

Discussion of

The distributional effects of energy price caps

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Three main points

1. Interpreting the results
2. Differences among countries
3. Other policies

1. Interpreting the results

Main result

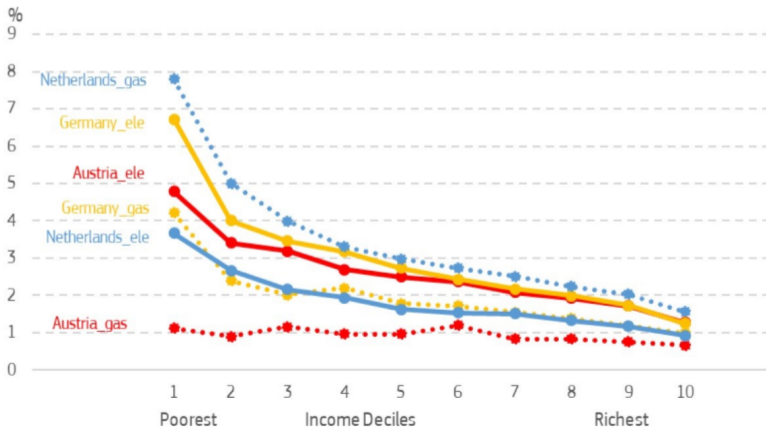
Price caps reduce inflation-driven-Gini as much as equivalent-sized lump-sum transfers.

- ▶ Quantities are **constant** ! Price-caps and lump-sum transfers only differ due to **targeting**.
 - ▶ Price-cap is transfer targeted to *high-energy-share* HH i.e. the poor.
 - ▶ “Lump sum” by definition un-targeted and thus less effective.
 - ▶ Mechanically, it seems price cap >>> lump-sum transfer.
 - ▶ Not true in data. **why?** Also, fully targeted lump sum reduces inequality less than lump-sum to all households. Seems strange. **why?**
- ▶ Authors move to Δ Gini per p.p. of GDP spent. They show transfers are better than price caps, but not if targeted to bottom 1^o-2^o quintile:
 - ▶ Not clear what's the difference, bc lump-sum transfers constructed **same size** as price-caps.
 - ▶ What drives the difference in relative effectiveness at the bottom of the distribution?

2. Differences among countries

Annex 2. Additional Figures

Figure A8. Average share of households' income consumed in gas and electricity, by income deciles.



3. Other policies in these countries

- ▶ Each country intervened in different ways. All of them:
 - ▶ Reduced VAT on energy
 - ▶ Made transfers to vulnerable groups (!)
- ▶ How do these policies affect the analysis?
 - ▶ Can *switch off* other parts of policy package to isolate the effect that is only due to price caps?
 - ▶ Can give comprehensive assessment of policy package in different countries?

Thanks for your attention
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