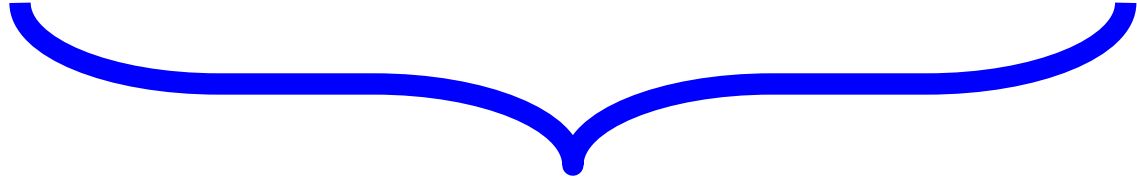




$$\text{Output produced by 1 worker} = \text{Hours worked} \times \text{Output per hour}$$

Output produced if **all** workers in the labor force were employed  
= Hours worked x **Labor Productivity** x **Number of workers in the**  
**Labor Force**

$$\text{Output produced by 1 worker} = \text{Hours worked} \times \text{Labor Productivity}$$



Labor Productivity

Potential GDP measures how much the country could potentially produce if all workers were employed (zero unemployment) and the full stock of capital was in use (zero excess capacity)

Potential GDP

Output produced by 1 worker = Hours worked x Output per hour

Labor Productivity

Output produced by 1 worker = Hours worked x Labor Productivity

Potential GDP

= Hours worked x Labor Productivity x Number of workers in the  
Labor Force

Potential GDP measures how much the country could potentially produce if all workers were employed (zero unemployment) and the full stock of capital was in use (zero excess capacity)



# Potential GDP