

Economic Policy Case Study: Voisia

The country of Voisia is a small country with a fast-growing economy of 20% annually, but has a spotty track record of government R&D, particularly in new technologies. Recently, in light of oil cut-offs from OPEC, oil resources have become more scarce, and as a result more expensive as an import. The foreign affairs minister of Voisia has determined that there must be a decreased usage of oil-powered cars on the road by 2030 to ensure a more self-sufficient country; otherwise, there will be a risk of oil shortages as other countries reduce exports amidst falling profits.

The Government of Voisia would like to ensure Voisia is less reliant on by producing these water-powered vehicles domestically. However, the population of 4 million is not convinced of the viability of a domestic production of these vehicles. The optimal alternative for Voisia is water-powered vehicles: a small but growing sector that uses technology developed in the last 10 years. The technology works by performing dialysis on the water 'fuel' and feeding the obtained energy from the breaking of hydrogen bonds into powering a battery. This sector currently makes up 22% of all new vehicles registered in Voisia – one of the highest rates in the world. However, there are key barriers to further industry expansion, with little consumer understanding about the benefits of water-powered vehicles, the higher upfront cost compared to gas vehicles, and supply-chain issues with sourcing parts from abroad.

These cars are currently being manufactured in the neighboring country of Lucken, a close ally located 550 km away from Voisia. However, despite their proximity, there are many transportational limitations, such as mountains and lakes. The geographical challenge is especially prominent during winter and spring, when precipitation closes roads. Two years ago, the government planned to start the implementation of a domestic water-powered vehicle factory, but due to the COVID-19 pandemic, which forced the government to spend more on relief funds, this plan was never realized.

You are an external consultant hired by the government to explore the options and present to the Minister of Transportation (Judge) how you recommend Voisia move forward. The following options are currently being evaluated, and the reason to include or exclude each of the options



should be explained to the Minister. Carefully consider the drawbacks and benefits of each option.

Performance Indicators

- Analyze short- and long-term effects of each strategy presented in terms of economic effects both to corporations and individuals.
- Implement a reasonable timeline for all planned action.
- Examine suggested options to increase market share of water-powered cars in Aim as well as create a realistic, creative solution.
- Discuss all necessary steps needed to achieve a clearly presented goal.
- Use advertisements and campaigns to advertise the benefits of water cars to citizens of Aim.
- Examine methods of accumulating necessary funds and resources for planned action

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