

موضوع: اثرات رفاهی اصلاح یارانه های انرژی

Reforming energy consumption subsidies, in particular for fossil fuels, has been frequently referred to as a quick-win policy to enhance environmental mitigation. In addition, the removal of such subsidies may release a sizeable portion of a country's national budget for use on more productive targets. One of the most recognized challenges of such reform is “selling” the new energy prices to citizens, particularly those with a more fragile purchasing power. Several empirical and technical studies have prescribed that the reform might be supported by a direct compensation mechanism in order to ensure feasibility. This is what was done during the recent energy subsidy reform in Iran. However, the compensation mechanism implemented in Iran's reform was successful at the beginning, but did not proceed as expected. This has raised questions about the feasibility and sustainability of the direct compensation mechanism, and even of the reform policy itself. In this paper, we consider a stylized model where direct compensation is the instrument proposed to restore consumers' utility against increased energy prices. We find that, when prices of Other Goods are affected by the announced reform policy, the feasibility of a subsidy reform critically depends on the value of certain parameters: the initial subsidization rate, the share of energy in the consumers' bundle, and the energy portion of price of Other Goods.