

# Explorations in Economic History

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25 August 2004

## Causes of bank suspensions in the panic of 1893

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### Summary

“There are several competing theories explaining bank panics. Some argue that panics are driven by real shocks, asymmetric information, and concerns about insolvency. Others argue that bank runs are self-fulfilling, driven by illiquidity and the beliefs of depositors. This paper tests predictions of different theories using information uniquely available for the Panic of 1893. The results suggest that real economic shocks were important determinants of the nationwide scope of panic, however at the local level, liquidity concerns are found to be a more important trigger of bank panics.” (Carlson)

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### Recommended Citation

Carlson, Mark. “Causes of Bank Suspensions in the Panic of 1893.” *Explorations in Economic History* 42, no. 1 (August 25, 2004): 56–80. <https://doi.org/10.1016/j.eeh.2003.11.002>.