

Handout for March 17-19, 2015

Table 1.
Analysis of Consumption Spending, 1919-1941

	Nondurable goods (real expenditure)	
Constant	-31.021 (19.549)	43.589* (10.274)
Real disposable income	0.426* (0.062)	0.181* (0.030)
Real wealth	0.029* (0.010)	0.043* (0.007)
Lagged debt variables included?	No	Yes
Observations (n)	23	23
Residuals (actual - fitted expenditure)		
1921	-0.434	-3.185
1930	-17.994	-5.704
1938	25.498	-1.712

Source: Olney, "Avoiding Default," Table V.

Notes: *Coefficient is statistically significant at 99 percent level

Table 2.
Percentage Decrease in Consumption When a 10 Percent Decrease in Income is Anticipated
(Initial Income=\$100; Saving=3 percent of income; Installment Payment=\$30; Initial Consumption=\$67)

Number of Remaining Payments	Income Drop Anticipated in Two Months				Income Drop Anticipated in One Month			
	2	6	10	14	2	6	10	14
Revised Total Income to End of Contract	\$200.00	560.00	920.00	1280.00	190.00	550.00	910.00	1270.00
Revised Monthly Consumption	\$67.00	60.53	59.24	58.69	62.15	58.92	58.27	57.99
Percentage Decrease in Consumption	0 %	9.7	11.6	12.4	7.2	12.1	13.0	13.4

Source: Olney, "Avoiding Default," Table VI.

Table 3. Effect of Mississippi bank failures on transactions
 (Dep. variable: DECLINE in net wholesale transactions, 1929-1933)

Decline in loans, 1929-33	1.21*		
	(0.60)		
Decline in loans due to bank liquidations during 1930-31 panic	3.98*	5.37*	
	(0.96)	(0.68)	
Decline in loans due to bank liquidations <u>outside of panic period</u>	0.90	-0.88	
	(0.67)	(1.05)	
Decline in loans at surviving banks	-0.30	-0.45	
	(0.42)	(0.40)	
Loans at banks <u>suspending temporarily</u> during 1930-31 panic	0.155	-0.96**	
	(0.51)	(0.53)	
Including only counties near border	no	no	yes
Observations (n)	82	82	39

Source: Richardson & Troost. "Monetary Intervention Mitigated Banking Panics during the Great Depression" *J. of Political Economy* 117 (Dec 2009): Table 9, Columns 2, 5, and 6.

Note: * Significant at the 5 percent level; **Significant at the 10 percent level

Table 4. Effect of Atlanta Fed on Bank Suspension Rate
 (Dependent variable: county bank suspension rate)

<i>Monetary Regime Fixed Effect</i>	Regression 1	Regression 2
Atlanta 1927	-0.011 (0.006)	-0.003 (0.006)
Atlanta 1928	0.005 (0.010)	0.013 (0.010)
Atlanta 1929	-0.078** (0.024)	-0.071** (0.023)
Atlanta 1930	-0.016** (0.017)	-0.037* (0.017)
Atlanta 1931	-0.033 (0.019)	-0.024 (0.019)
Atlanta 1932	-0.018 (0.030)	-0.010 (0.029)
Atlanta 1933	0.000 (0.007)	0.008 (0.006)
County-Level Controls	yes	no
Observations (county-years)	2,492	2,492

Source: Jalil, "Banking Panics," Table 3.

**=Significant at 1%. * = significant at 5%.