris and Gorton (1991). We test whether or not seasonal deposit drains on New York banks coincide with the bank panics of 1873 and 1893 in the United States. We use individual bank level data to illuminate the reason for withdrawals. The evidence reveals that the panic of 1873 could have included a seasonal interior drain. A seasonal interpretation of Diamond and Dybvig's model cannot be applied to the bank panic of 1893.