

## Read Chapter 16. 1

### The Cost of Economic Instability

List three types of economic instability that hinder economic growth:

- 1.
- 2.
- 3.

What is the definition of stagflation, the economic problem of the 1970's?

How does your book define the **GDP gap**?

What two numbers are used to calculate the **misery index**?

Where is the **misery index** worst in a bad economy?

How does the Misery index affect politics and politicians. Give an example.

How are crime and families affected when the misery index is high?

**Read Chapter 16.2**

## Macroeconomic equilibrium

How does your book define **aggregate supply**?

Draw a graph, correctly labeled, with an aggregate supply curve.

How does your book define **aggregate demand**?

Draw a graph, correctly labeled with an aggregate demand curve?

How does your book define **macroeconomic equilibrium**?

Draw a graph with an aggregate supply and aggregate demand curve in equilibrium?