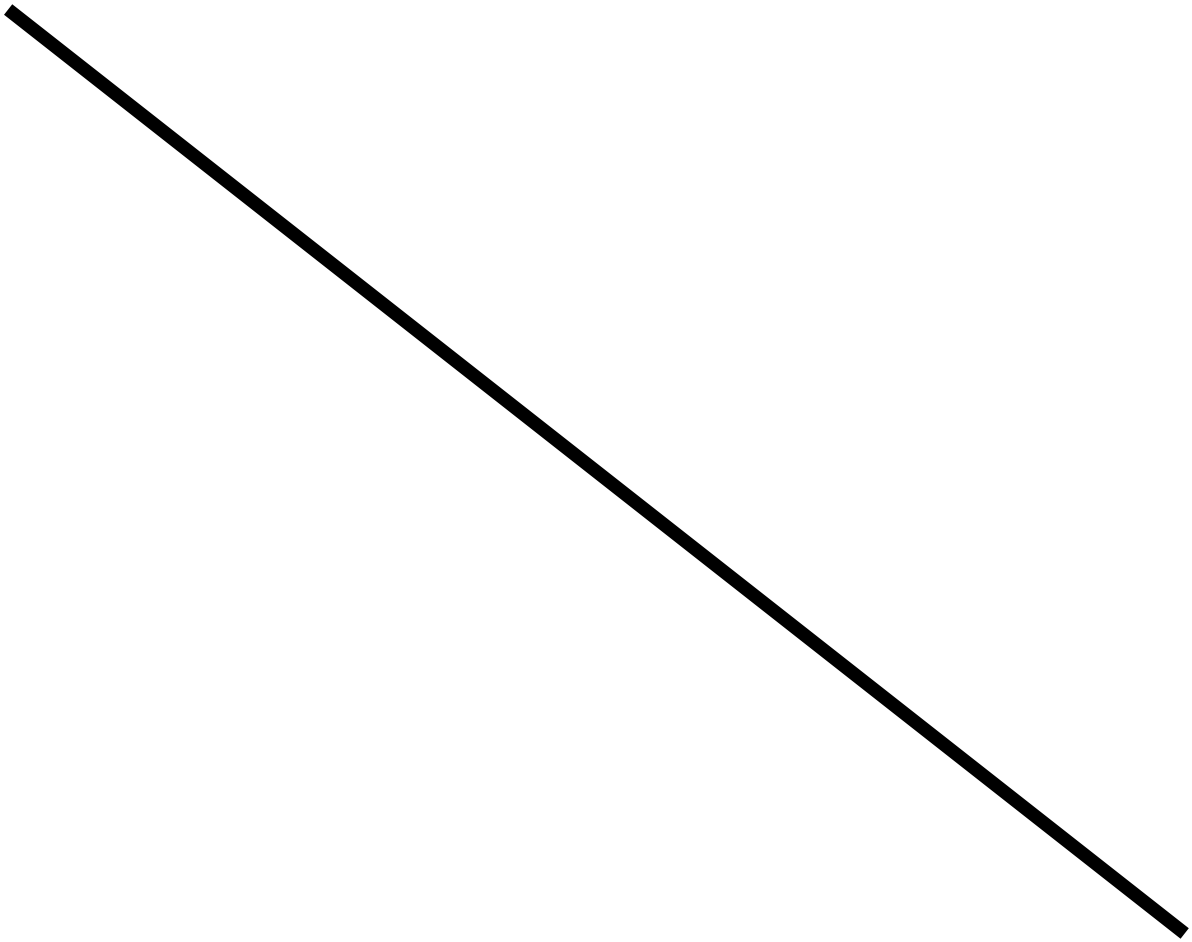




# The Self Adjusting Mechanism







AD<sub>0</sub>

P

O

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

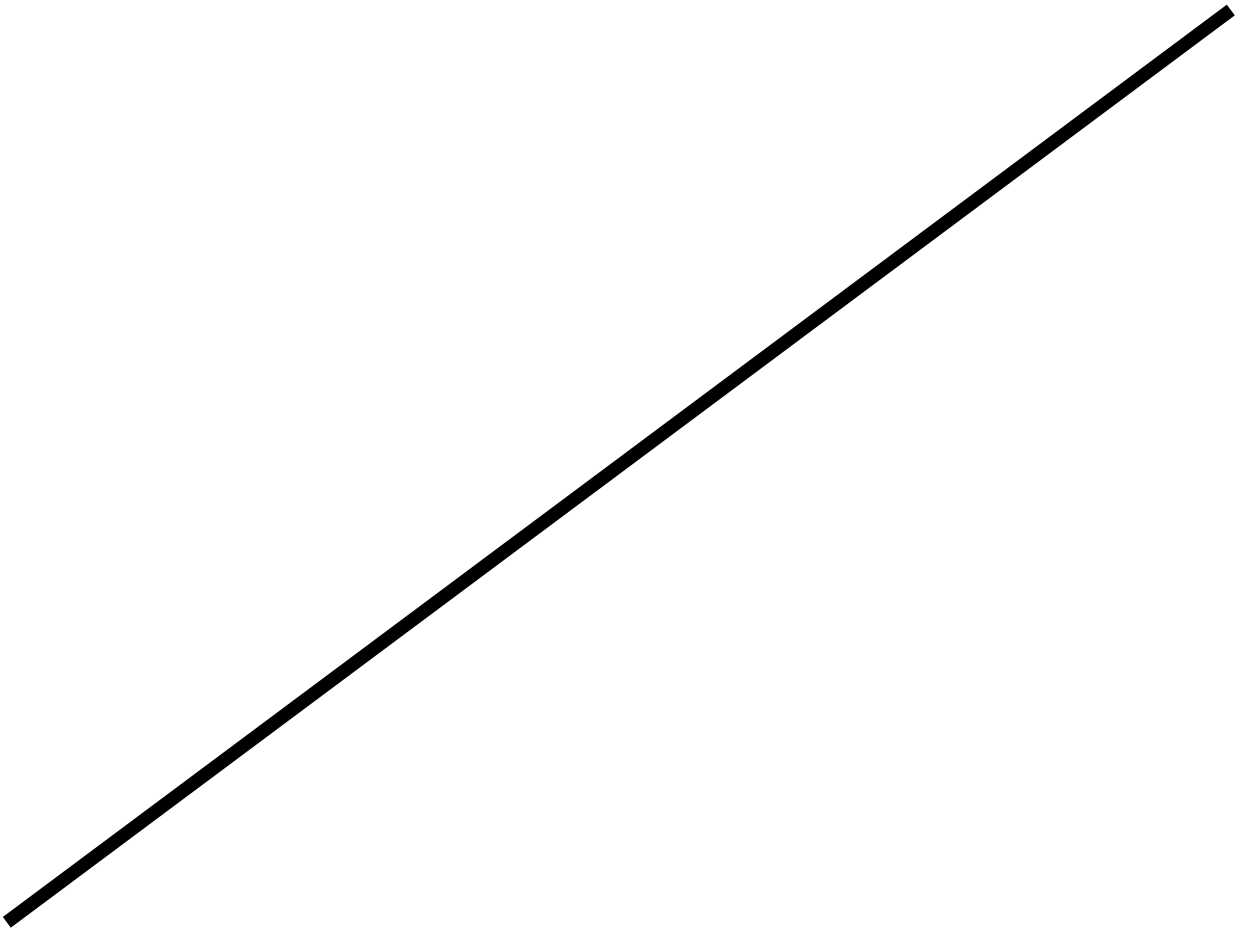


5,000

6,000







AS(W<sub>1</sub>)

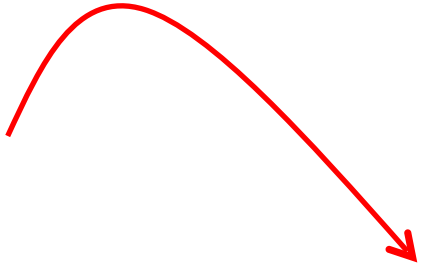
P

1

Potential  
GDP







Recessionary  
Gap

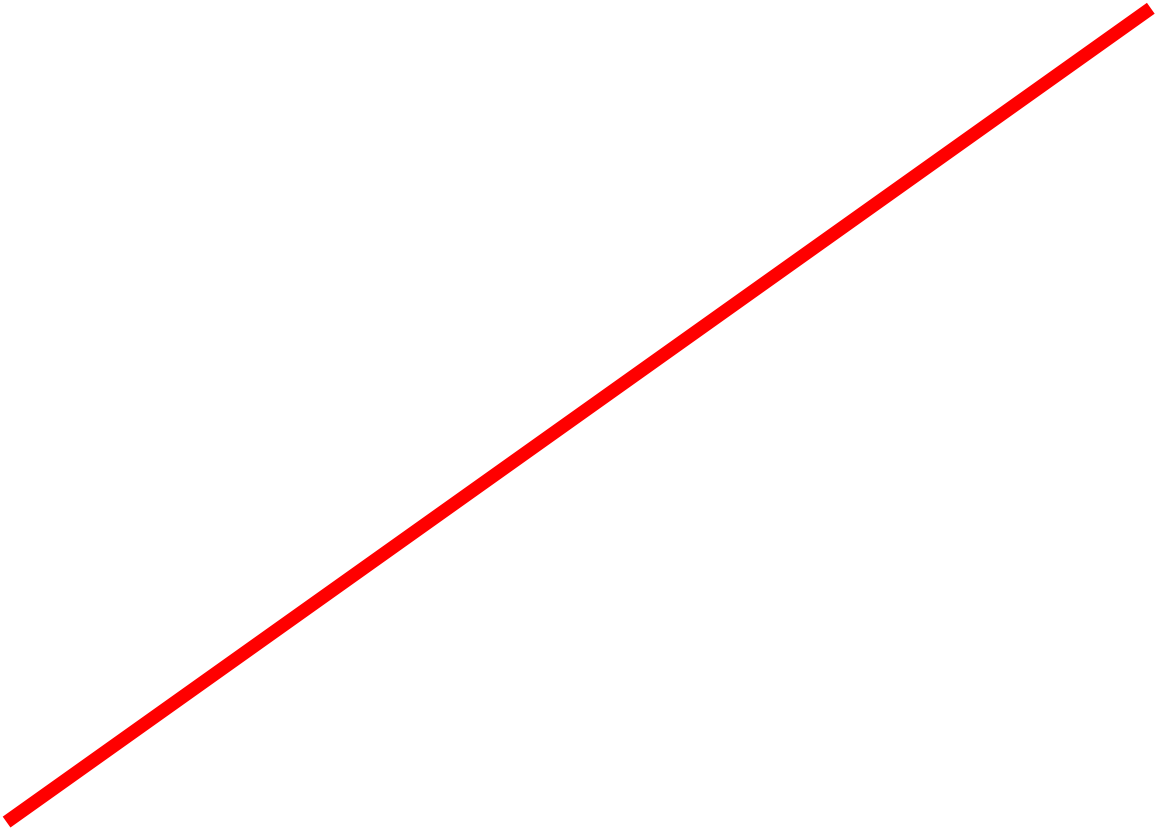
1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities related to the project. It emphasizes the need for transparency and accountability in financial management.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the statistical analysis performed.

3. The third part of the document presents the results of the study. It includes a series of tables and graphs that illustrate the findings of the research. The data shows a clear trend of increasing activity over time.

4. The fourth part of the document discusses the implications of the findings. It highlights the potential applications of the research and the need for further investigation in this area. The authors conclude that the results are promising and warrant further study.

5. The fifth part of the document provides a summary of the key points discussed in the paper. It reiterates the importance of accurate record-keeping and the need for transparency in financial management. The authors also provide a list of references for further reading.



AS(MV<sub>2</sub>)

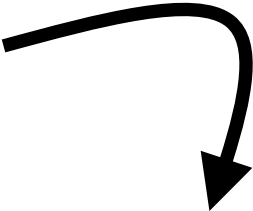
Unemployment: workers  
willing to accept pay cut,  
easy for firms to  
decrease wages

Wages fall AS

shifts right



As prices fall,  
Aggregate Demand  
increases: gap  
closes



Weak Demand is  
eliminated by the  
decrease in prices





Unemployment cause wages to fall

and then, prices fall

Weak

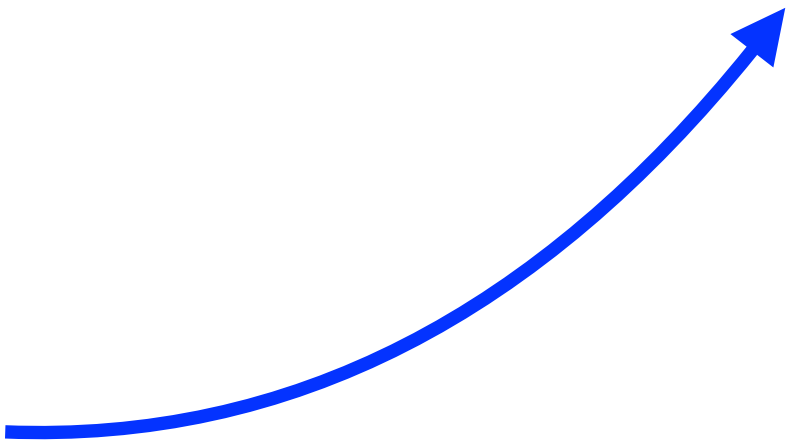
Demand

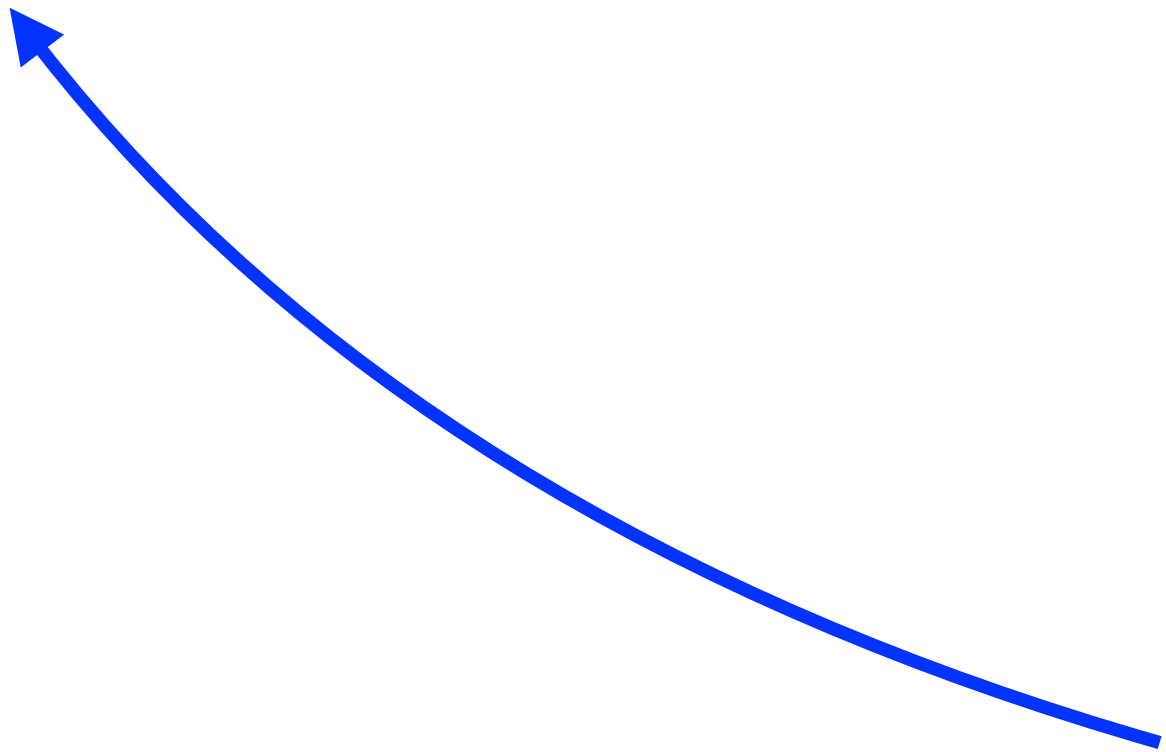








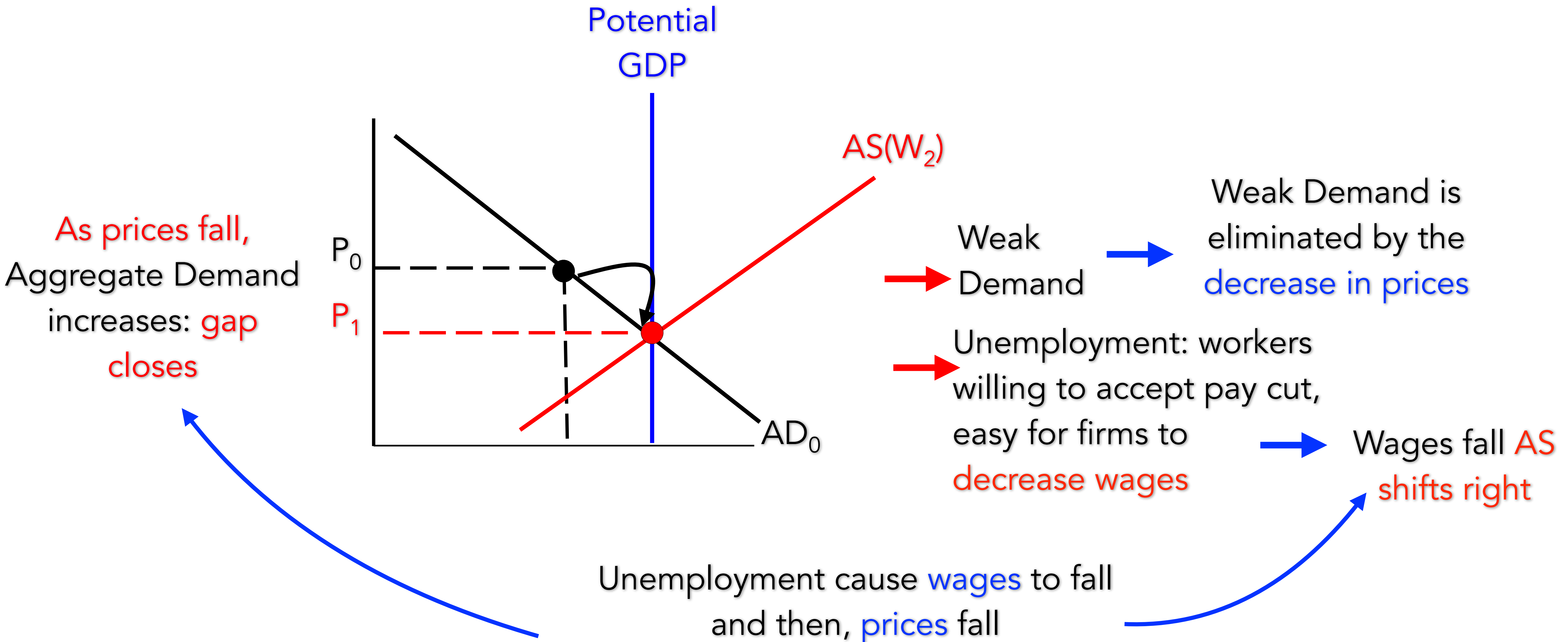






The *Self Adjusting* Mechanism works through  
automatic changes in wages and prices

# The Self Adjusting Mechanism works through automatic changes in wages and prices





Does the US economy has a self correcting mechanism?