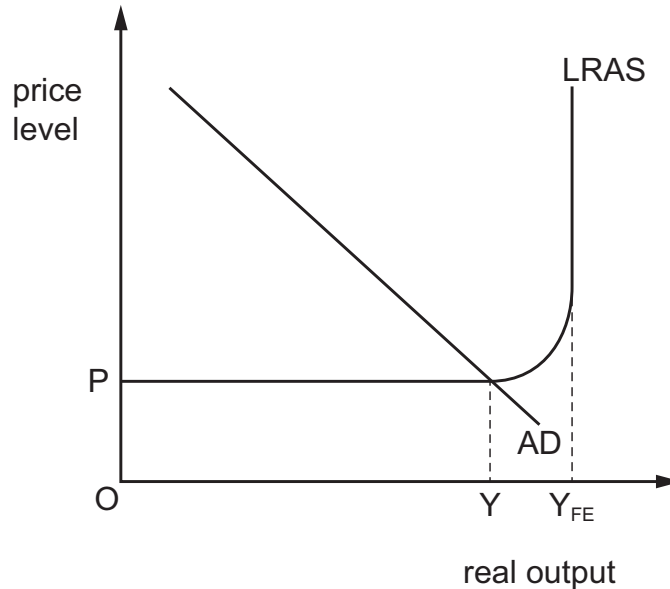


- 24 The diagram shows an economy in equilibrium with a real output of  $Y$  and a price level of  $P$ . The government aims to raise real output from  $Y$  to full employment ( $Y_{FE}$ ) without increasing the price level in the long run.



Which fiscal policy change is most likely to achieve this aim?

- A decreasing the rate of income tax
- B decreasing spending on education
- C increasing the level of sales tax
- D increasing welfare benefit payments