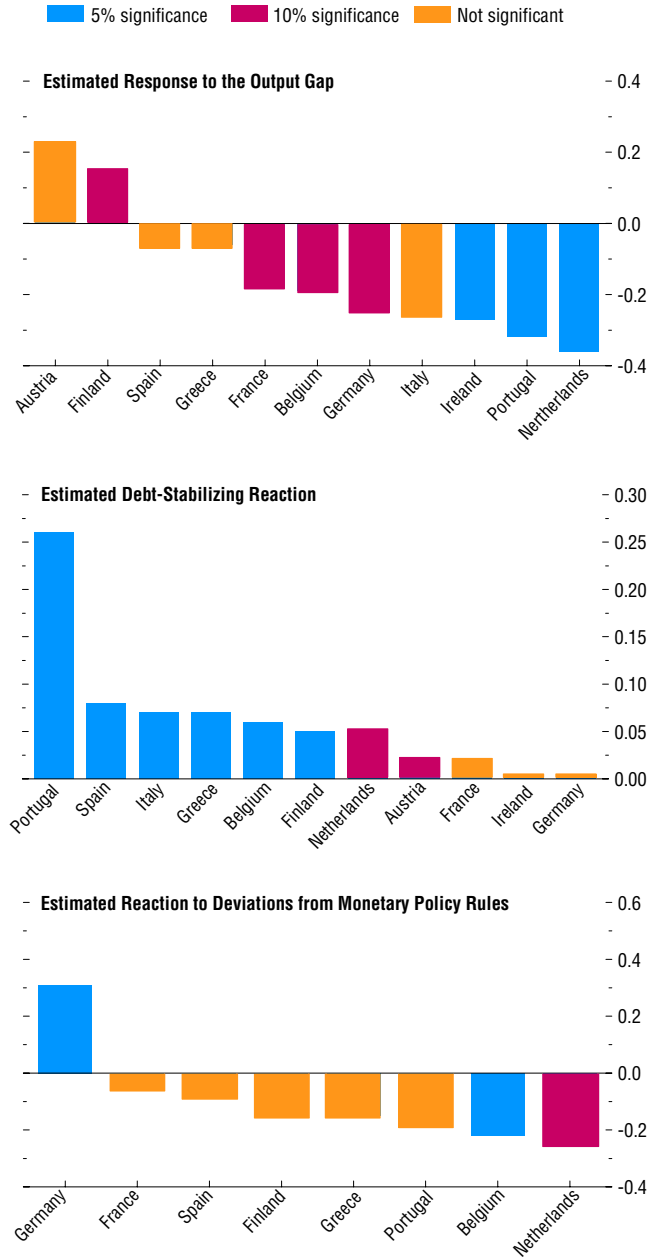


**Figure 2.21. Fiscal Behavior in the Euro Area**  
*(Estimates over 1971–2003)*

Country-specific reaction functions reveal a tendency toward policies that destabilize output instead of stabilizing it. Most countries also actively seek to stabilize their debt ratios. Some member states systematically respond to deviations in short-term interest rates from their benchmarks.



Source: IMF staff calculations.