The Arison School of Business invites you to a Finance Workshop by

Prof. Carola Frydman
From BU

On:

"The Panic of 1907: JP Morgan, Trust Companies, and the Impact of the Financial Crisis"

Monday, May 28th 2012, at 14:00
Meeting room, 2nd floor, Arazi-Ofer building
IDC Herzliya Campus

Abstract

The outbreak of the Panic of 1907 occurred following a series of scandalous revelations about the investments of some prominent New York financiers, which triggered widespread runs on trust companies throughout New York City. The connections between the trust companies that came under severe strain during the crisis, and their client firms, may have transmitted the financial crisis to nonfinancial companies. Using newly collected data, this paper investigates whether corporations with close ties to trust companies were differentially affected during the panic. The results indicate that firms connected to trust companies that faced severe runs performed worse in the years following 1907. The data also suggest that many of the rescue efforts organized by J.P. Morgan may have been motivated by self-interest.