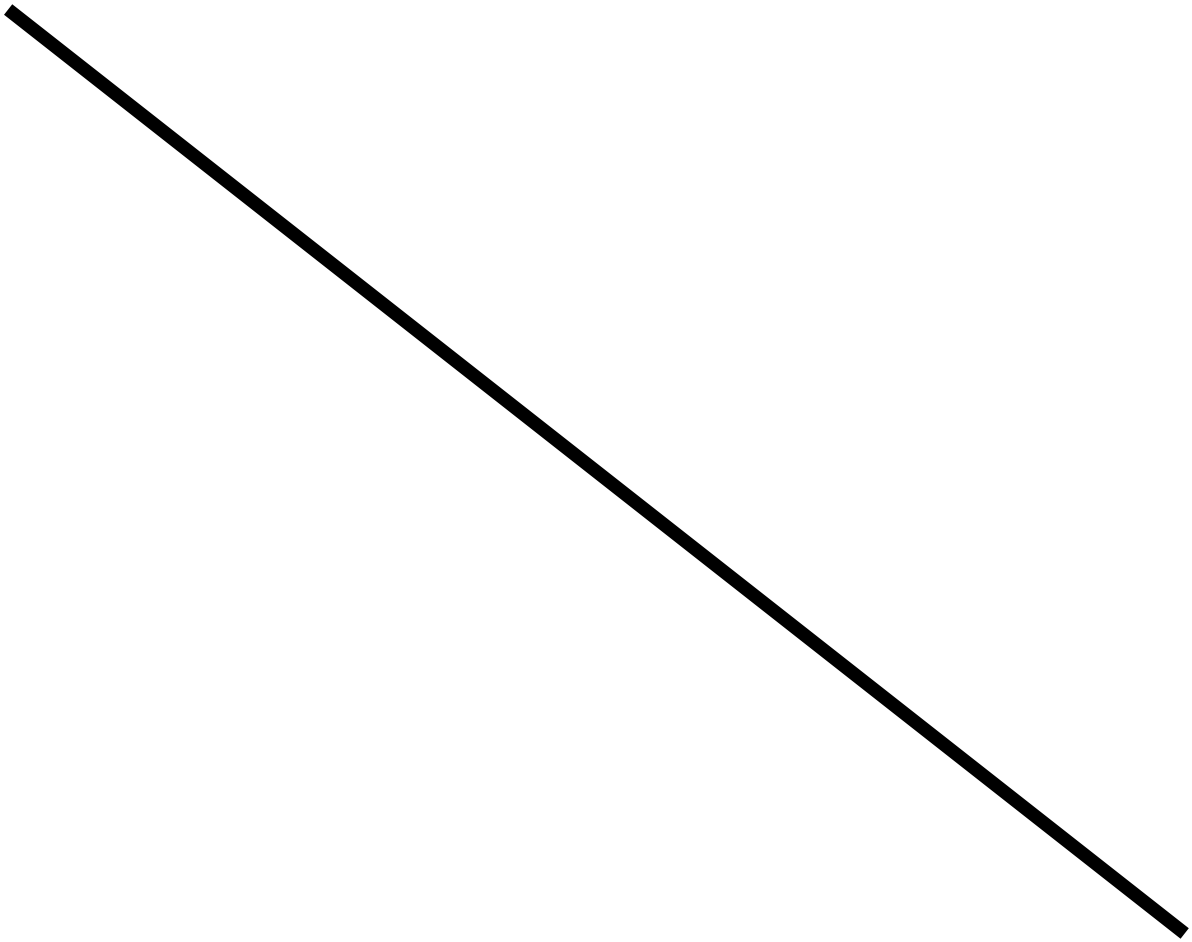


The Self Adjusting Mechanism







AD₀

P

O

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

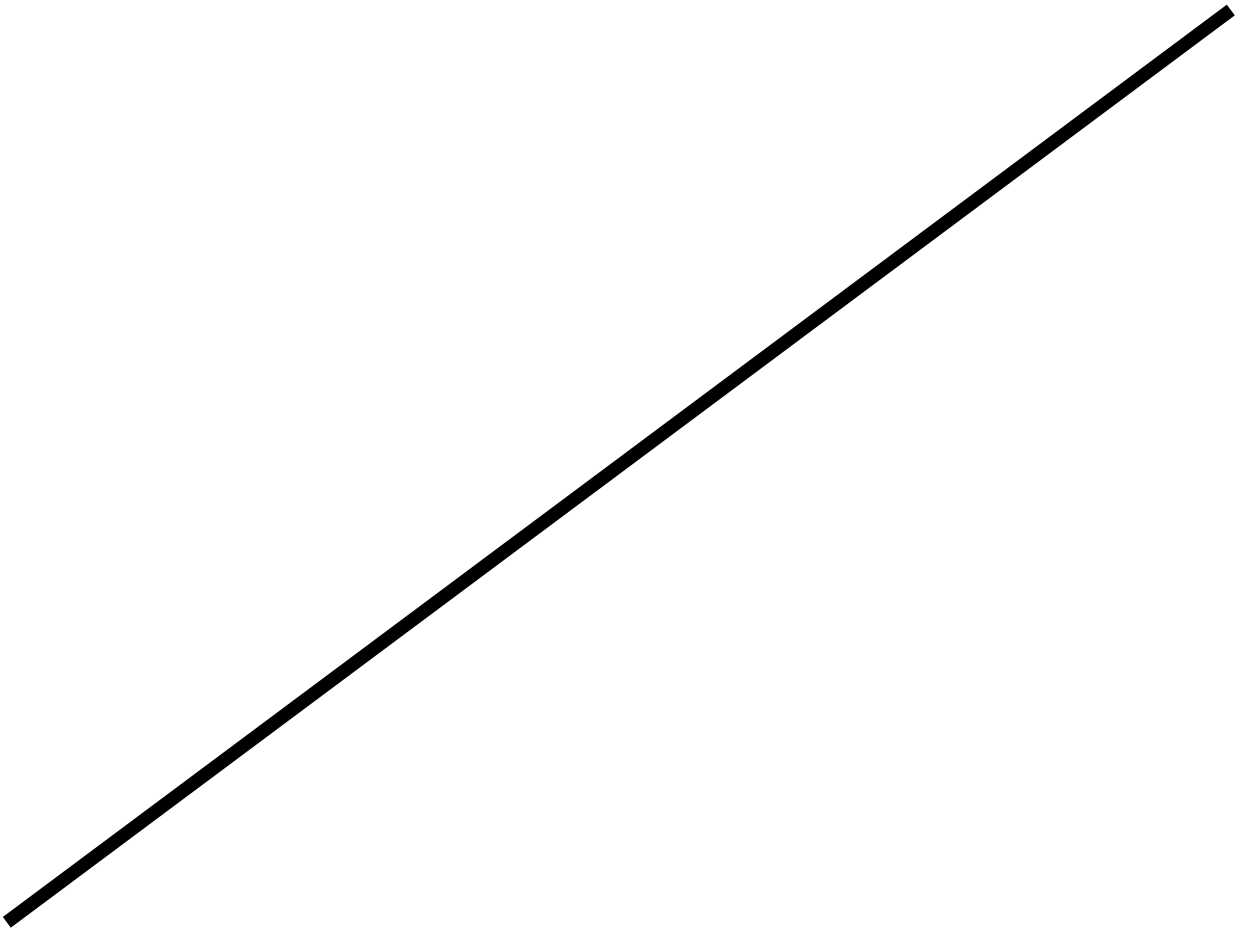
[REDACTED]

5,000

6,000







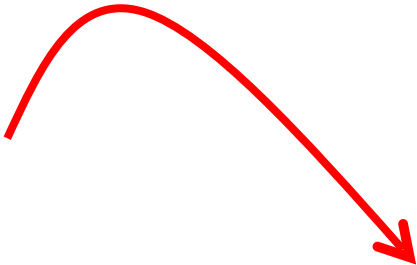
AS(W₁)

P

1

Potential
GDP





Recessionary
Gap

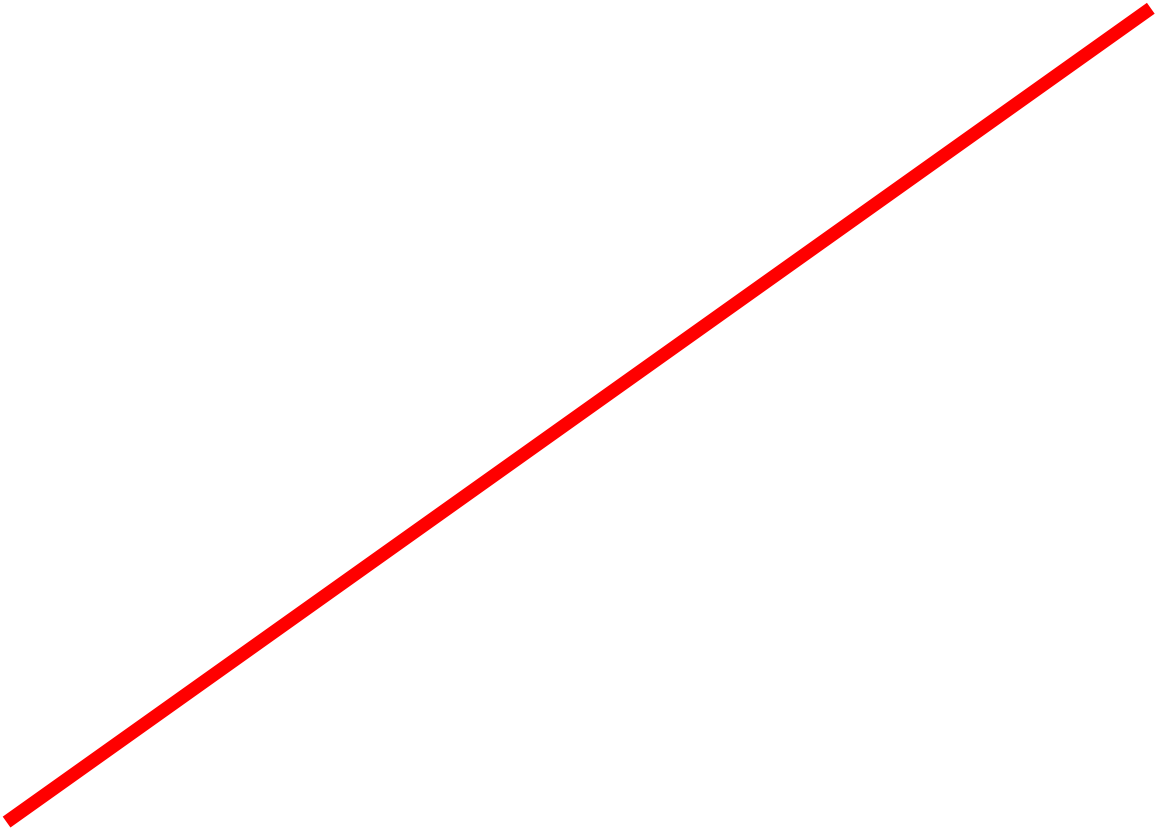
1. The first part of the document discusses the importance of maintaining accurate records of all transactions and the role of the accounting system in providing reliable financial information.

2. The second part of the document describes the various methods used to collect and analyze data, including interviews, surveys, and focus groups.

3. The third part of the document presents the results of the study, showing the impact of the accounting system on the organization's performance.

4. The fourth part of the document discusses the implications of the findings for future research and practice.

5. The fifth part of the document provides a conclusion and a list of references.



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

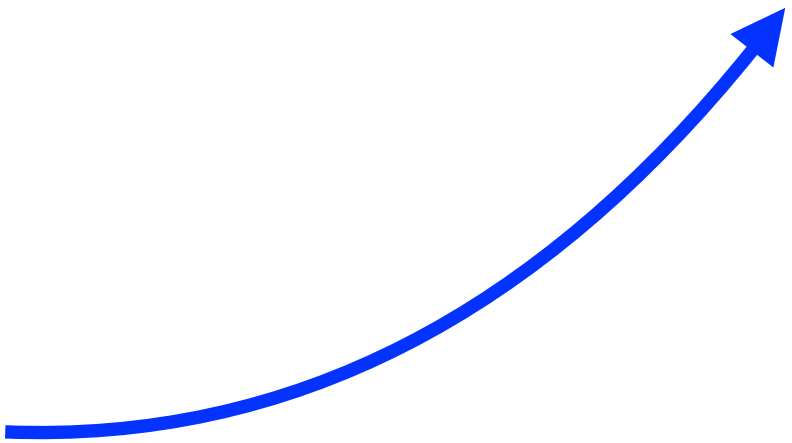
Weak

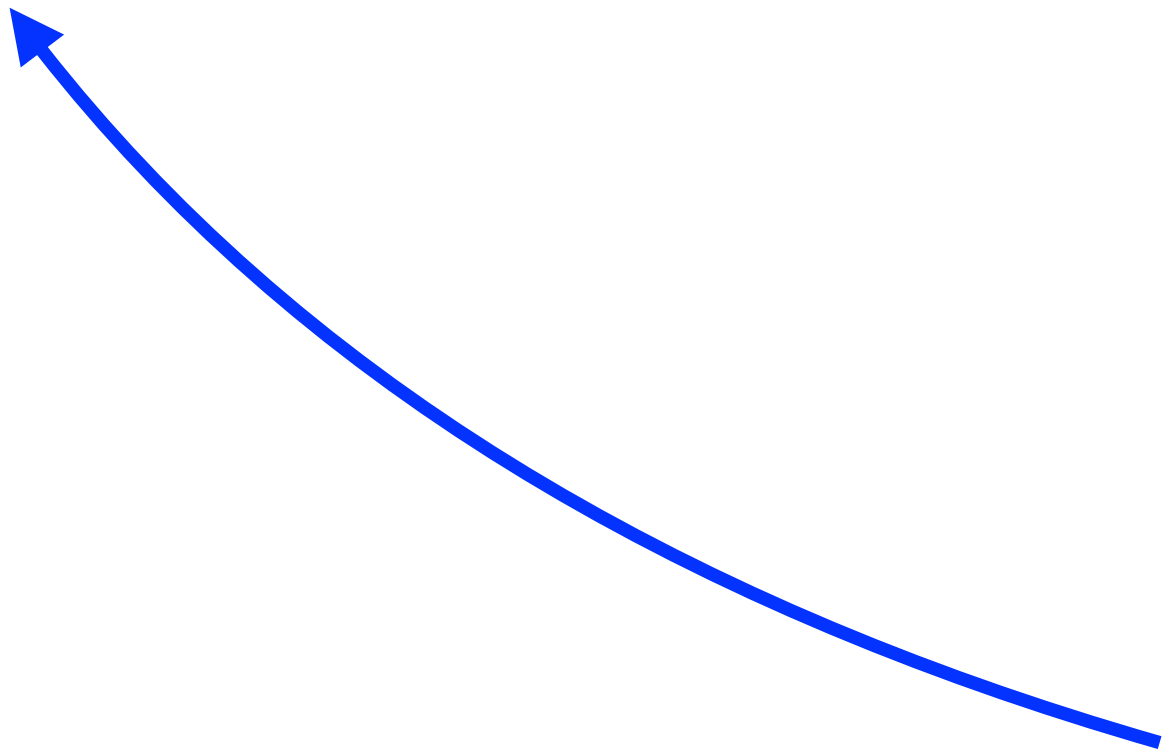
Demand













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



1

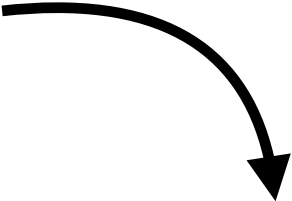


2

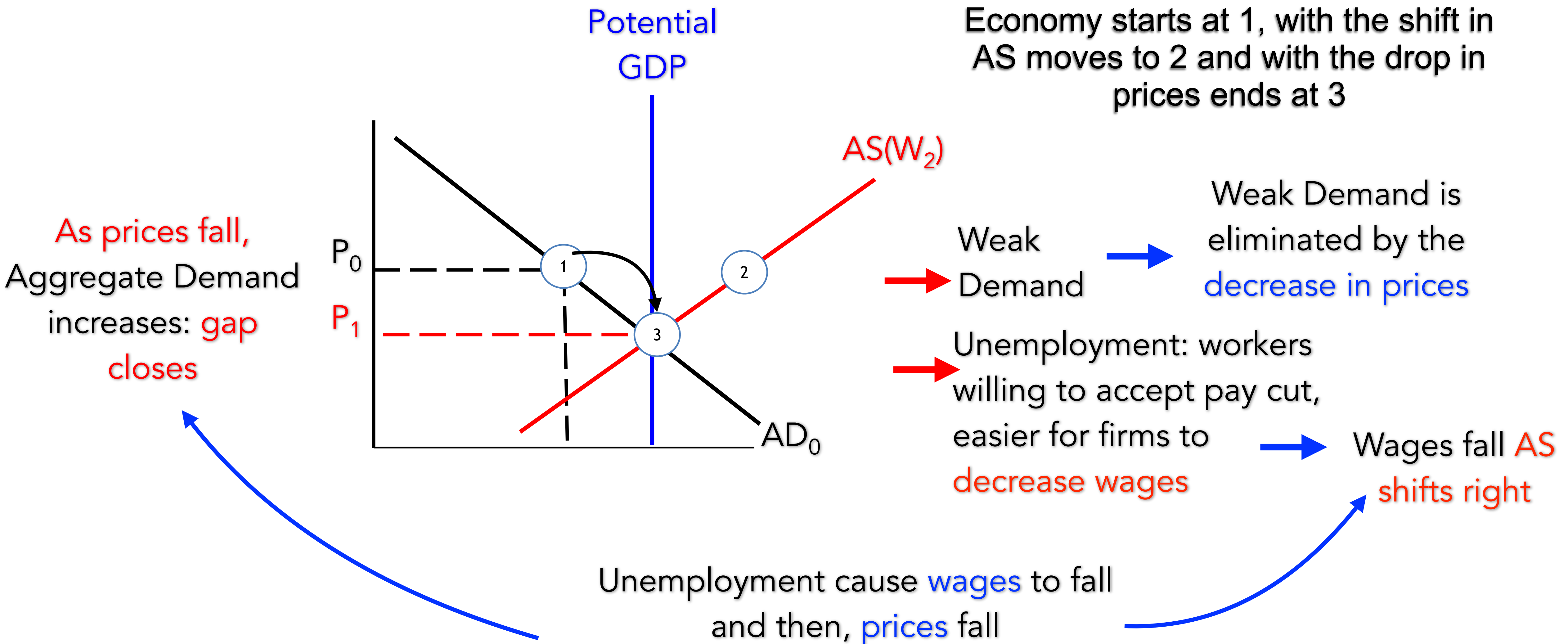


3

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?