

# What's going on with my data?

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# Identification

$$y_{ikt} = \alpha + \beta (Exposure_k \times Post) + \mathbf{X}_{ik}'\Gamma + \mathbf{K}_k'\Pi + \delta_k + \lambda_t + \varepsilon_{ikt}$$

- ▶  $y_{ikt}$  denotes the outcomes of interest for individual  $i$  resident in county (*kreise*)  $k$  in 2006 at time  $t$
- ▶  $Exposure_k$  is the pre-shock county-level Commerzbank exposure
- ▶  $Post$  equals to one for each period after the end of the credit shock (2009 onward)
- ▶  $\mathbf{X}_{ik}$  and  $\mathbf{K}_k$  are respectively vectors of pre-shock individual- and household- and county-level characteristics (measured in 2006)
- ▶  $\delta_k$  and  $\lambda_t$  are respectively county and time fixed effects

# Might need an instrument

- ▶ Within-country shocks that move simultaneously with the credit shock? (broad timing)
- ▶ Aggressive Commerzbank expansion at the Reunification: selective expansion in areas more politically extreme?
- ▶ Solve exclusion restriction for potential mechanism?
- ▶ Causal mediation analysis (Dippel et al. 2021)

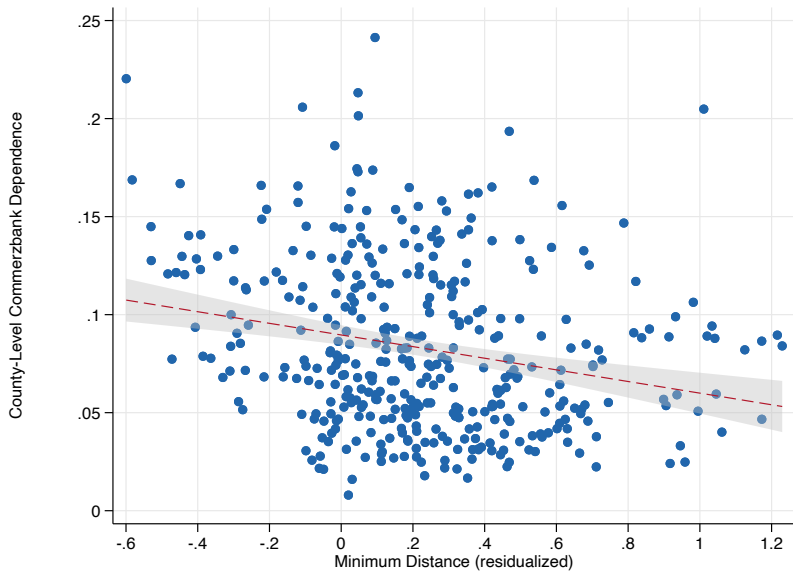
# Geodesic Distance from Post-WWII Commerzbank HQs

- ▶ During Third Reich: Commerzbank's Headquarters in Berlin and Dresden (Dresdner Bank)
- ▶ After WWII (1948-1957): Allies force three largest German banks to breakup into separate entities in mandated banking zones (different areas of control of Occupied Germany)
- ▶ Commerzbank new HQs: Frankfurt, Düsseldorf, Hamburg
- ▶ Decision driven by power struggles between the Allies
- ▶ Instrument: Minimum (Geodesic) Distance from county  $k$ 's centroid and the three HQs ( $\times Post$ )
- ▶ Controlling for single distances + distance from Berlin and Dresden

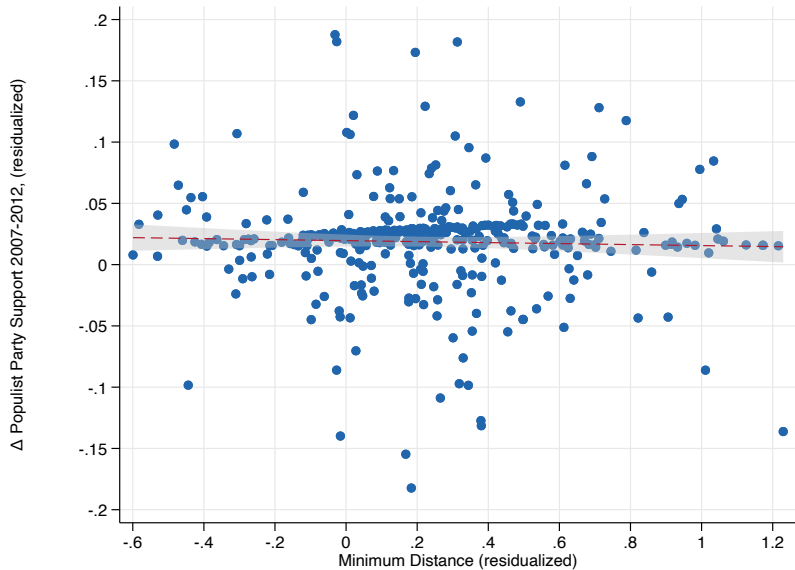
# Summaries

	Mean	SD	Median	Min	Max	N
Intention to Vote for Populist Party	0.035	0.184	0.000	0.000	1.000	250,809
Minimum Distance from Post-WWII HQs (100km)	1.645	0.959	1.542	0.028	4.145	395
Distance from Duesseldorf (100km)	2.981	1.418	3.043	0.028	5.919	395
Distance from Frankfurt (100km)	2.338	1.178	2.156	0.029	5.436	395
Distance from Hamburg (100km)	3.681	1.652	3.711	0.048	6.826	395
Distance from Berlin (100km)	3.771	1.433	4.030	0.026	6.705	395
Distance from Dresden (100km)	3.463	1.236	3.710	0.036	5.708	395
County-Level Commerzbank Exposure	0.083	0.043	0.075	0.008	0.241	395

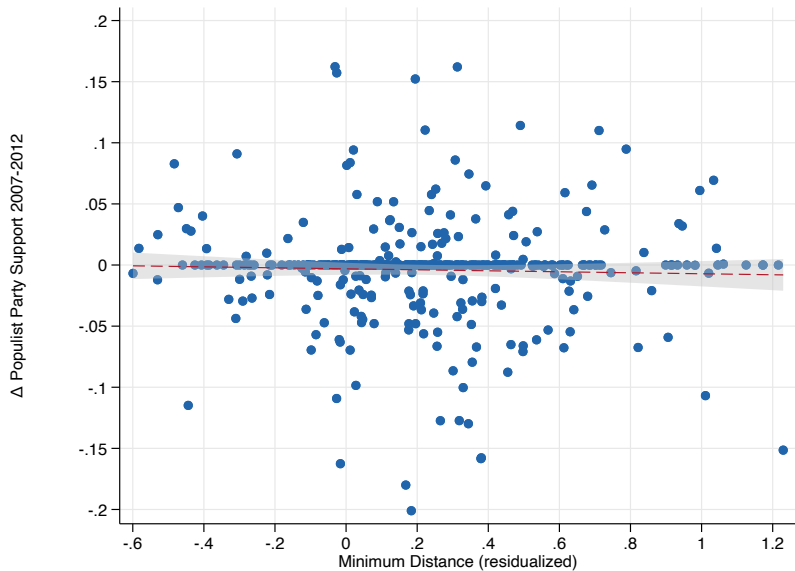
# First-Stage



# Reduced Form (Residuals)



# Reduced Form





## Estimates

	(1)	(2)	(3)
$Exposure_k \times Post$	-0.010* (0.006)	-0.007 (0.005)	-0.007 (0.005)
$\min(Distance)_k \times Post$	0.889*** (0.165)	0.883*** (0.162)	0.881*** (0.161)
Number of Observations	229,699	206,604	206,604
Adjusted $R$ -Squared	0.012	0.014	0.014
Kleibergen-Paap $F$ -Statistic	28.88	29.79	30.00
Number of Counties	396	396	396
County-Level FE	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes
Basic Controls	Yes	Yes	Yes
Household Controls	No	Yes	Yes
Regional Controls	No	No	Yes