

## When Credit Bites Back

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## Abstract

Using data on 14 advanced countries between 1870 and 2008 we document two key facts of the modern business cycle: relative to typical recessions, financial crisis recessions are costlier, and more credit-intensive expansions tend to be followed by deeper recessions (in financial crises or otherwise) and slower recoveries. We use local projection methods to condition on a broad set of

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