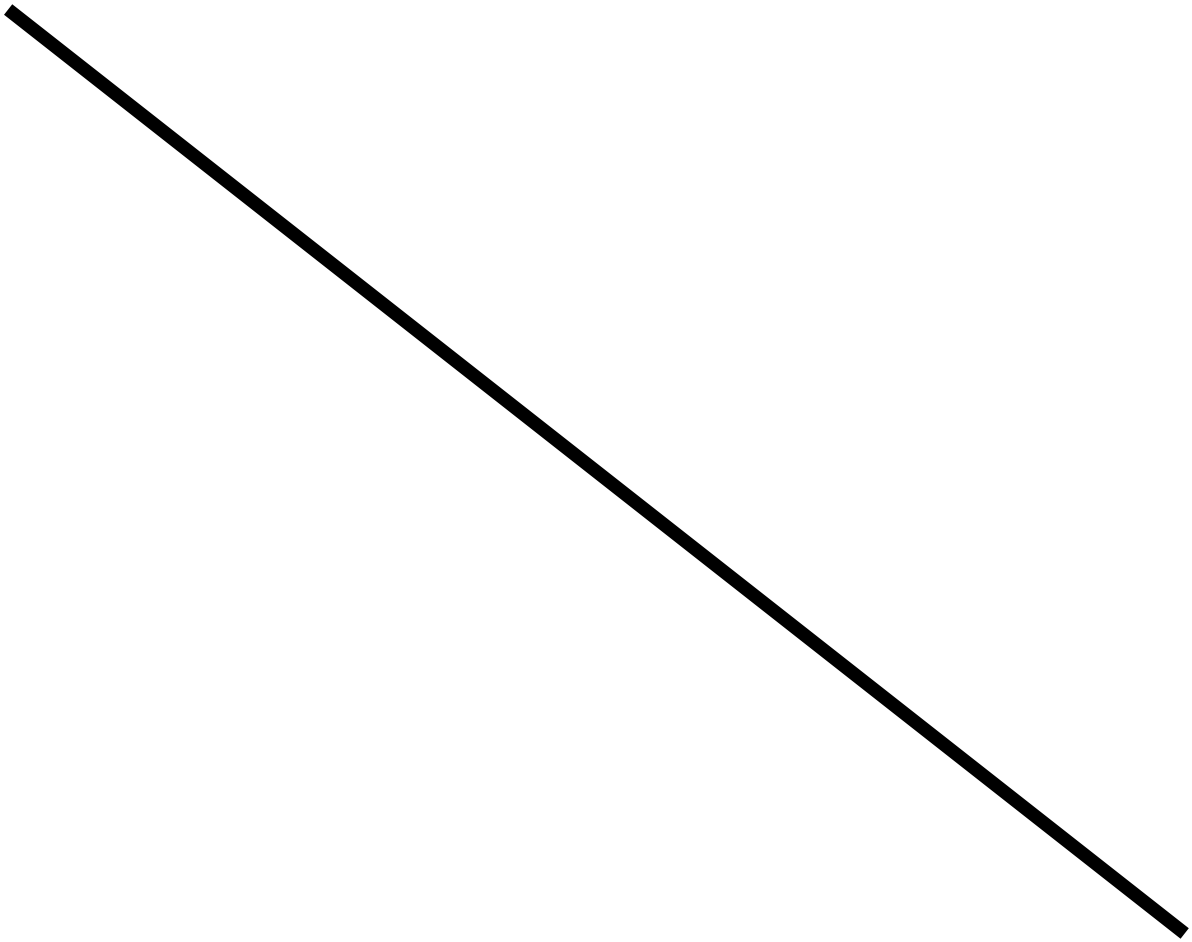


The Self Adjusting Mechanism







AD₀

P

O

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

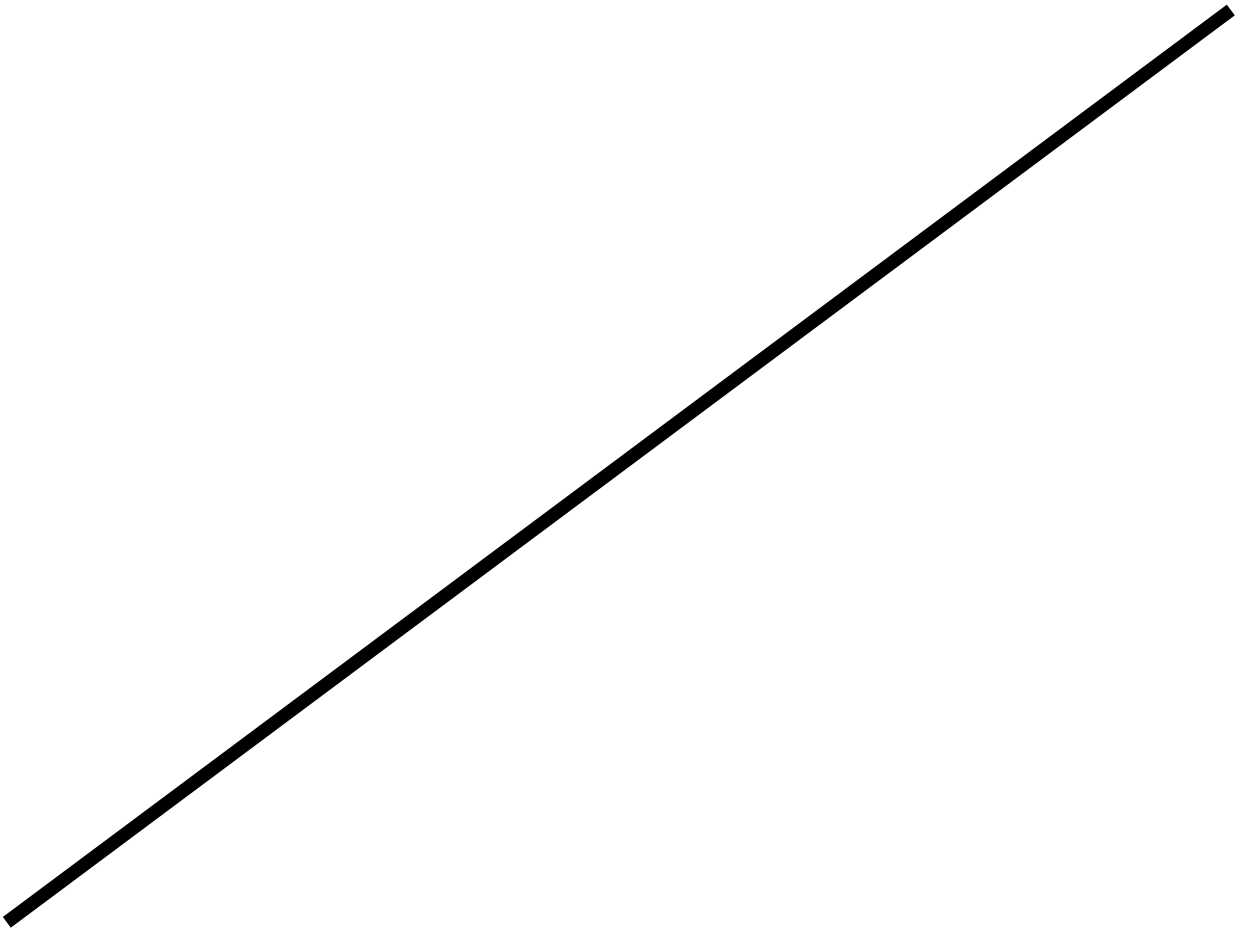
[REDACTED]

5,000

6,000







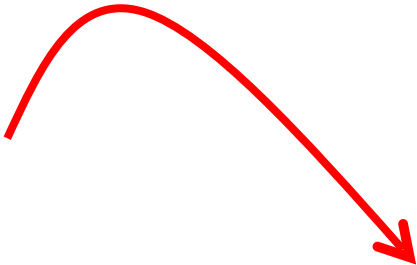
AS(W₁)

P

1

Potential
GDP





Recessionary
Gap

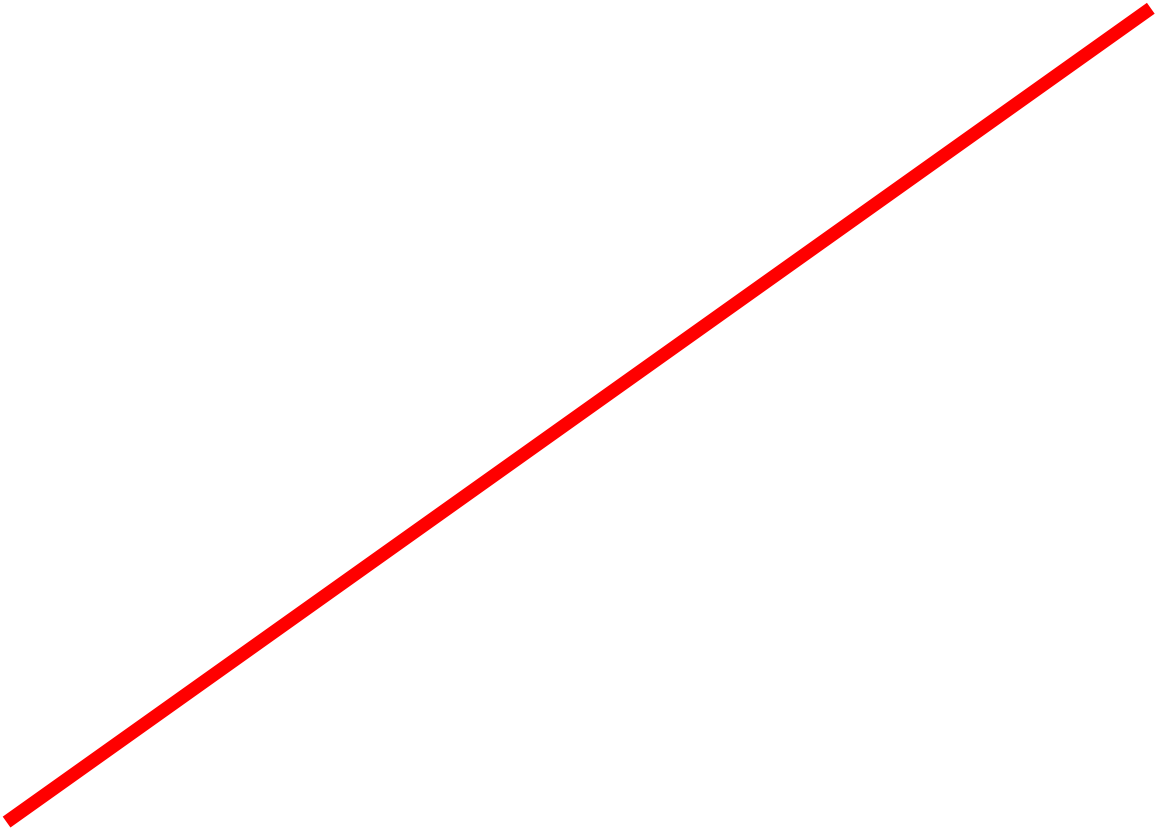
1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities related to the project. It emphasizes the need for transparency and accountability in financial management.

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 setup and the procedures followed to ensure the reliability of the results.

3. The third part of the document presents the results of the study, which show a significant correlation between the variables under investigation. The findings are supported by statistical analysis and are discussed in the context of existing literature.

4. The fourth part of the document discusses the implications of the findings and suggests potential areas for further research. It also provides a conclusion that summarizes the key points of the study and its contributions to the field.

5. The final part of the document includes a list of references and a list of figures and tables. The references are organized alphabetically and provide a comprehensive overview of the sources used in the study.



AS(MV₂)

Unemployment: workers
willing to accept pay cut,
easier 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

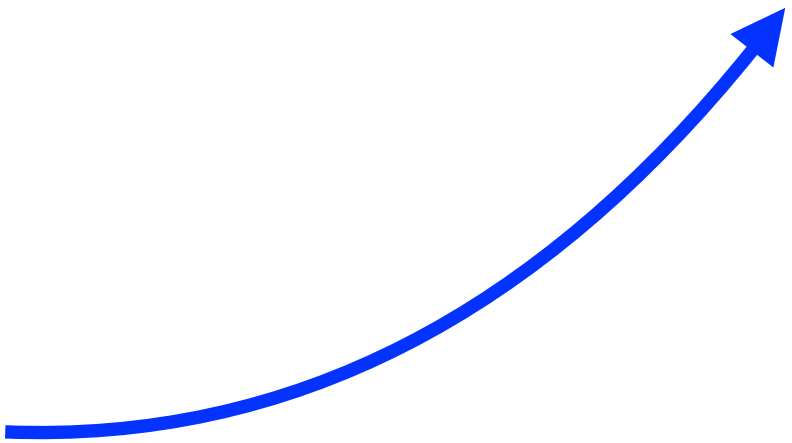
Weak

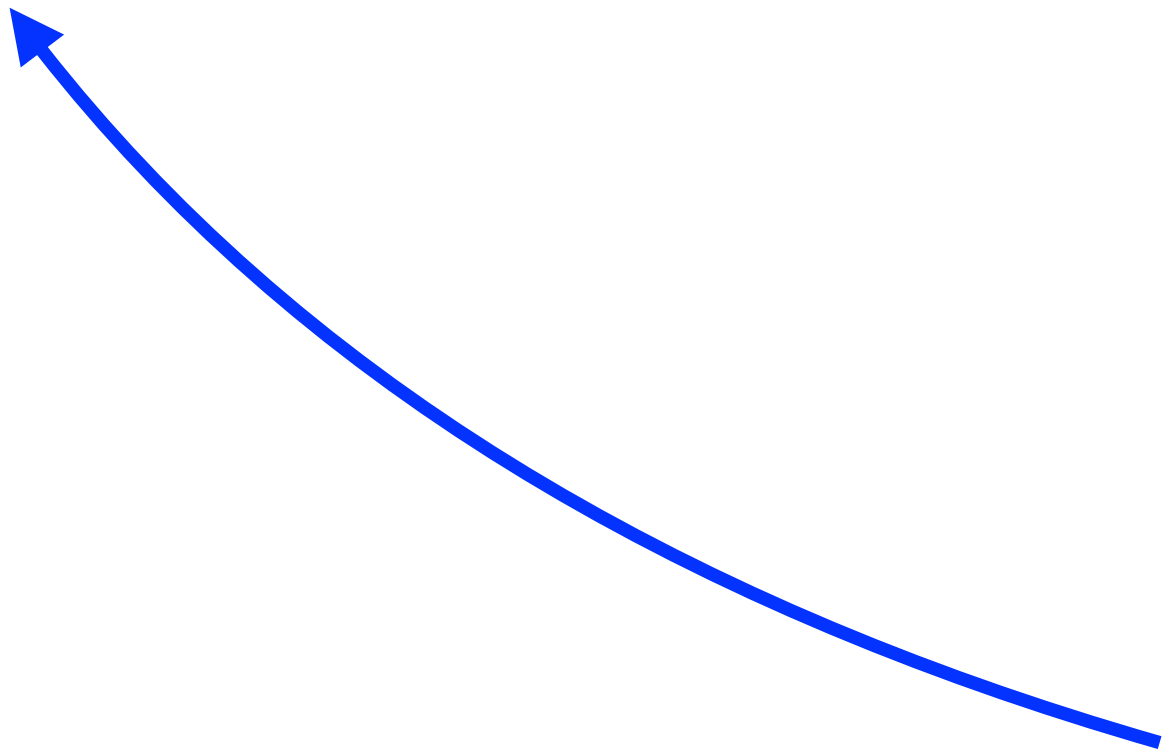
Demand













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



1

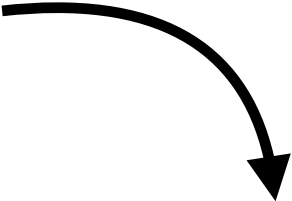


2

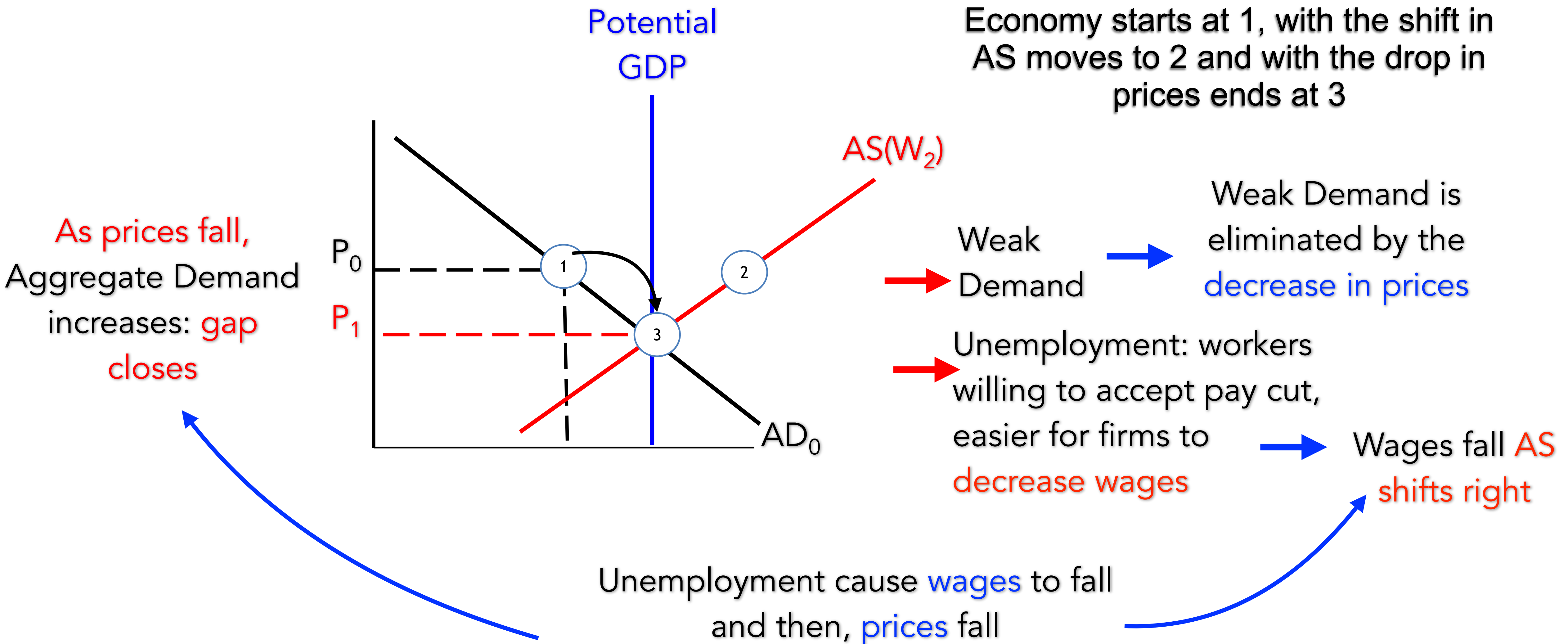
A large blue circle with a thick border. Inside the circle, the number 3 is written in a bold, black, serif font.

3

Economy starts at 1, with the shift in
AS moves to 2 and with the drop in
prices ends at 3



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



Does the US economy has a self correcting mechanism?