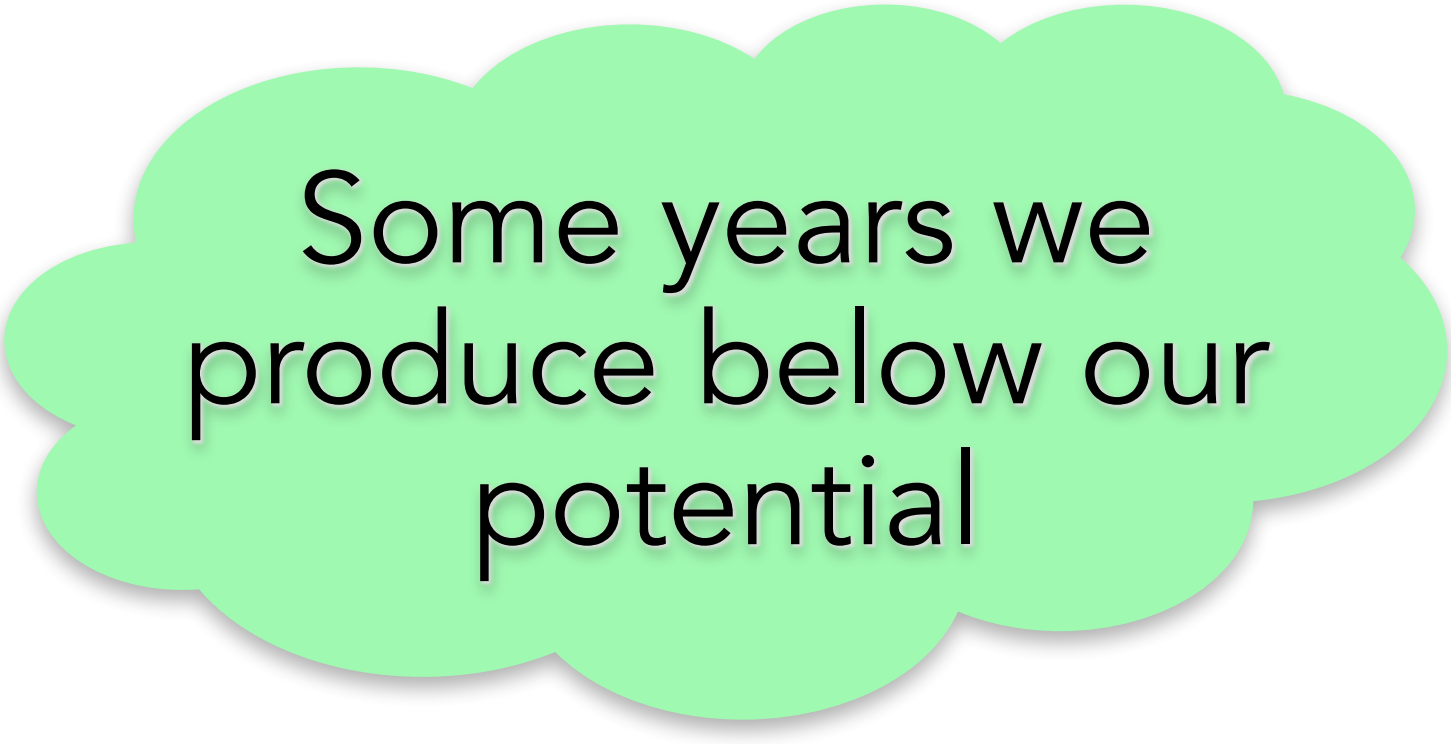




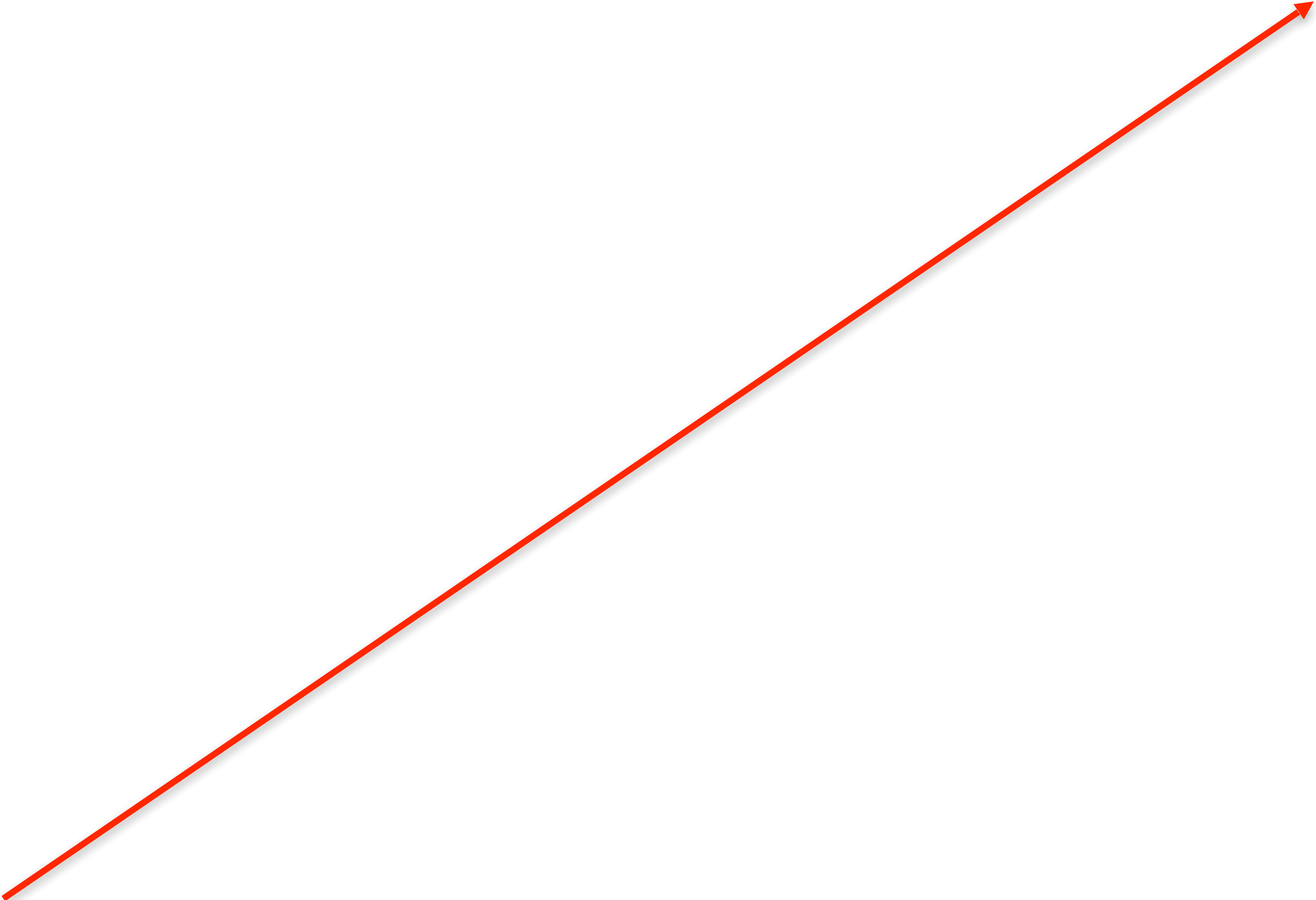



# Total Production





Some years we  
produce below our  
potential





Some years,  
we produce at  
potential

Potential GDP

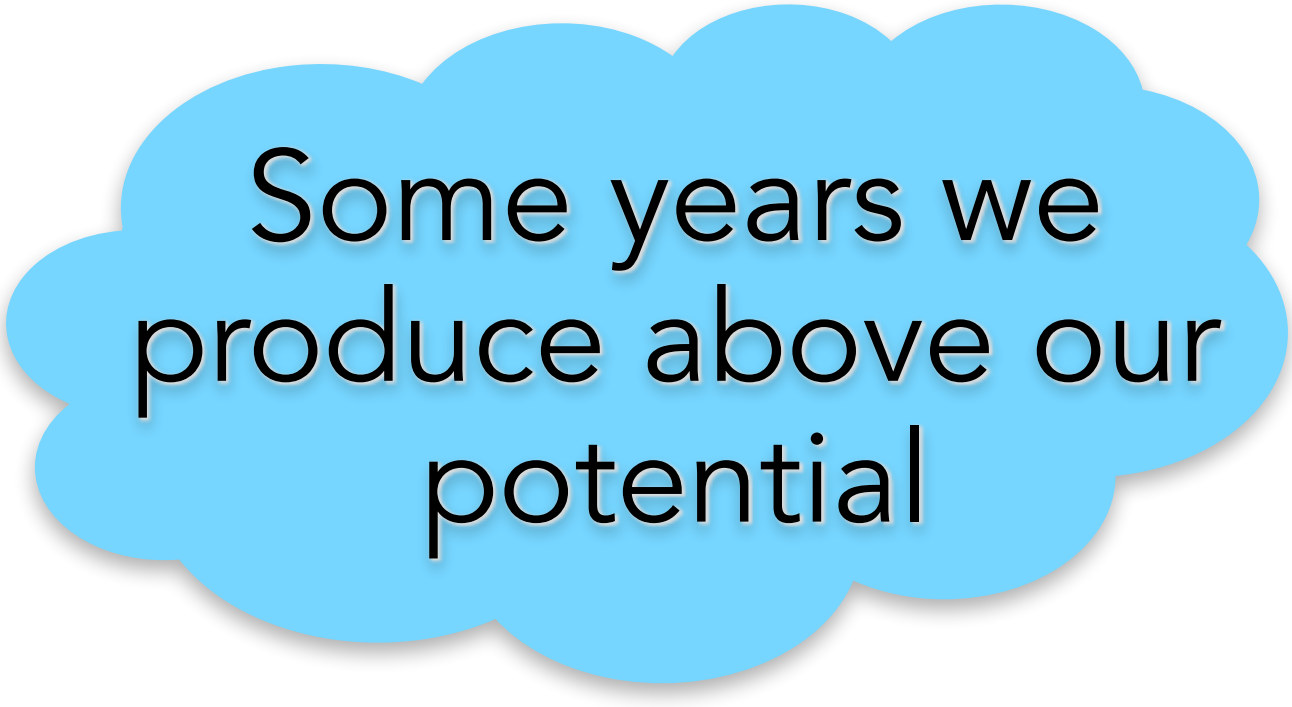
Each year, population grows: there are **more workers**



Each year, we build more factories and add more equipment: **larger stock of capital**

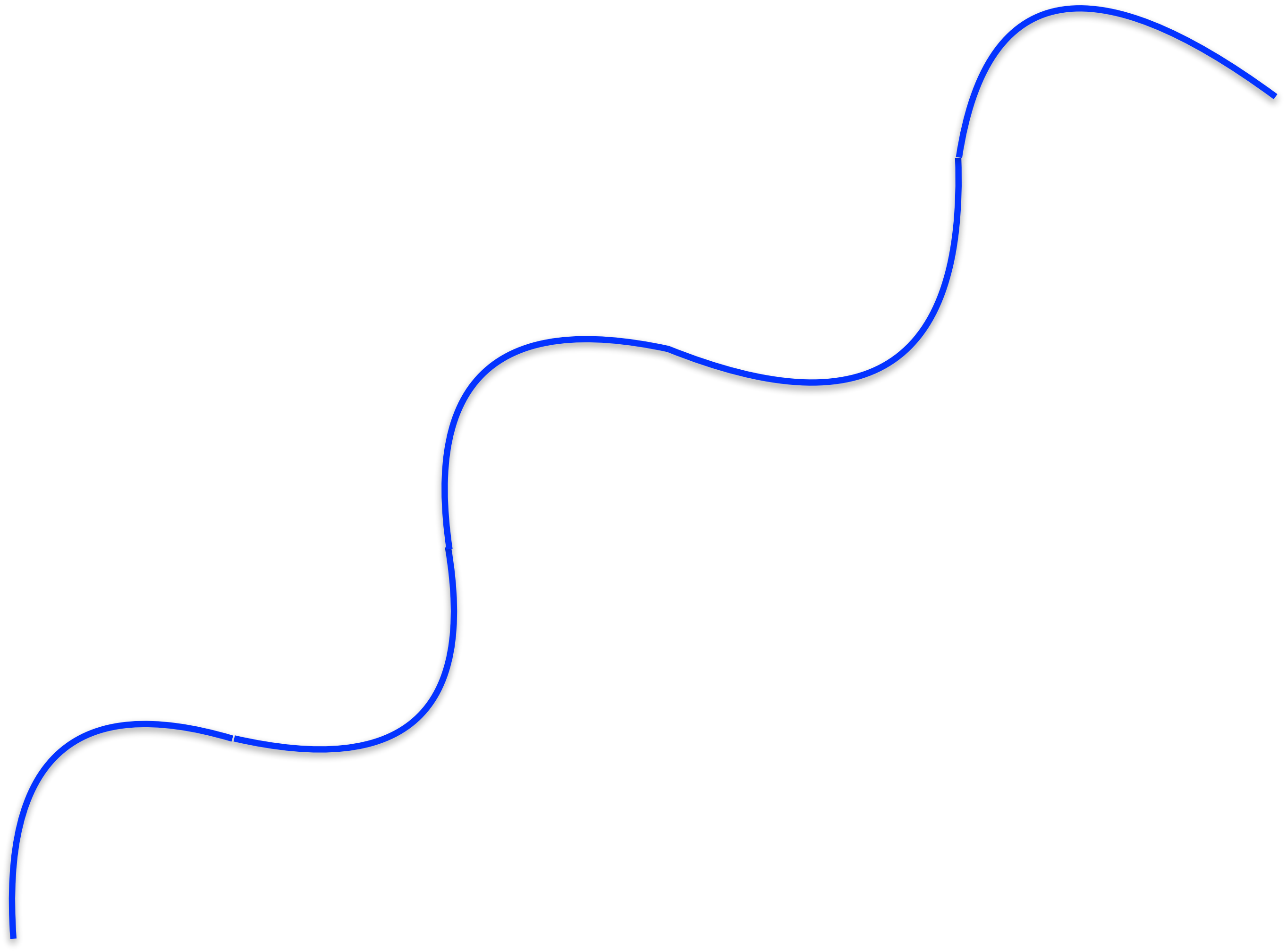
Each year, with more  
workers and larger stock of  
capital we can (potentially)  
produce more

This line represents how much  
**could** be produced with zero  
unemployment and zero excess  
capacity



Some years we  
produce above our  
potential

This line represents  
how much is **actually**  
produced during a  
given year









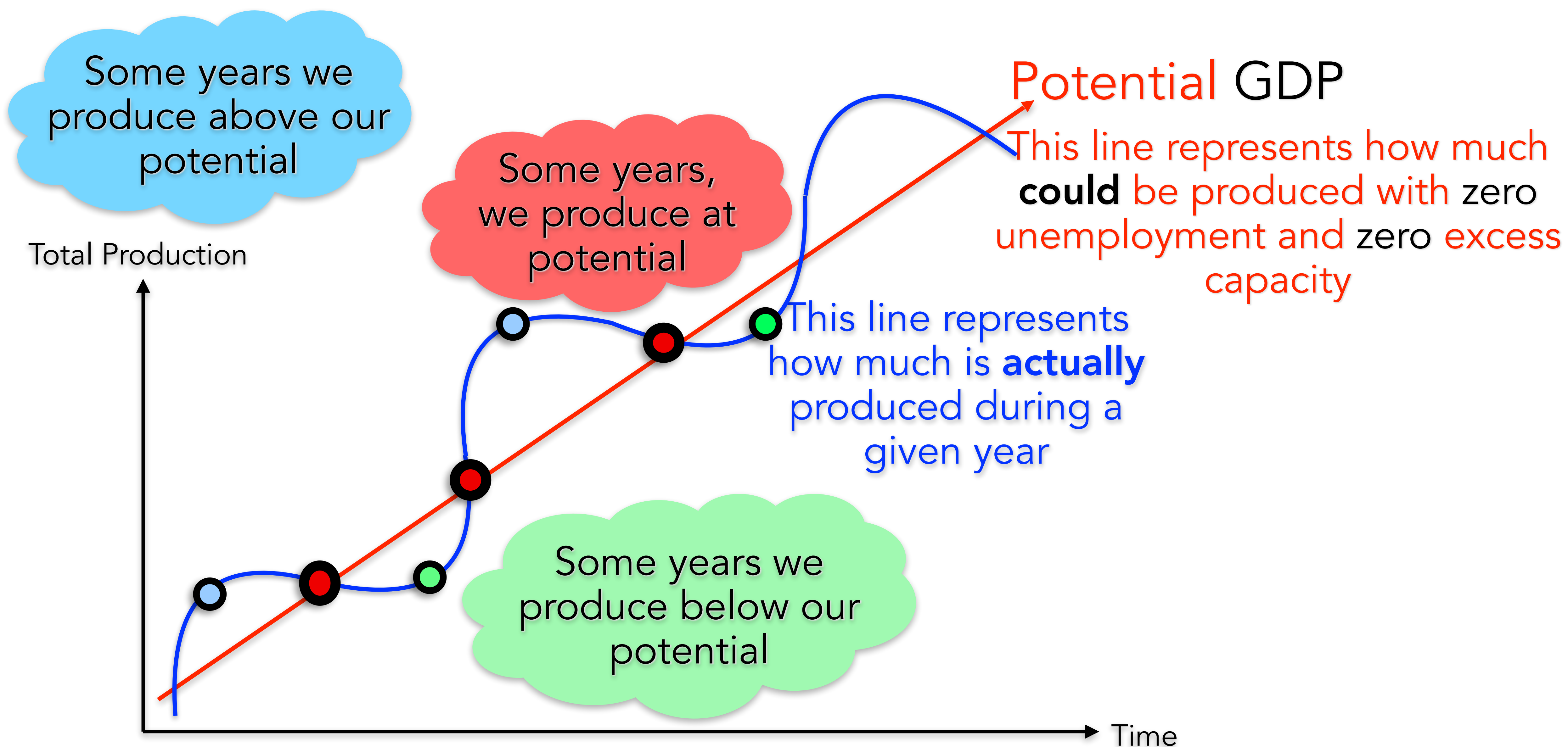












Each year, population grows: there are **more workers**  
Each year, we build more factories and add more equipment: **larger stock of capital**

Potential GDP = Hours worked x Labor Productivity x Labor Force