

## HW #10

- 1) A black swan event is an event that couldn't be predicted from past data & has unforeseen consequences. It follows three criteria: retrospectively predictable, be an outlier, & having an extreme impact.
- 2) Critical states are states in a complex system that are on the verge of catastrophic failure. Systems in a critical state can have a seemingly minor change cause extremely severe, unforeseen consequences.
- 3) When systems are stable for a long time, the potential for instability rises. The events that cause the increasing instability are known as bumps of instability.
- 4) A Minsky moment is the moment when a long-term stable system becomes unstable & the consequences are more severe because of complacency.