

Module 12: The Changing Times – The 2000s to the Present

Topic 1 Content: Health of the Economy

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HEALTH OF THE ECONOMY

Click each note to learn how to determine the health of the economy.

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GDP

A smiling woman with glasses, wearing a red and white plaid shirt over a white top, stands on the right side of the menu.

The United States government uses four indicators to monitor health of the economy. Click each note to learn more about each item. Then, click the **X** to return to this menu.

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Employment

HEALTH OF THE ECONOMY

Click each note to learn how to determine the health of the economy.

Employment

Low unemployment indicates a healthy economy.




The first indicator of a healthy economy is employment. A healthy economy will have low unemployment. That means most people who want a job have one. When the economy starts to become unhealthy, the unemployment rate rises.

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Inflation

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Inflation

The value of money decreases.

It takes more money to buy the same products.

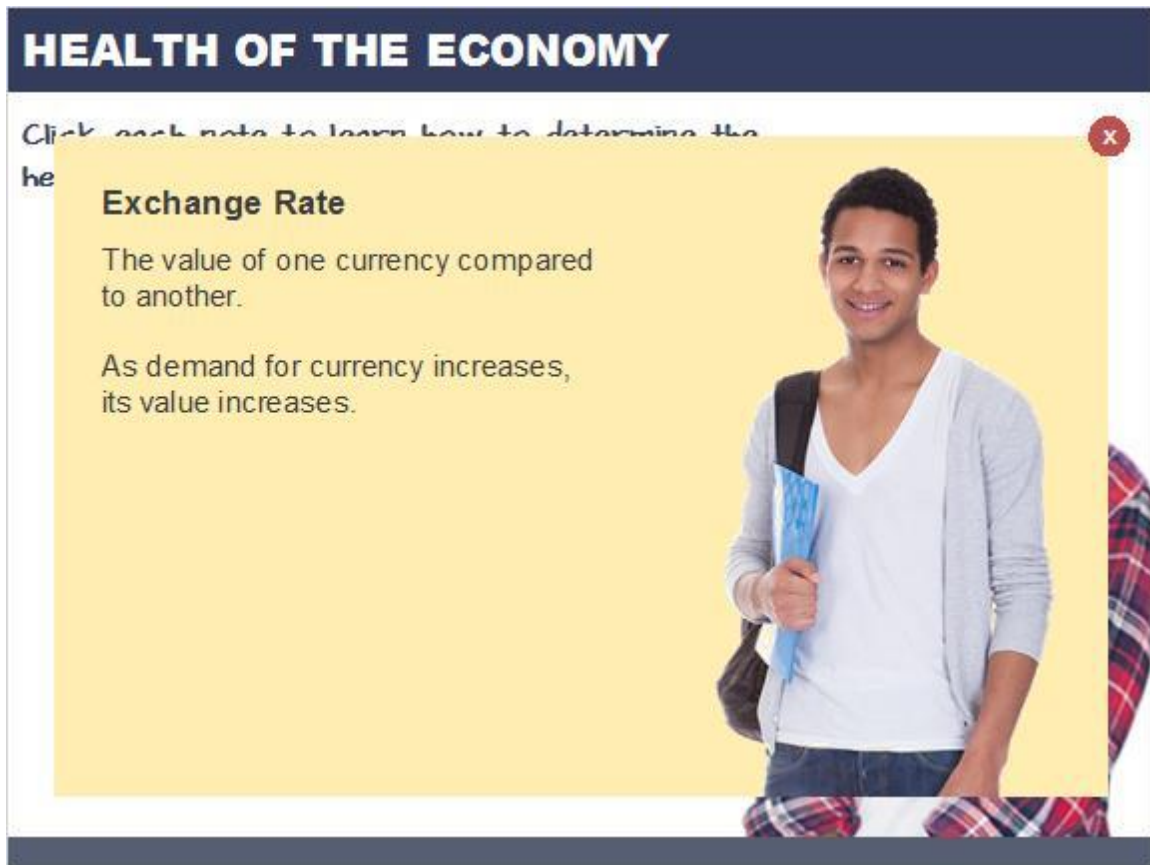
A little inflation is good, but a lot is bad.

The second economic indicator is inflation. Inflation occurs when the value of money decreases, so it takes more money to buy the same products. A healthy economy has low inflation. A little bit of inflation is good for an economy, but a lot of inflation is not.

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Exchange Rate



Click each note to learn how to determine the

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Exchange Rate

The value of one currency compared to another.

As demand for currency increases, its value increases.

The slide features a photograph of a young man with dark hair, wearing a white V-neck shirt and a grey cardigan, carrying a black backpack and holding a blue folder. He is smiling and looking towards the camera. The background of the slide is a solid yellow color.

The third economic indicator is the exchange rate. An exchange rate is the value of one currency compared to another. As demand for a currency increases, its value in relation to other currencies also increases. Typically if the economy is strong or healthy, the exchange rate is also strong in comparison to other countries.

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Gross Domestic Product

HEALTH OF THE ECONOMY

Click on the words to learn more about them.



Gross Domestic Product

The value of all finished goods and services made in a country during a defined period of time.

Positive GDP growth means the economy is growing.

Negative GDP means the economy is unhealthy.

The final economic indicator is the Gross Domestic Product, or GDP. GDP is the value of all finished goods and services made in a country during a defined period of time. Typically, GDP is measured on a yearly basis. A healthy economy will have positive GDP growth, which means the economy is growing. If the GDP is negative, that means the economy is shrinking and unhealthy.