

## Working Papers: Abstracts

Christopher Hoag

**Paper:** Nonprofit Firms in a Linear City with Nonnegative Profits

(with Kamal Lamsal)

First Version: July 2011

Revised: August 2011

**Abstract:** We consider the firm location game in a linear city model where firms have altruistic preferences for producing output but are constrained to earn nonnegative profits. Depending on the strength of the nonprofit motive for producing output, firms locate at opposite extremes of the distribution of consumers, or both firms locate at the center of the distribution.

**Paper:** Transatlantic Capital Market Price Discovery during a Financial Crisis

(with Stephen Norman)

First Version: July 2011

Revised: July 2011

**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:** National Bank Window Dressing and the New York Call Loan Market, 1866-72

First Version: August 2009

Revised: May 2011

**Abstract:** After the American Civil War, market observers attributed increases in interest rates around quarterly reporting dates to window dressing by national banks. This paper uses a natural experiment, a change in the reporting law, to test for increases in interest rates at quarter end. Using daily data on the call loan rate in New York City, we find no evidence of systematic increases in the call loan interest rate just before the quarterly reporting dates of national banks.

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**Paper:** Aldrich-Vreeland Emergency Currency as a Lender of Last Resort  
First Version: September 2007                      Revised: January 2011

**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 Loan Certificates during the Panic of 1893  
First Version: May 2004                      Revised: December 2010

**Abstract:** Liquidity provision by a lender of last resort suffers from a moral hazard problem when liquidity available during panics causes banks to assume additional risk before the panic strikes. This paper considers the example of clearinghouse loan certificates held by New York Clearing House member banks during the panic of 1893. 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. Hence, loan certificate borrowing did not suffer from a moral hazard problem during this panic.

**Paper:** National Bank Window Dressing, 1867-71  
First Version: May 2001                      Revised: May 2011

**Abstract:** Market observers accused national banks of window dressing after the Civil War. Window dressing is a temporary change in portfolio designed to produce a more appealing report to regulators or to the public. This paper attempts to determine whether or not postbellum Philadelphia banks window dressed their balance sheets. A test compares two distinct series of legal tender reserves of Philadelphia banks. The test provides some evidence that the Philadelphia banks window dressed aggregate reserves by about five percent.