Figure 3: EATR and automatic stabilizers

![Graph showing the relationship between average effective tax rate and stabilization coefficient income shock for different countries.]

Source: Own calculations based on EUROMOD and TAXSIM and Immervoll (2004).

In addition, it can be seen from Figure 3 that there is a clear positive relationship between our measure of automatic stabilization and effective average tax rates – which is not surprising given its definition.¹

¹ The relationship between effective average tax rates and the stabilization coefficient for the unemployment shock is weaker as shown in Figure 7 in the Appendix. The reason is that the latter depends to a large extent on the generosity of unemployment benefits.