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Directions for writing a case study (as of Nov 11)

The case study is not an essay or literature review on a general topic. The case study is a policy paper. I encourage you to consider real policy cases that require an assessment, irrespective of how difficult it is to perform such an assessment in an academically correct way. Academic research papers build their motivations on four basic elements: (i) problem, (ii) results, (iii) relevance, (iv) literature review. Here, I would emphasize items (i)&(iii): look at relevant problems that need to be addressed, without worrying too much about the quality of data and the existence of background literature. The case study should be your evaluation of the situation with potential recommendations for actions.

You can think about writing a policy paper to me (decision maker). I should be able to make a decision based on your analysis and recommendations. Alternatively, when there is no pressing decision to be made, it can be background paper that may help future decisions, that is, a "white paper". Private sector increasingly produces such white papers. We discuss many potential cases during the lectures, and you are free to choose a topic of your interest. There are some topics listed below. Check also *here*

Submission deadline: Dec 24, 2021, 7 pm.

Presentations: We organize feedback sessions where you should present your topic. The study should be about 50% ready so that there is something to be discussed. We will have a few full days for the feedback sessions. We'll work in small groups and your presence is required for two hours. We'll propose time-slots and a procedure for signing up. The plan is to have most of the presentations after the exam but options will be made available to present also before the end of the course.

Submission of the final work: follow the submission link on the webpage (TBA)

Groupwork: Groups of two persons are OK. However, you must evaluate yourself if the group dynamics works in your favor. As to grading, I do expect that a group also produces more (not pages but quality and substance matter).

Format: 10-12 pages. Please use concise language and include the following items: the description of the policy problem, analysis, and the recommendations.

Grading: I will look at the following items when the grading your work. The exposition should be coherent. After reading the Introduction, I should know the problem that you are addressing, your approach to the problem, and the main conclusions. Depending on the problem, you may need a separate section for describing the issue in detail. In the analysis part, I should be able to see your reasoning leading to the conclusions. The analysis could be building on your own elaborations, putting together arguments from external sources, or it could present your own data-based evaluations or calculations. In the final part, you may sum up the findings and make policy recommendations. The grade will be my subjective evaluation of how well you have succeeded in reaching these goals. The precise weight on any given part will depend on the nature of your work. In some projects, the problem itself may be demanding to describe, and it is understandable that the descriptive part is larger and your success depends relatively more on that part. In other projects, the focus could be on data or on quantitative analysis and thus more weight will be given to this part. Language is part of the exposition but I can give good credit for papers that are potentially unpolished at places but have tried to seriously quantify or otherwise thoughtfully elaborate a relevant and well-defined policy issue.

Some topics:

- From a press release: "Finland is committed to halving the amount of fossil fuel used in road transport by 2030. In a report commissioned by the Ministry of Transport and Communications that will be published today, researchers from the Aalto Economic Institute propose that the most efficient way to reach this target is to create a permit system for fuel sales in Finland. In this kind of system, distributors would be required to purchase sales permits from the state for every litre of fuel sold, and the permit would be tied to the carbon content of the fuel in question. The number of permits would then be decreased gradually so that by 2030, road transport would generate only half of the carbon emissions that it produces today." There are many open issues regarding this proposal. How much revenue would the system raise? How to organize the auction for selling the permits?
 - Here is current proposal of the government *link*.
- From another press release "Distribution rights system will raise fuel prices – compensation for people with low income will only require a fraction of the revenue from system". Economists developed possible compensation models based on extensive person and vehicle data. The report was published at a Ministry of Transport and Communications webinar on 27 October 2020. This is continuation work of the previous item, see *link here*.
 - How could such a rebate system be organized practise? In Canada, something similar has been put together *this way*. There is a carbon dividend system in California as well.
- City of Helsinki has decided to run down HITAS (housing price-and-quality control system used in Helsinki) *link*. What is the economist's recommendation? How precisely such a plan should be implemented? Suppose the system is eliminated over-night (unanticipated). Thinking through the impacts on the market would help you to identify the distortions that arise from the current system as well as the wealth transfers that are related to it. You could take it as given that the policy makers have decided to eliminate the system: what would be your design for the gradual phase-out of the system, given that over-night elimination is not possible?
- Health care reform: Lectures provide material, and *here* you can find a policy report (in Finnish) written by our departmental team on the topic. The most recent version of the health care reform is quite different – the analysis of that new version is one possible topic.

- Intellectual property and patents. The guest discussed cases related to concepts “FRAND” and “SEP” that provide a framework for negotiating patent licences. These topics might be too challenging if you do not have prior knowledge of the topic. Yet, if you want to try, a good place to start is Jean Tirole’s Nobel Prize lecture (last section) on the topic, see *here*. Another somewhat narrower topic on patents that is recent and that has been in the news is the pay for delay settlements. See New York Times on the issue *here*, and also EU commission *here*.
- The Finnish government has decided to open rail passenger services to competition in stages to be completed by 2026 (Aug. 10, 2017, Ministry of Transport and Communications). How should such privatization be implemented? Lectures provide some material. See also *here*.
- The city of Helsinki uses more than two billion euros annually for procuring services and equipments. How should such procurement auctions be organized? The bids in the auctions are principle public information through “Cloudia tarjouspalvelu”. *here* you can find a policy report (in Finnish) written by our departmental team on the topic.
- On 10 October 2016, the Government invited applications for licences for wireless broadband networks in the 700 MHz band. The licences will be issued through an auction process. FICORA (Finnish Communications and Regulatory Agency) is responsible for the practical arrangements of the auction. How should such an auction be designed? *here* you can find a policy report (in Finnish) written by our departmental team on the topic.
- Case Talvivaara (problematic mining company with liabilities that cannot be avoided by closing the plant): Cost-benefit analysis of the actions available. This could be a fruitful Case for a quantitative analysis regarding the past market development of the output and predictions for the future. This way, one could evaluate the value of the output in the existing half-processed storage, taking into account the risks involved when trying to process it to the final end-product. Obviously, one could evaluate the job losses if the plant is shut down, but the policy maker would benefit more from a neutral CBA, providing guidance on whether a public investment for continuation makes sense from purely economic point of view. You could also take a private perspective: does it make sense to invest private resources for continuation?
- Trade sanctions on Russia. It could be interesting to provide some quantitative discussion on the consumer side in gains in different product categories. If there is a need to subsidize the local producers, how much of the subsidy is financed by the fact the consumer prices are lower? Think in terms of the cost-benefit ledger (see the book).
- LNG Gas terminals in Estonia and Finland. This recent decision will create a market for gas that is linked to the world market. Look into the estimated investment costs and evaluate the consumer side gains from having lower world market prices – or, perhaps they are not lower, implying that the true motivations for the decision come from the security of supply considerations.
- Financial services regulation: There is a recent EU proposal seeking to achieve a system which allows financial services operators legally established in one Member State to establish/provide their services in the other Member States without further authorisation requirements. This leads to changes in the monopoly position of the ”Euroclear Finland”. What are the gains and losses from the change?

- Merger analysis: Look at cases that went to the Market Court (the material is public). The case study could be a report that challenges the decision made by the competition authority. What are the arguments that you could give to help the firms to overrule the decision? Alternative international recent case: AT&T and Time Warner merger.