# **Potential GDP**

## Measures how much the country could potentially produce if

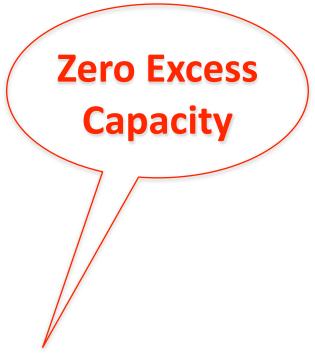
## All workers were employed and

 The country's entire stock of capital was being used to produce goods and services

#### Potential GDP = Total Production with Zero Unemployment and Zero Excess Capacity

# Potential GDP = Hours worked x Number of workers in the Labor Force x Labor productivity





# Potential GDP Unemployment

Zero Excess
Capacity

Measures how much the country could potentially produce if

- All workers were employed and
- The country's entire stock of capital was being used to produce goods and services

Potential GDP = Total Production with Zero Unemployment and Zero Excess Capacity

Potential GDP = Hours worked x Number of workers in the Labor Force x Labor productivity

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