

Comparing Banking Stability during the Antebellum Period to Central Banking Period: A Comparative Analysis using Data for Four U.S. States

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Abstract: We measure bank stability during the free banking period using new metrics, often known as the Antebellum period from 1837-1863 with the fractional reserve central banking period from 1995-2021. We demonstrate that bank stability during the latter period was not necessarily stable compared to the Antebellum period. Our results have potential implications whether central banking is justifiable as the lender of the last resort argument, and whether free banking is still feasible at present.

Keywords: Free Banking, Central Banking, Bank Stability

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