



**FACULTEIT ECONOMIE
EN BEDRIJFSKUNDE**

**HOVENIERSBERG 24
B-9000 GENT**

Tel. : 32 - (0)9 - 264.34.61
Fax. : 32 - (0)9 - 264.35.92

WORKING PAPER

Government debt and the excess sensitivity of private consumption to current income: an empirical analysis for OECD countries (*)

Lorenzo Pozzi ()**

SHERPPA, Ghent University

Freddy Heylen

SHERPPA, Ghent University

Maarten Dossche

National Bank of Belgium

October 2002

2002/155

(*) We are grateful to Gerdie Everaert, Niko Gobbin and Gert Peersman for helpful suggestions. This paper also benefited from comments of participants in the *Money, Macro and Finance Research Group 2002 Conference* (University of Warwick, September 2002). Any remaining errors are ours.

The views expressed in this paper are those of the authors and do not necessarily reflect the views of the National Bank of Belgium.

(**) Correspondence to: Lorenzo Pozzi, SHERPPA (Study Hive for Economic Research and Public Policy Analysis), Ghent University, Hoveniersberg 24, B-9000 Ghent, Belgium, e-mail: lorenzo.pozzi@rug.ac.be.