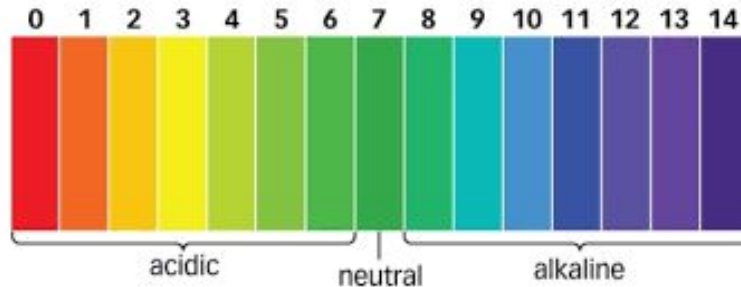# What is economic growth?

What's an 'indicator'?

What's an indicator? An indicator gives specific information about the state or condition of something. For example: a test of whether something is a good or bad situation for action, like a traffic light where green means go, or of which direction it's going in, like a car's indicator light.
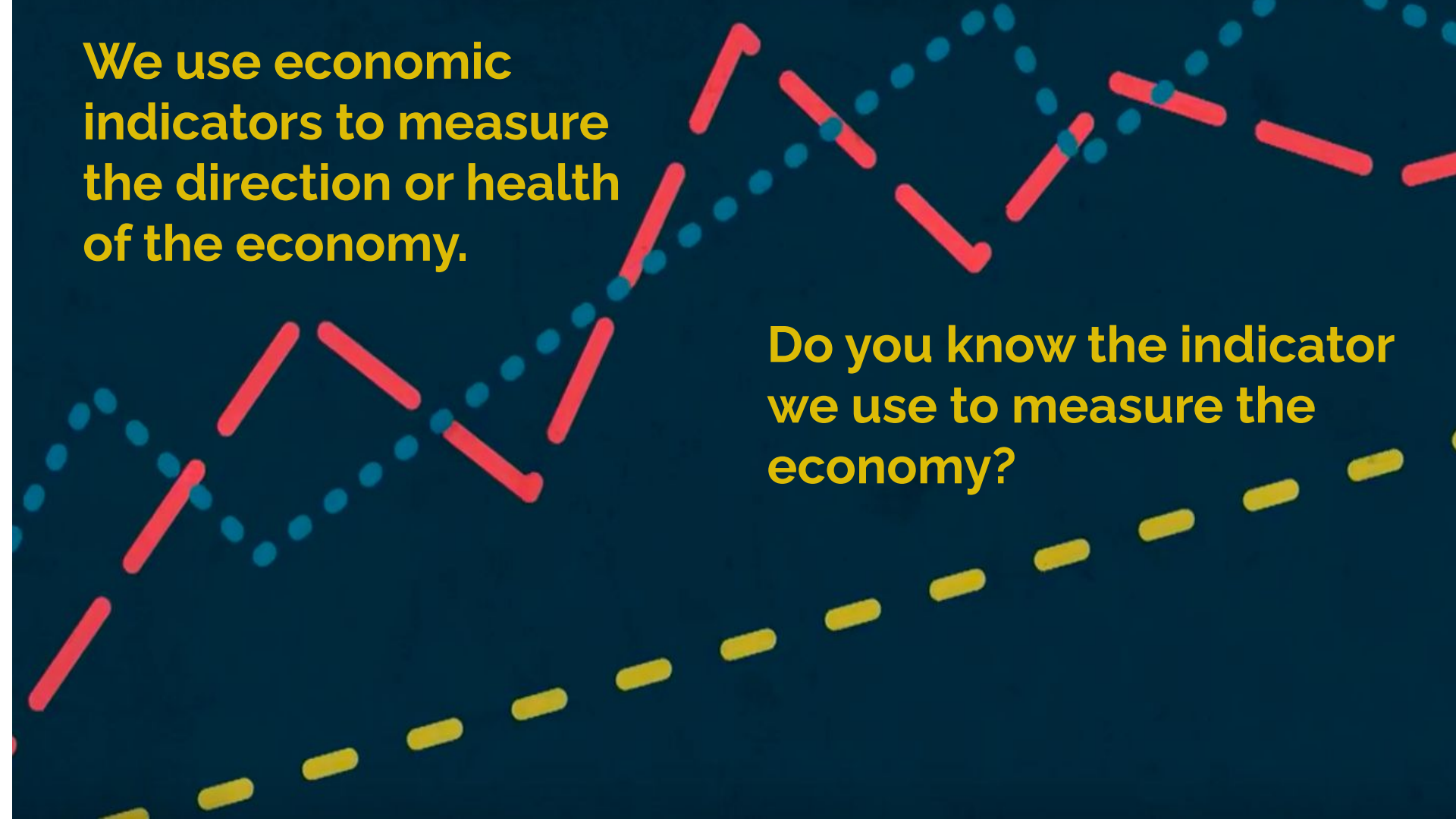
Test your knowledge on indicators:

- We use the pH scale to indicate the chemical nature of a substance. Do you know what the PH indicator level of water is?

- What would this thermometer indicator show if you were a healthy temperature?

We use economic indicators to measure the direction or health of the economy.

Do you know the indicator we use to measure the economy?

Economic growth - based on increases in the indicator 'GDP' - is the most common way to measure the economy

Economic growth is what economists and politicians talk about all the time as the ultimate goal of an economy – to produce more goods and services over time. We measure our economies using an indicator of economic growth, known as GDP.

GDP (gross domestic product) is an estimate of the total **monetary** value of **goods** and **services** produced in a country.

Monetary means measured in money.

Goods are things that you can physically exchange, like toothbrushes and telephones.

Services are activities that you can buy or sell, like medical services, or cleaning. Both goods and services are central to an economy.

econ**o**my

We measure the GDP of a country by **adding up every time money changes hands in the economy** and counting **how much money** was exchanged each time. So GDP is a bit like counting passes of the ball in this experiment.

You can rewatch the video here

We keep the closest eye on this, but when we only look at one measure, as we've seen in this experiment, we can miss some other really important information!

So, *what* are the 'GDP Gorillas'...?