

# Is the Economy Healthy or Sick? Why Do Businesses Care?

## ***Duty/Concept Area***

Understanding the Role of Economics in a Global Economy

## ***Scenario***

Your friend Sharon has dreams of being an entrepreneur. Before she develops a business plan to launch her startup, she wants to know the condition of the economy and the role that it will play in the success of her business. She has hired you to research economic indicators along with the current phase of the business cycle and their potential impact on her startup.

## ***Big Question***

How does the phase of a business cycle, along with economic indicators (CPI, inflation, GDP, consumer spending, unemployment rate, productivity, standard of living), affect businesses?

## ***Focused Questions***

1. Why should your friend Sharon know whether her business will satisfy a need or a want?
2. How does the phase of business cycle affect the purchase of needs vs. wants?
3. What is the relationship between the business cycle and measures of economic activity?
4. What is the impact of inflation on businesses and consumers?
5. How does the unemployment rate affect a business?
6. What affect does consumers' perception of an economy have on consumer spending?
7. How does the success or failure of the stock market influence consumer faith in an economy?
8. How does standard of living influence consumer spending or the consumer's ability to purchase?
9. What is the role of competition on prices?
10. What happens to supply and demand and, therefore, prices during each phase of the business cycle?
11. How does the economy affect business' profits?

## ***Project-Based Assessment***

- Student will define *GDP, CPI, inflation, consumer spending, productivity, unemployment rate, productivity, and standard of living.*
- Student will identify the best business cycle phases in which to start up.
- Student will describe the economic indicators during each phase of the business cycle.
- Student will understand the correlation among the economic indicators.
- Student will describe how the economic indicators will affect businesses.
- Student will recommend whether to start up now or later, based on current economic indicators.

## ***Resources***

- [CIA World Factbook](#)
- [Morningstar: "Where Are We in 'The Cycle'?"](#)
- [Yahoo Finance](#)
- [Bureau of Labor Statistics: Consumer Expenditure Surveys](#)