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S

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

[REDACTED]

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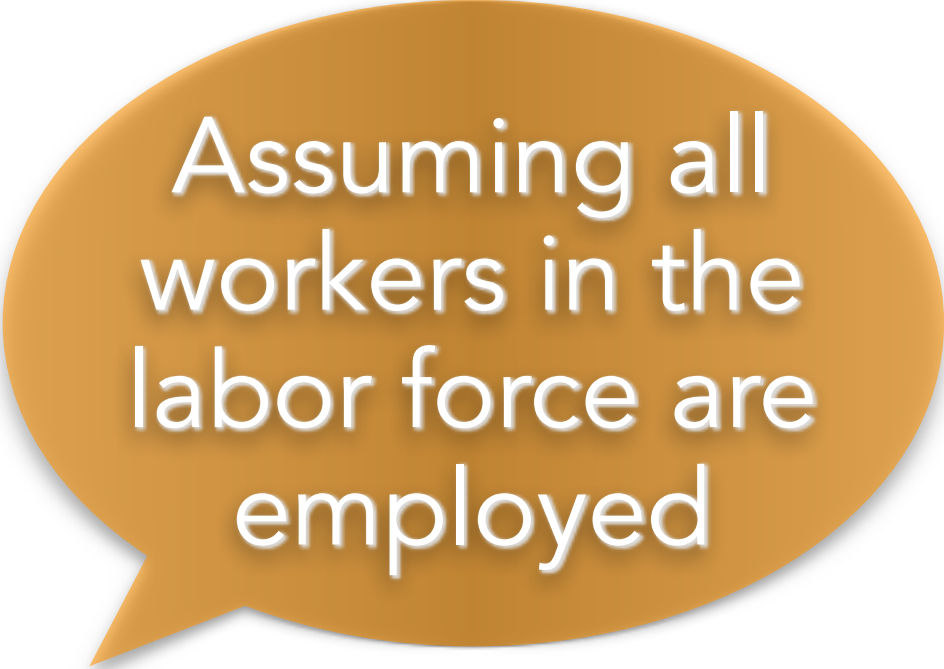
Output produced by **1** worker = Hours worked x Labor Productivity



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

An orange speech bubble with a white drop shadow, containing white text.

Assuming all
workers in the
labor force are
employed

Output produced by **all** workers

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

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

Output produced by 1 worker = Hours worked x Labor Productivity

Assuming all
workers in the
labor force are
employed

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**)