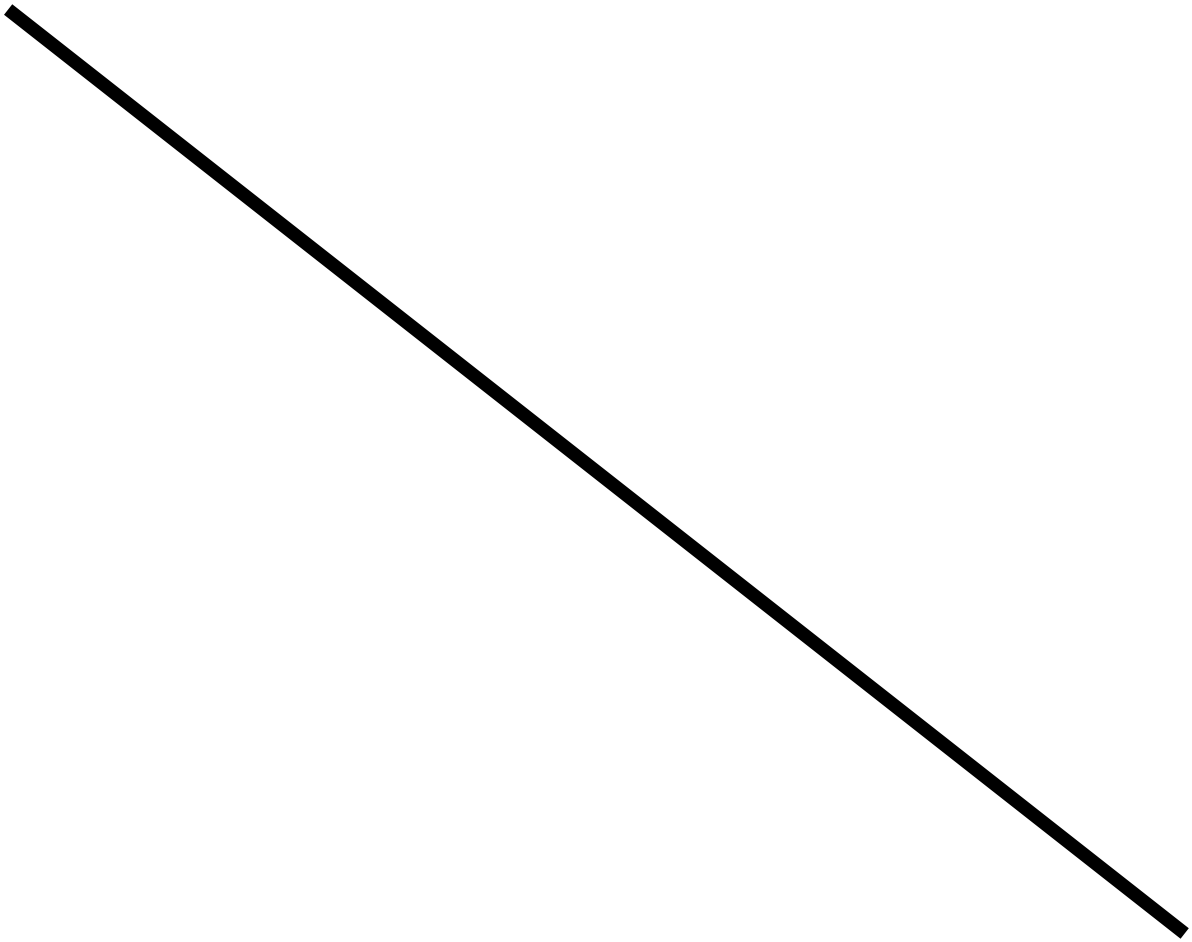


The Self Adjusting Mechanism







AD₀

P

O

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

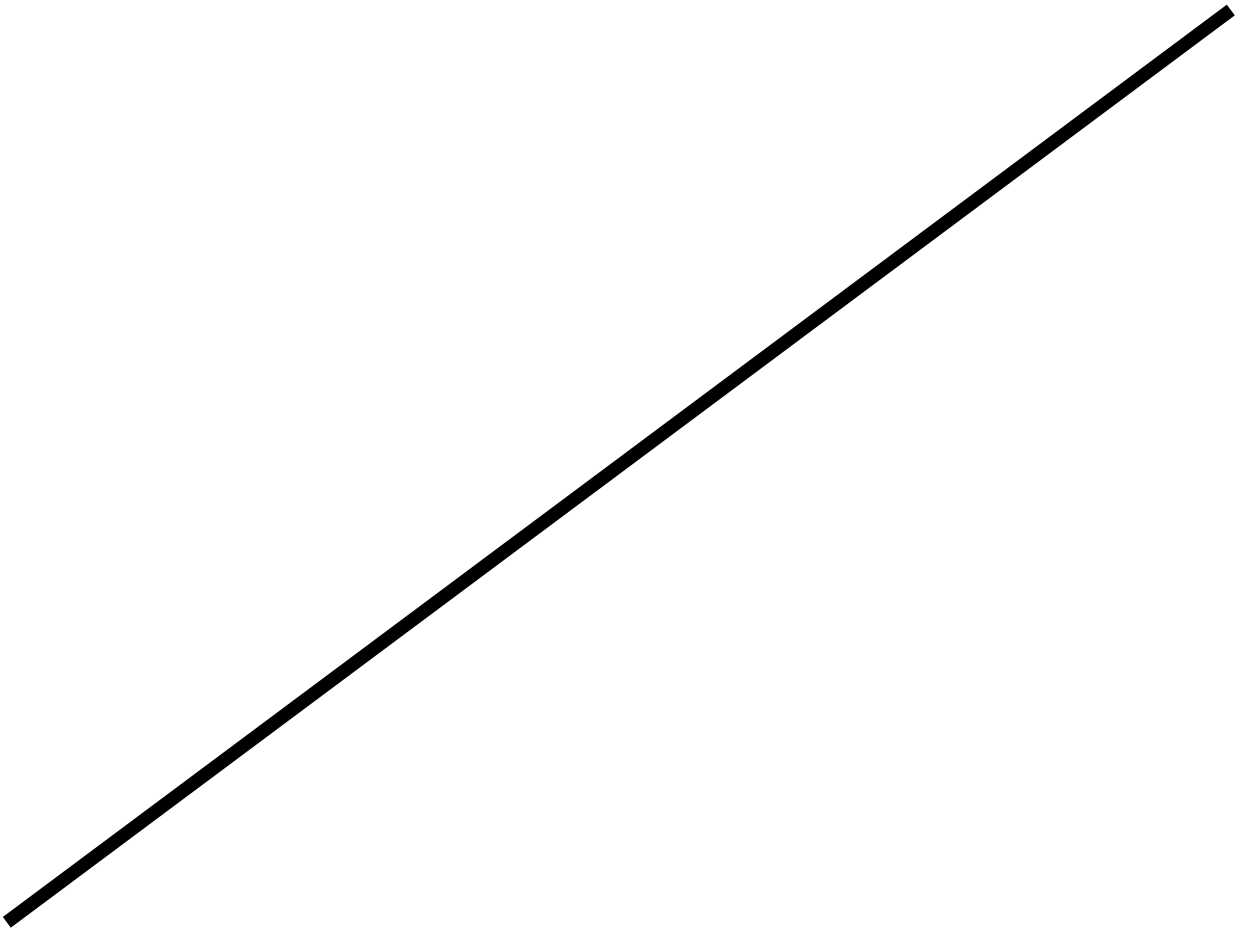
[REDACTED]

5,000

6,000







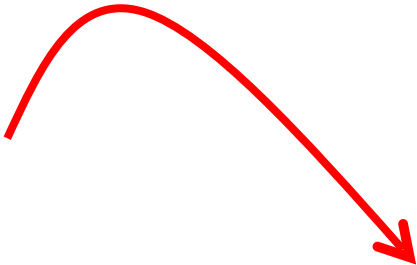
AS(W₁)

P

1

Potential
GDP





Recessionary
Gap

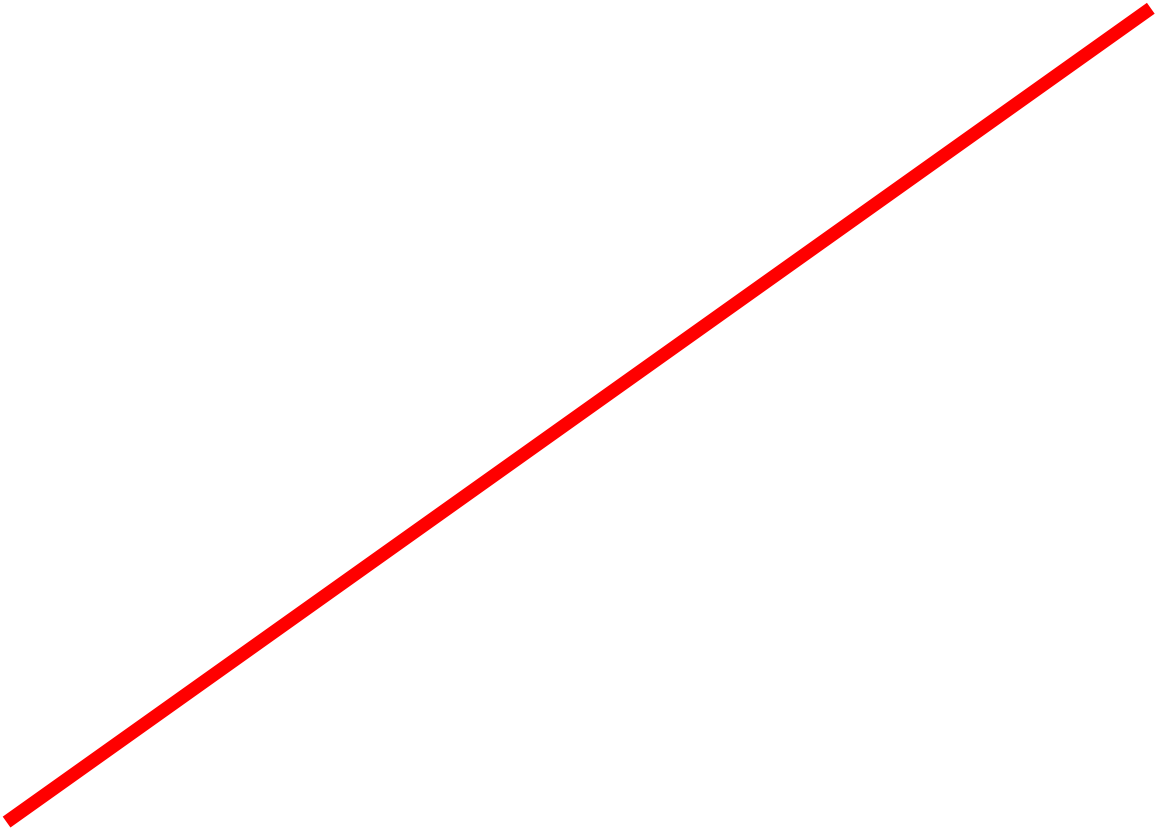
1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

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 in the relationship between the variables studied.

4. The fourth part of the document discusses the implications of the findings. It explores the potential applications of the research and the limitations of the study. It also suggests areas for further research and investigation.

5. The fifth part of the document provides a conclusion and a summary of the key findings. It reiterates the importance of the research and the need for continued efforts in this field.



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

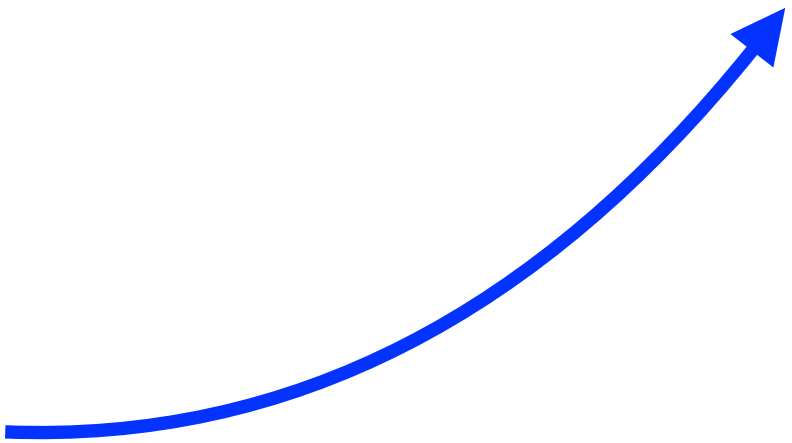
Weak

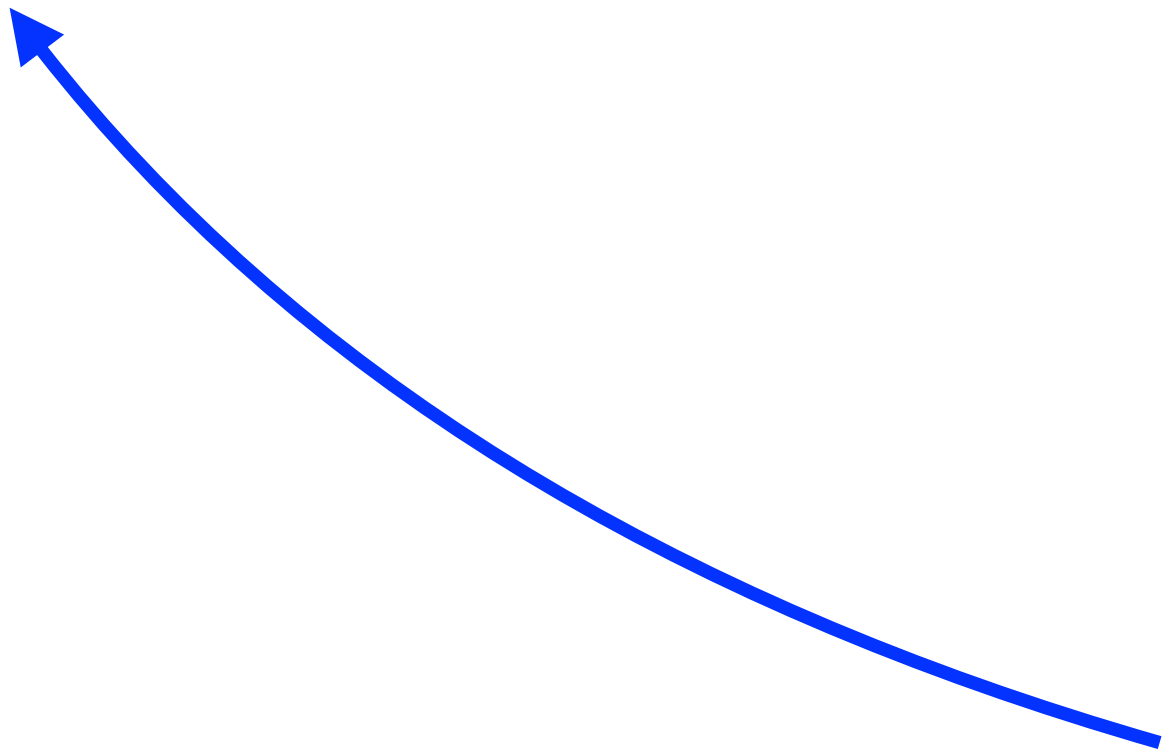
Demand













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



1

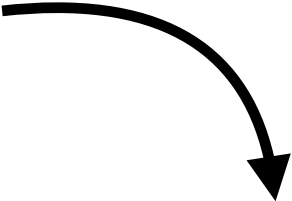


2

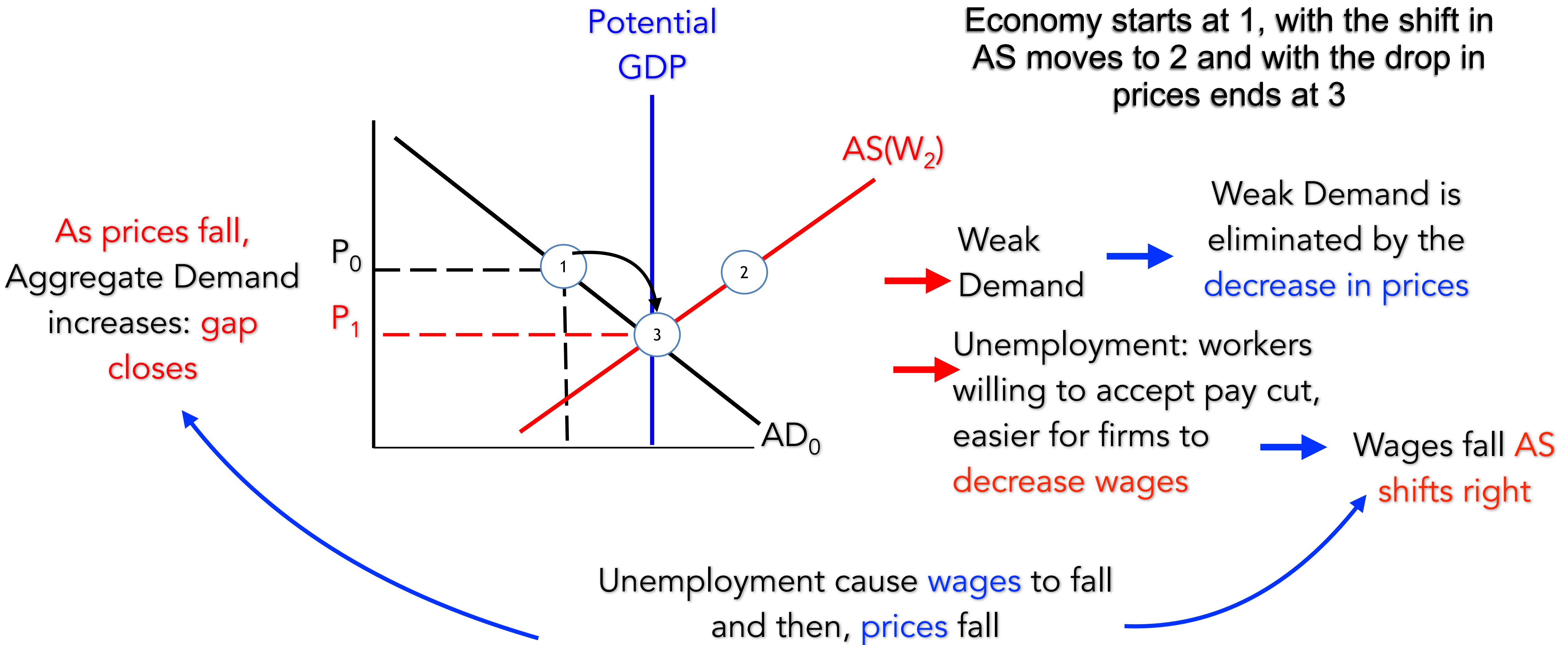
A large blue circle with a thick border. Inside the circle, the number 3 is written in a bold, black, serif font.

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?