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.

**Figure 2.21. Fiscal Behavior in the Euro Area**

*(Estimates over 1971–2003)*

- **Estimated Response to the Output Gap**
- **Estimated Debt-Stabilizing Reaction**
- **Estimated Reaction to Deviations from Monetary Policy Rules**

Source: IMF staff calculations.