

# [Soving 2 macro economy qs](https://assignbuster.com/soving-2-macro-economy-qs/)

4. a) Real GDP growth = (1246582-120412)/120412 = 0. 02988 4. b) Labour productivity in 2004 = 1210412/23416. 2 = 51. 69 Labour productivity in 2005 = 1246582/23625 = 52. 76 4. c) Rate of Labour productivity growth = (52. 76-51. 69)/51. 69 = 0. 0207 4. d) increased percentage of capital = [(413106. 6-394697. 2)/ 394697. 2] \*100= 0. 0047\*100 = 0. 47% 8. There could be a number of reasons for which these resources are left unexploited. First of all, these countries are very poor countries and they lack financial capital. Since they lack financial capital, they cannot exploit the resources. Secondly, it could also be a conscious decision to not exploit these resources due to concerns of sustainability. However neither of these explain the extent of abundance of resources that are not utilized. A fair question is why don’t we observe foreign direct investment to exploit these resources? The major cause lies in the fact that Africa lacks human capital. Skilled workers migrate abroad. Further, political instabilities and corruption has led to very poor infrastructural development. Consequentially managing logistics is extremely difficult. For foreign investors, these associated costs make exploiting resources unprofitable.