

ENGINEERING TRIPOS PART IIB  
ELECTRICAL AND INFORMATION SCIENCES TRIPOS PART II  
ENGINEERING TRIPOS PART IIA

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Tuesday 29 April 2003      9.00-10.30

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Module 4E13

MACROECONOMICS

*Answer not more than two questions.*

*All questions carry the same number of marks.*

*The **approximate** percentage of marks allocated to each part of a question is indicated in the right margin.*

You may not start to read the questions  
printed on the subsequent pages of this  
question paper until instructed that you  
may do so by the Invigilator

(TURN OVER

1. Explain and analyse two theories of investment behaviour. [100%]
  
2. If a country has an overvalued exchange rate, evaluate its impact on the following macroeconomic variables in that country:
  - (a) International trade [40%]
  - (b) Inflation [30%]
  - (c) Economic growth [30%]
  
3. Evaluate the impact of an increase in interest rates on the following:
  - (a) Inflation [50%]
  - (b) Output and employment [50%]
  
4. (a) Explain the causes of deindustrialisation in advanced economies. [60%]  
  
(b) Does the relative decline of the manufacturing sector have any implications for economic growth in the United Kingdom? [40%]

**END OF PAPER**