Exam 3

Course Title:	**Terminología Especializada en Económica y Mercados Bursátiles**
Course ID:	**IT0522 (Marron, 25-2)**
Cohort ID:	**5C**
Exam Date:	**10 Apr 2025**

General Instructions: Print your name in the upper right-hand corner of this paper. Read each item carefully. Be sure that you understand exactly what is being asked of you. Begin your answers on the backside of this paper if possible and add extra sheets of paper as needed. Be sure to write your name on any and all extra sheets of paper. Staple all exam papers together when you are finished.

Do not look at other student's exams. If you have a question or a request during the exam, raise your hand and the instructor will call on you.. Do not leave your desk without permission. If you finish early, raise your hand and the instructor will call on you.

This is a closed book exam, however, you may reference your last homework assignment. 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. Answer in English unless requested to do so otherwise.

Task 1 (6 pts)

The "new institutionalists" argue that inclusive institutions (i.e., government institutions of exchange that cover property rights, rule of law, etc.) are solely responsible for a country's wealth building. Constantine argues, rather, that economic structures are the deep determinants of economic growth, where economic structures include both inclusive institutions as well as institutions of production (i.e., government industrial polices: tariffs, subsidies, etc.,) (see Constantine, C. Economic structures, institutions and economic performance. *Economic Structures* **6**, 2 (2017)).

a) Compare and contrast an *increasing returns economic structure* with a *stagnant returns economic structure*.
b) According to Constantine , how can a country acquire an increasing returns economic structure?

Task 2 (9 pts)

Kang, Ryu, and Webb use bibliometric analysis supplemented with in-depth studies to evaluate Bitcoin. They conclude that the cryptocurrency Bitcoin constitutes a unique and new type of financial asset being simultaneously a speculative asset as well as a safe-haven asset (see Kang, D., Ryu, D. & Webb, R.I. Bitcoin as a financial asset: a survey. *Financ Innov* **11**, 101 (2025)).

a) Translate into Spanish:

> *Since its introduction as a decentralized digital currency for peer-to-peer transactions, Bitcoin's role in financial markets has undergone significant evolution. We employ bibliometric analysis to explore research trends in Bitcoin, identifying two primary perspectives in the recent financial economic literature: Bitcoin as a speculative asset and as a safe-haven asset. The speculative nature of Bitcoin is evident through its high volatility and frequent price jumps, largely influenced by rapid shifts in investor sentiment and attention, which create both risks and opportunities for traders. Conversely,*

Bitcoin exhibits characteristics of a safe-haven asset due to its asymmetric tail dependence and negative correlation within certain asset classes.

b) How does Bitcoin guarantee peer-to-peer transactions?

c) Summarize the article's conclusions.

Task 3 (6 pts)

In addition to technological and societal innovations, many look to economics for help in solving the planet's climate crisis (see Patrick Bolton, Lee Buchheit, Mitu Gulati, Ugo Panizza, Beatrice Weder di Mauro, Jeromin Zettelmeyer, On Debt and climate, *Oxford Open Economics*, Volume 2, 2023,)

a) Approximately how many years remain before we overshoot the planet's carbon budget? That is, how many years do we have left in order to reign in greenhouse emissions so that the planet's base temperature rises by only about 1.5 C?

b) Although it is clear that climate change mitigation and adaptation strategies pass economic muster (i.e., pass cost-benefit analysis), why will it be difficult to realize such strategies?

c) Summarize the paper's six policy recommendations.

Task 4 (9 pts)

Provide a definition of the following terms in both English and Spanish:

- austerity measures
- bearish market
- blockchain
- debt-for-nature swaps
- ecosystem services
- Emissions Trading Systems (ETS) ("cap-and-trade" systems)
- FIRE economy
- green bonds
- Keynesian "pump priming"
- OECD
- rent-seeking behavior
- "tragedy of the commons"