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Sommario/riassunto	Periods of banking distress are often followed by sizable and long-lasting contractions in bank credit. They may be explained by a declined demand by financially impaired borrowers (the conventional financial accelerator) or by lower supply by capital-constrained banks, a ""credit crunch"". This paper develops a bank model to study credit crunches and their real effects. In this model, banks maintain a precautionary level of capital that serves as a smoothing mechanism to avert disruptions in the supply of credit when hit by small shocks. However, for larger shocks, highly persistent credit