

DEMAND

Workshop « Justice, Governance and Energy Services »

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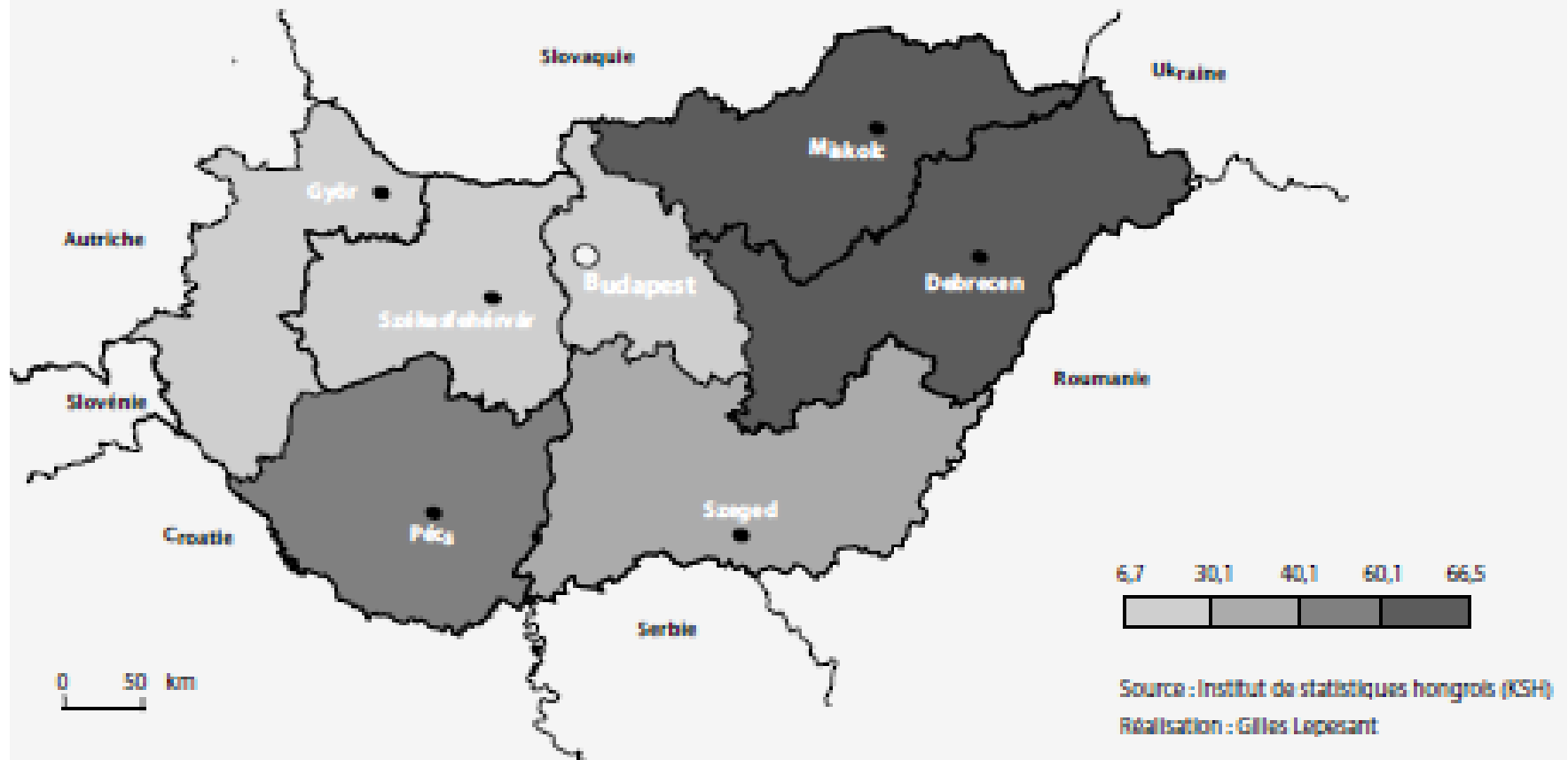
Social inequalities, energy poverty and populism in Hungary

Social inequalities and energy poverty

- Before 1990
- Energy expenditure in households, on average represented around 9% of a household's budget in the 1980s
- Consequences of the post-communist transition in Hungary
- Energy prices close to western levels
- in 1992, 49.2% of income (for the lowest incomes) and 15.1% of income (for the highest incomes) were spent on domestic energy
- Energy poverty due to a lack of financial resources (low income levels); not energy-efficient buildings
- The original English criterion (more than 10% of its income on heating) cannot be applied to Hungary
- Importance of a qualitative definition
- Social fracture – long lasting poverty
- Geographical disparity

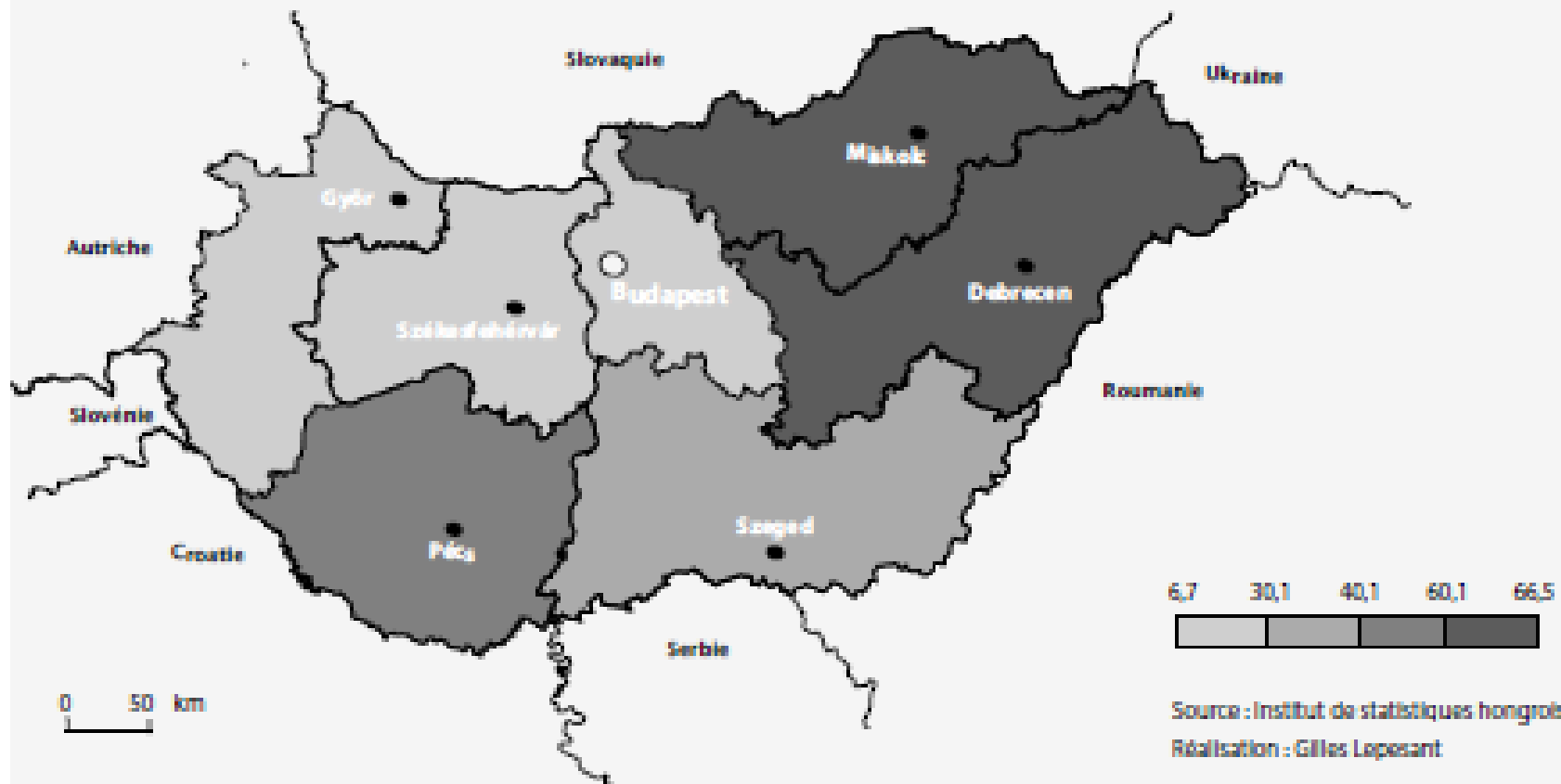
Number of persons receiving social aid per 1,000 inhabitants (2011)

Nombre de personnes percevant une aide sociale pour 1 000 habitants (2011)



Unemployment rates in regions of Hungary (2012)

Nombre de personnes percevant une aide sociale pour 1 000 habitants (2011)

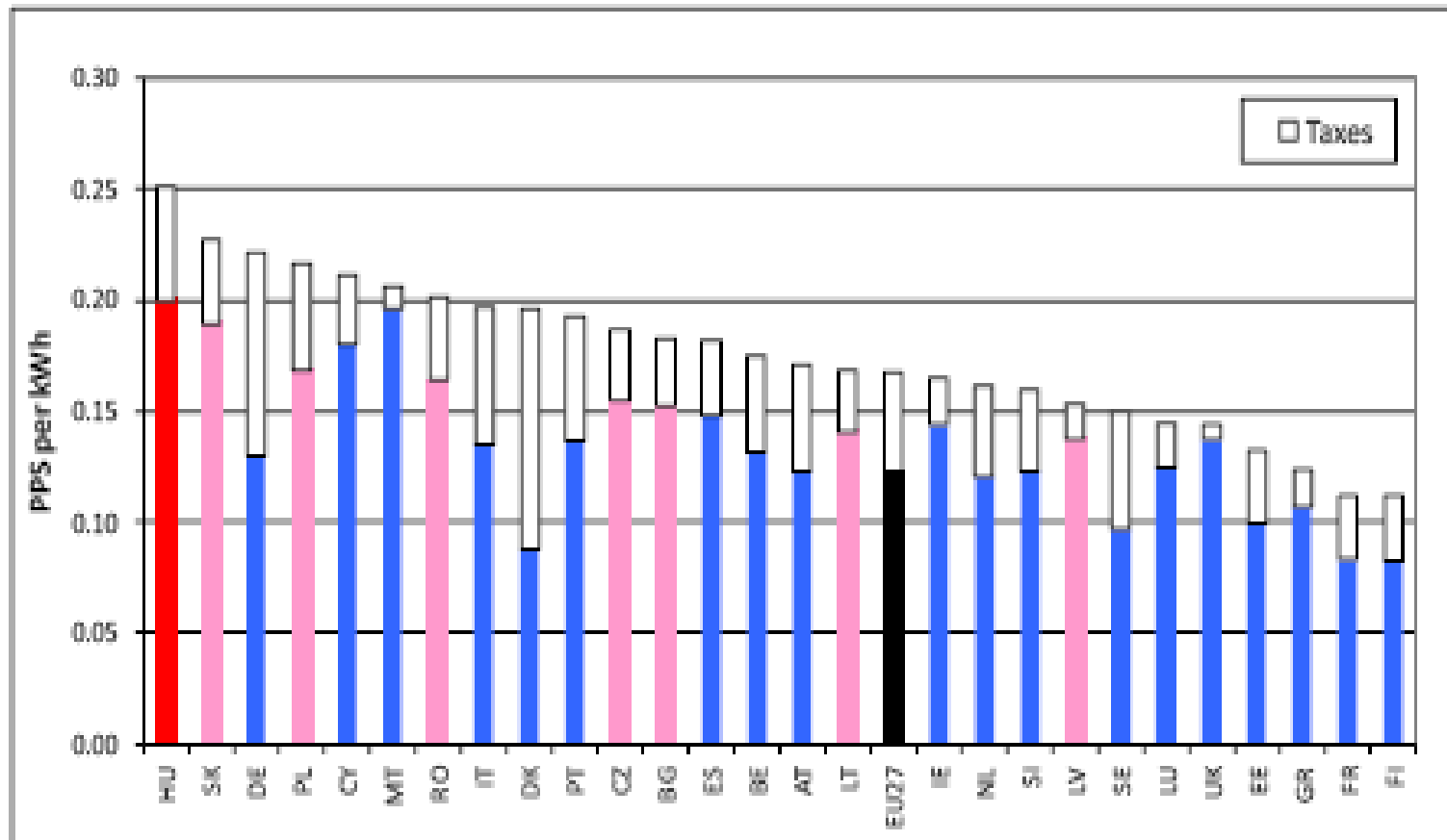




Privatisation, liberalisation

- In 1994 the new law on electricity was voted
- Privatisation did not force prices down (1995)
- Liberalisation (years 2000) did not force prices down neither
- Liberalisation has not changed the territorial nature of gas and electricity distribution
- Western investors have replaced the public monopoly of regional distributors by private monopolies of regional distributors

Average price of electricity for domestic consumers (2007 – 2011) taking purchasing power parity into account, source Eurostat



Energy efficiency

- Most buildings in Hungary are not energy-efficient
- Energy consumption per m² in Hungarian households is 11% higher than the European average
- Energy consumption of Hungarian housing could be reduced by almost half (experts, reports)
- Main characteristics of the Hungarian housing stock
- Energy-saving improvements exist (a new program announced yesterday) but this question remains a low political priority in Hungary
- Large amounts spent to help households pay their energy bills

20 years of transition and the FIDESZ power since 2010

- Problems of poverty in general and of fuel poverty in particular have still not been resolved - they have worsened
- More than a third of the Hungarian population is now considered to be poor
- Financial crisis significantly weakened the Hungarian economy
- The State, weakened and heavily in debt, has been unable to prevent the socioeconomic situation from worsening
- There is no coordination between fuel poverty actors in Hungary
- FIDESZ came to power in 2010 (political right)
- Anti-European, pro-sovereignty rhetoric and actions
- Control of the media, cronyism, centralisation
- Stigmatisation of the poor and of the Roma minority
- Radicalisation

Energy policy and populism

- FIDESZ government introduced new crisis tax structure (energy sector, banks...)
- Decision to lower regulated prices (gas, electricity, district heating) - direct State intervention on energy prices (-25%)
- **Without taking into account consumption and income levels of households:** populism and demagogical decisions
- New victories in 2014 for the FIDESZ (general and european elections) – the role of energy policy
- Foreign investors are being pointed a finger at
- Political will for renationalising the energy sector is openly stated
- Back to the eighties?
- Emergence of a new type of populism?

Environmental and climate issues



Thank you for your attention