

Final Exam

Course Title: **Terminología Especializada en Económica y Mercados Bursátiles**
Course ID: **IT0522 (Marron, 25-2)**
Cohort ID: **5C**
Exam Date: **24 Apr 2025**

General Instructions: This is a **take-home exam**. The exam is comprehensive and will cover material from the entire course. You are encouraged to organize and review all of your homework and previous exams before starting this final exam. Answer in English unless requested to do so otherwise. Please do your own work and do not share your answers; academic integrity is always your choice.

Attempt to answer all questions, even if you are uncertain. Whenever possible, provide answers in bullet list format with complete content. Tasks will be evaluated by sub-tasks. Three (3) points are available for each sub-task: Accuracy (1 pt), Completeness (1 pt), and Sufficiency (1 pt). Points will be awarded in 0.1 increments. There are **63 points** available.

Please provide your answers on separate sheets of paper. The first page should have the title, “Final Exam.” Make sure your name and the date are written in the top right-hand corner of every page. You may type out your answers or answer in written form with pencil or black/blue pen. When you have finished the exam, please staple all of the pages together in the proper order.

This exam is **DUE Tuesday, April 24, 2025 by 13:00 hrs in Room Locución U, UTECA**. If you prefer to take the exam on during the regular class times you are welcome to do so.

I. Foundations of Economics

Task 1 (3 pts)

Buechner, makes the following statement regarding scarcity, “Nevertheless, scarcity remains as a basic premise [in economics]. This is confirmed by the fact that most economists think that scarcity is the fundamental cause of economic activity, and that without scarcity there would be no production, no exchange, no economizing, and no choice. Further confirmation is the fact that the definition of economics as the study of choice under scarcity is still widespread”(see Buechner, M. Northrup (2014) ‘A comment on scarcity’, *The Journal of Philosophical Economics*, VIII:1)

a) Do agree with the fundamental premise of economics? That is, do you think “that without scarcity there would be no production, no exchange, no economizing, and no choice”? Explain why or why not.

Task 2 (6 pts)

Land, labor, and capital are typically stated as the resources required for economic flows. Major economic flows, often visualized as a circular diagram, involve the movement of goods, services, resources, and money between households, businesses, and the government, with each sector contributing to the others.

a) Define the terms i) land; ii) labor; and iii) capital as used in economics.

b) Create a diagram that shows the economic flows of goods, services, resources, and money between households, businesses, and the government. Be sure to adequately label your diagram.

II. Major Elements of the Macroeconomy

Task 3 (9 pts)

As Oosterloo, et al. note, “Central banks have evolved for close to four centuries....the publication of Bagehot’s Lombard Street (1873) ...suggested that a central bank should be seen as a guarantor of financial stability by being a lender of last resort...The definition of financial stability has changed significantly over time. ..In the twentieth century central banks took on the role of stabilizing the macroeconomy (i.e., maintaining price stability, stabilizing the business cycle and maintaining full employment)...More recently, financial stability encompasses both being a lender of last resort and preventing imbalances that will lead to asset price booms and busts. Also the role of lender of last resort has expanded to include the entire financial system not just the banking system” (see Oosterloo, Sander, and Jakob De Haan. "Central banks and financial stability: a survey." *Journal of Financial Stability* 1.2 (2004): 257-273.)

- a) What does the phrase, “lender of last resort” mean?
- b) Briefly compare and contrast the central banks of Mexico (Banco de Mexico) and the US (Federal Reserve)
- c) What is the function of the Ley del Banco de México ?
(<https://www.diputados.gob.mx/LeyesBiblio/pdf/74.pdf>)

Task 4 (6 pts)

Nakamura reminds us that, “The banking system, as we all know, processes payments. To the alert banker, these payments are potentially immensely valuable bits of information that, properly understood, form a mosaic that can help make comprehensible the financial status of firms making and receiving these payments” (see Nakamura, Leonard I. *Commercial bank information: Implications for the structure of banking*. No. 92).1. Federal Reserve Bank of Philadelphia, 1991). Assuming that you participate in the banking system, your financial status is visible to bankers and perhaps, to others. Banks and credit unions are permitted to share your information but must have processes in place to protect the personal information they collect, use, and share.

- a) From your perspective, when should a bank be able to review or share your account information?
- b) Provide a brief description for each of the following types of banks,
 - i) Commercial banks
 - ii) Credit unions
 - iii) Savings and loan associations
 - iv) Development banks

Task 5 (6 pts)

A stock market or stock exchange claims to be a collection of individual, perfectly competitive markets for the buying and selling of shares, bonds and securities.

- a) Define the characteristics of a perfectly competitive market.
- b) There are about 60 major global stock exchanges in the world. Would you expect that these stock exchanges are perfectly competitive markets? Explain why or why not.
- c) What are the functions of the Comisión Nacional Bancaria y de Valores (CNBV) and the Securities Exchange Commission (SEC)? Why are these government agencies necessary?

Task 6 (6 pts)

There a variety of types of corporations. In Mexico, the allowed legal structures for corporations are detailed in *La Ley General de Sociedades Mercantiles* (<https://mexico.justia.com/federales/leyes/ley-general-de-sociedades-mercantiles/>)

- a) One of the most popular types of corporations in Mexico is the *Sociedad Anónima de Capital Variable (S.A. de C.V.)*. What are the characteristics of the type of corporation?
- b) What are the legal and financial advantages for incorporating?

III. Interpretation and Translation of Economic Documents

Task 7 (9 pts)

Iacovone et al. have published an evaluation of the entire Mexico economy. (see Iacovone, Leonardo, et al. "Productivity growth in Mexico: Understanding main dynamics and key drivers." The World Bank, (2022).). The bottom line: Mexico's economic potential is hampered and has yet to be unleashed. Translate the following excerpt from the Executive Summary into Spanish,

[This] report undertakes, for the first time, a comprehensive firm-level analysis of the entire Mexican economy over 25 years, relying on the last six rounds of the Economic Census, which were conducted between 1994 and 2019 and surveyed more than 20 million businesses. It finds that Mexico's disappointing aggregate productivity masks large differences in productivity levels and growth across locations, sectors, and firms. A geographic productivity divide runs between the North-Center and South of Mexico, but large differences also persist between municipalities within regions. Fast-growing municipalities that have caught up to the Mexican productivity frontier, including in the South, while others have failed to grow at all. There is also a divide between modern firms, with access to finance and strong management, integrated into global value chains (GVCs), and more traditional firms characterized by limited access to finance and weak capabilities, unable to benefit from Mexico's regional and global integration.

The report shows that Mexico's aggregate productivity is weakened by structural factors at industry and firm level — access to finance, lack of incentives to invest in technology, managerial capacities, and the business environment — that impede productive firms' access to

resources....One thing is clear: beyond investment in capital and labor, accelerating growth will require unleashing Mexico's undoubted – but hitherto untapped – productivity potential.

IV. Topics in Contemporary Economics

Task 8 (6 pts)

Bolton et al. propose a variety of economic instruments to help mitigate global climate change. In particular, they suggest that “[a]A well-working global carbon market could generate substantial flows from rich to poor countries and help monetize the natural assets that these countries hold” (see Bolton, Patrick, et al. "On Debt and climate." *Oxford Open Economics* 2 (2023))

a) Briefly define and describe the general framework for a global carbon market.

V. Elements of Academic Work

Task 9 (6 pts)

Academic work in general, and academic writing in particular, both have very specific format and stylistic requirements. One standard formatting style is that given by the American Psychological Association (APA).

a) What are the basic elements of APA style?

b) Why is “academic voice” (third-person point of view) considered to be the standard for academic writing?

VI. Building Vocabulary

Task 10 (6 pts)

From the list of 215 words we have covered, select 10 words and provide definitions in both Spanish and English (see 5A_All-Vocab_25-2_Python.txt for vocab list).