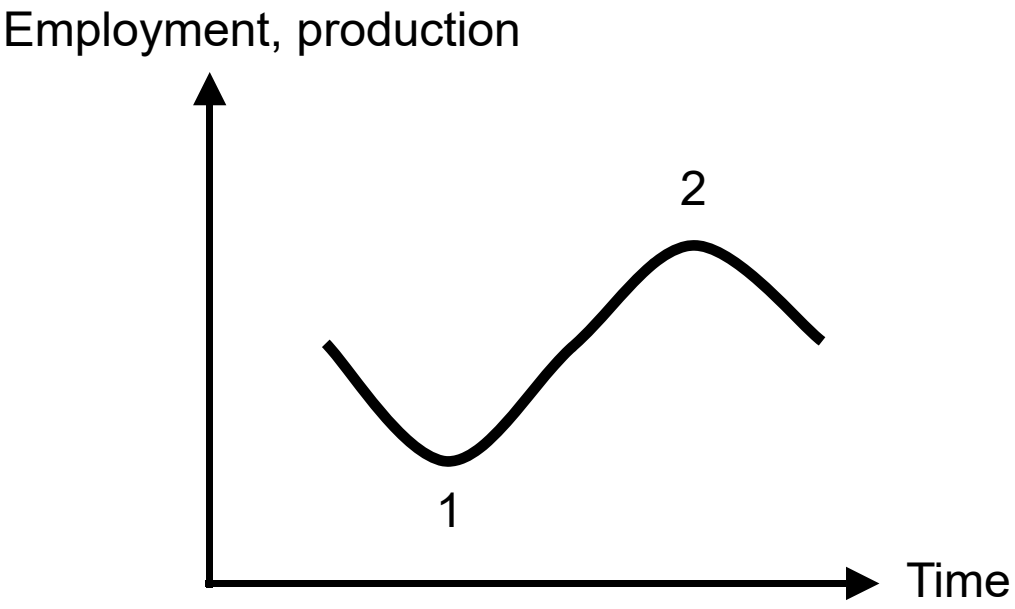
Business cycle 2 (E121a)

- The graph below shows a business cycle. Income tax, for example, acts as an **automatic stabilizer**.
  - Why is the stabilizer **automatic**?
  - How does income tax have a **stabilizing** effect in the phase 1 (recession, depression) and 2 (boom)?



Click here to get the answer!