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Overheads Reduction: Policy Change as a Political Innovationⁱ

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Abstract

The study investigates the overheads reduction initiative, leading issue of public policy in Hungary between 2013 and 2014 in the face of the punctuated equilibrium theory. The case is examined from the perspective of how the punctuated equilibrium theory and the associated concepts (as policy image, policy monopoly and stream) can be applied to the overheads reduction initiative, a significant change in the public policy. After clarifying the terminology, the study presents that the increase of the expenditure of the domestic energy along with the rising number of those in arrears have already been issued as a real societal problem for years. Nevertheless, the intermittent character and the emergence of the policy image and monopoly can be justified with the priority of political aspects and the aspiration for bigger popularity. The series of provisions of the overheads reduction initiative perfectly match the governmental narrative. Between the discourse of the overheads reduction initiative generated by the government and the punctuated equilibrium provisions and the climax of popularity of Fidesz, a close interrelation can be detected. However, the widespread support of Fidesz cannot exclusively be attributed to the overheads reduction initiative.

Keywords: overheads reduction, punctuated equilibrium, public policy monopoly, public policy image, public policy window.



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Introduction

The study investigates the case of the overheads reduction initiative as a main shift in the public policy from the perspective of the punctuated equilibrium theory and how it can be applied to its analysis. With the measures of the overheads reduction, the government reacted to a real social problem, which, however – except for the government itself – has not been articulated through the activities of other actors in the field of public policy. Until the government took action, the case has not entered the ‘problem stream’ (Kingdon, 1984), even though there were a significant number of people holding debts, and their number kept growing since 2003, moreover a respective proportion from the domestic income has been spent to pay off the overheads. Apart from this, the amounts of the outgoings per capita for home maintenance and domestic energy have permanently been growing between 2000 and 2011. Not only did the increase of overheads and the accumulation of arrears appear as a problem, but also the debt spiral associated to it. In the given case until the end of 2012 – in contrast to the foreign currency retail borrowers – even though the social problem permanently existed the pressure to bring the issue on agenda has not been generated until the action of the government.ⁱⁱ

The issue of the overheads reduction was therefore integrated into the political stream by the government, by the act of which it becomes one of the top priorities of the government. All these actions result in a shift in public policy, to tackle the problem, changes in the legal framework and institutional background enter into force. The government acting as a policy entrepreneur – as the only one contributor involved as a public policy actor – allocates the resources to ensure the realization of the overheads reduction initiative, chooses from the appealing options in a way to secure the governmental philosophy and the potential growth of its support. From the initial point of being articulated and entering the problem stream up until the institutionalization of the public policy changes, the government dominated the whole discourse.

These determinations and the subsequent application of the punctuated equilibrium theory to the case of the overheads reduction initiative lead to the conclusion that this measure cannot be accounted for as a purpose of stabilizing a public policy problem, but only as a means of prevailing the primacy of politics in order to increase support. As a consequence I did apply the phrase „political” innovation in the title of the paper.

In a series of measures taking place from January 2013 in three waves (January, July and November), the government engaged as a ‘case operator’ and public policy innovator came up with a different solution (‘policy image’) than previously applied regarding the price regulation of domestic energy and did not only break the former equilibrium, but also introduced the waves successively. To justify for the punctuation, the case of overheads reduction has risen to be an issue of macro-politics respectively. The new policy image and monopoly has altered the position of the other political actors according to the content of the overheads reduction. After the incremental changes, with the year 2013 the consecutive shocks anticipated and reinforced the changes in the future periods (positive feedback). All this can result in a new state of equilibrium and the reduction of intentions for further radical changes, which as a negative feedback could shift the system toward stability.

In the background of the formulation of the new ‘policy image’ the political purpose was the ultimate goal, and not the high costs of domestic energy or the outstanding amount of people in debt. The interrupted sequence and the collapse of the previous public policy monopoly were facilitated by the fact that the series of measures in question were integral parts of the governmental communication and philosophy of the ‘economic freedom-fighter’.

The study introduces the configuration of the latter, and with the help of the Hungarian adaptation of the database, the Hungarian Comparative Agendas, it also tests the application of the punctuated equilibrium theory to the overheads reduction initiative.

Theoretical Framework

Within the meaning of the punctuated equilibrium theory (Baumgartner – Jones, 1993; True – Jones – Baumgartner, 2006) policy changes most often occur incrementally (gradually, with small steps), however in the face of the practices of the policy subsystem they overthrow they prove to bring about significant changes. The punctuated equilibrium theory explains both stability and drastic change by identifying periods of equilibrium or near-equilibrium when a given issue or case is controlled by a given subsystem, or identifies defective periods of equilibrium when a given issue is addressed on the level of macro-politics. In the latter case, even small-scale changes in the objective circumstances can create significant alterations. This positive feedback process (Will – Gray – Farrall – Hay, 2015: 4) occurs, when a change - even a minor one – amplifies future changes. The process of political decision-making is defined by the political-institutional system, the limited rationality and overload of the decision-makers. The basis of the decision-making on the one hand rests on the definition of the cause, and on the other is the process, during which individual thematic appear and others are withdrawn from the agenda. The emergence of a certain issue can be underlined by the fact that the issue is embraced by a new actor (civilians, trade unions or political pressure from other kinds of alliance of interests), due to political or economic crisis, or alterations in the visibility of a certain topic by the media or the citizens. The punctuated equilibrium theory is based on the idea that the major part of the public policy decision-making occurs outside the realm of macro-politics, but within the subsystems of public policy. Still, there are certain cases that are temporarily distinguished from the given policy subsystem and with their rise to the macro-political level an output different from the expected can be calculated (True – Jones – Baumgartner, 2007).

The change of the formal policy image would also lead to the point that the case will be set at a macro-political level. The term 'policy image' is defined by how each of the individual policies are perceived, discussed and understood by the public and the political elite. Therefore, the policy image is a 'mixture of empirical information and emotional responses' (True – Jones – Baumgartner, 2006: 161). Politicians, government officials and other interested parties are diversely motivated in how they interpret certain policy issues, especially according to the benefits they expect from these interpretations. Baumgartner and Jones connect the term of 'policy arena' to the foregoing issues, which regards the set of institutions where relevant decisions are made – like the representations of the administrative sector, the house of the parliament, local authorities and the courts. Change in the policy images entails change in the policy arena (and vice versa), the alteration of the location can significantly add to the facilitation of the change of image (Baumgartner – Jones, 1991: 1046-1047).

The policy subsystems and the restrictions towards the new participants are the key elements of the framework of the punctuated equilibrium theory, as are the monopolistic arrangements of the policy subsystems. Policy monopolies define those institutional structures that form the policies and also restrict other participants' access to their development. At the same time, it is a supporting idea that is linked closely to this structure. Policy monopolies structures those political and social norms around which the given policy debate is organized. When an image gets generally recognized, it is often connected to a policy monopoly. A successful policy monopoly systematically reduces the pressure that would bring about any changes, therefore could be described as a negative feedback process. The monopolistic structure of

the given policy subsystem can also change, when new participants of adverse interests get in the subsystem. New interpretations of the policy questions can attract new participants into the decision-making process that can weaken the existing policy monopolies or can directly lead to their collapse. In harmony with these, monopolistic control over the policy arena can also hinder the alteration of the policy image, thus reducing the possibility of the policy to change. It can be stated, that individual problems are as closely linked to the question of the image, as much monopolistic control is performed on the level of decision-making over the policy (Romero, 2009: 3). The punctuated equilibrium theory well recognizes the intentions of political figures to strategically form the policy image through rhetorics, analysis and symbols that support their political aims.

During the long-term examination of the policy decision-making processes of the United States, Baumgartner and Jones described how policy monopolies are constructed and demolished in the following ways. According to their observations, if policy actors excluded from the monopoly stay inactive or apathetic, than the institutional arrangement usually remains firm, and only incremental changes can be foreseen in the given subsystem (negative feedback process). The shocks to the policy system can be self-generative – causing a kind of trailer-effect - so they can easily lead to further changes or excessive reactions. These positive feedback processes can be associated with large-scale interruptions, and are likely to entail the collapse of the established policy monopolies. As pressure towards change is amplified, resistance is likely to be maintained for a short time, although, if pressure is sufficient, it is likely to lead to significant interventions – with the participation of political actors and governmental institutions previously not involved. For that to happen, however, fundamental changes are required in respect to the supporting policy image. As the issue undergoes a re-articulation or new dimensions of the case are revealed, so are the new actors more likely to stick to rewriting the rules, altering the old structure and reinforcing the institutional ones. Thus, the groups who had previously dominated are now forced to share their power with new actors who have just acquired permission to it. All things considered, those changes that are put into the effect after the termination of the policy monopoly are likely to close back in the future after an institutional reform is made, and by the withdrawal of the case from the agenda the foundations of a new equilibrium are laid. All this implies that the resistance characteristic to the policy subsystems is amplified again against the dramatic changes, thus encouraging the incrementalism and reinforcing the negative feedback. These institutional arrangements entrench the decision-making process and endeavour to eliminate the differences, and with the exclusion of certain ideas or interests they isolate the system from shock (True – Jones – Baumgartner, 2007: 159).

From a theoretical perspective, the term 'policy window' shall also be referenced. The policy window opens when the problem, politics and policy streams meet (Kingdon, 1984). Policy windows are opportunities for action on certain initiatives (Romero, 2009: 5), that open occasionally and stay open for a while, making it possible for a case to become priority on the level of decision-making. It is relevant to underline that policy windows are also likely to open as a response to the emergence of new problems. When speaking about the overheads reduction initiative, I regard this case to be relevant – in contrast to those „openings” that emerge in case of a change of government or significant crisis, and tend to attract the attention of the decision-makers also in a greater degree. Where a policy window opens, policy entrepreneurs will use the opportunity to connect the streams in order to suggest solutions to the problems and play a defining role in the policy change. The latter play a central role in the 'softening' of the broader public, they dominate the drawing up of proposals and perspectives.

Between 2006 and 2014 number of occurrence of various issues concerning soaring household energy prices in agenda is in line with what the punctuated theory says: overheads reduction has been

characterized by stability and minor changes for a relatively long time, but dramatic shifts in the agenda happened after 2013.

The following case study assumes that the punctuated equilibrium theory ensures an adequate framework for the analysis of the overheads reduction initiative. The focus of the study covers the periods of the two governmental cycles between 2006 and 2014. It aims to describe the processes in the light of the laws on domestic energy, interpellations, and media coverage (due to limited access, the latter is based on a database processing data from the period between 2010 and 2014), its frequency and content. In line with the statement of the study, since 2013 the overheads reduction procedure does not only lie in a state of being interrupted, but according to the theory, it also proves to be an opening policy window and consequently, via the new policy image the issue have risen to macro-political level.

In the absence of extensive knowledge about the decision-making rationale of the government, the study departs from the hypothesis that it is mainly induced by policy problems (such as debts, and the volume of the outgoings spent on domestic energy) based on available information, by the detection of which the government can subjugate the tackling of the challenge to its political will. The government – as a policy innovator – detects and understands the ‘overheads issue’ in a different manner as it was detected and understood previously. As the new approach of solving the problem is well-embedded in the general governmental communication (‘economic freedom-fight’), a new policy image is being formed. The government together with the governing parties define the new procedures of the regulation of the overheads costs, and change the former institutional structure as well.

The newly established policy monopoly structures those social and political norms that are organized around the overheads reduction debate, so defining the discourse on the regulation of domestic energy costs and the policy positions of the other parties and organizations involved, as well. After autumn 2014, the measures concerning the overheads reduction initiative have not been changed significantly, however, the study does not undertake to argue for the permanence of such incremental changes like before 2012 – even if the institutional arrangements (such as the sectoral consolidations, territorial integrations) track record of the permanence of policy monopoly.

After the presentation of the theoretical framework, I continue with introducing the changes of the actual mechanisms of the overheads reduction, and then I will carry on describing the policy and political background of the measure. The ‘interrupted’ character of the actual measure is amplified by the integration of the overheads reduction initiative into the governmental narrative. I also plan to address this issue when describing the political dimensions of the case. Subsequently, I will demonstrate the application of the punctuated equilibrium theory to the overheads reduction initiative through an overview of the legislative and media agenda, in the face of the available database. As a conclusion, apart from underlining the applicability of the given theory, I will also refer to the future extension of the case study on the basis of the theory.

The Policy Background of the Overheads Reduction Initiative

In Hungary, domestic consumers have access to electricity and gas at a centrally fixed price within a universal service. According to the data provided by the KSH, the outgoings per capita spent on household maintenance and domestic energy increased by 180% in Hungary in the period from 2000 and 2011, which imply stagnation in real terms in the period considered. Of these, water supply and sanitation required an increased investment of 188%, electricity prices of 179%, gas through mains or gas cylinders of a general 229% in 2011, in contrast with the beginning of the 2000s. The overheads costs have increased by 12.3% in the period between 2009 and 2011, and exceeded the average 9% increase of the consumer prices in

the period considered only to limited extent. Practically, water costs remained broadly at the same level, while the costs of electricity have been slightly reduced, and the gas fee increased by 5%.

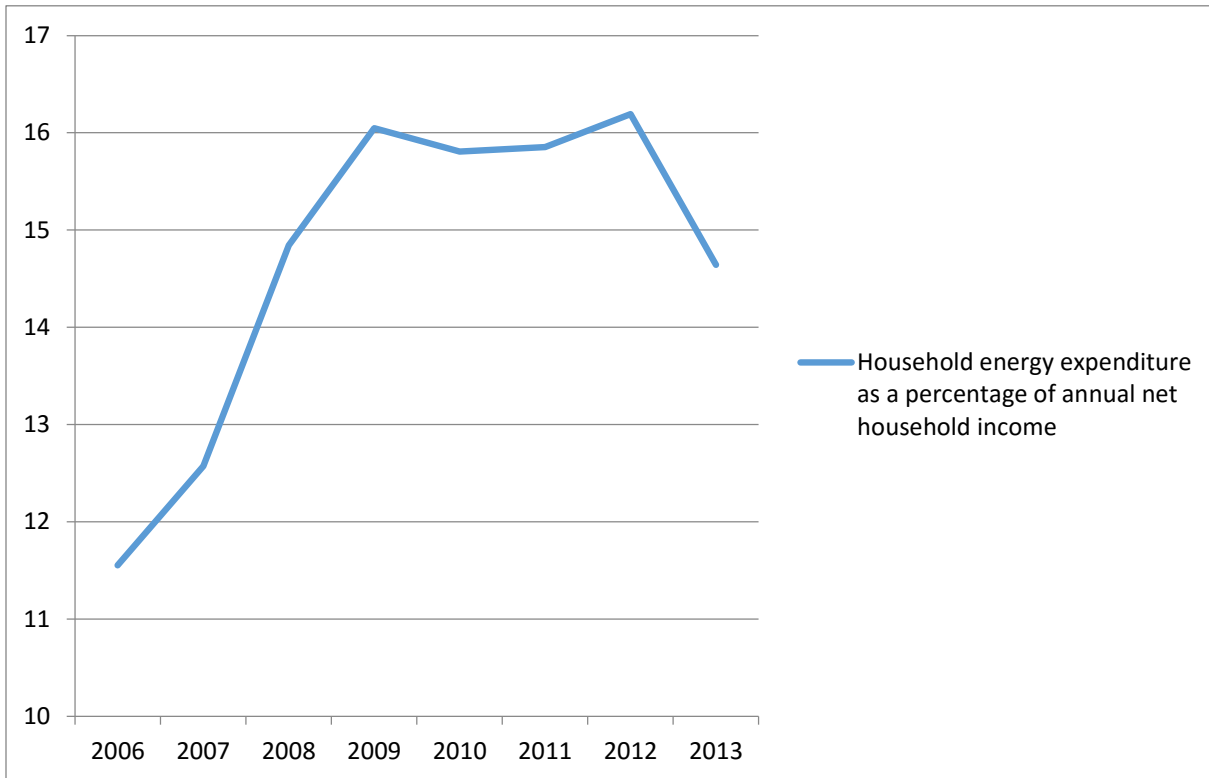
Previously, in 2009, a data collection focusing on the debts in electricity, gas and district heating was carried out at the request of the Government's Youth, Social and Family Affairs Committee, which indicated that the level of indebtedness – also in effect of the economic crises – has increased drastically compared to the results of a similar survey conducted in 2003. To 2009, the number of those in arrears of electricity costs increased by 66% to 2009, and the number of consumers with individual excess deliveries due over more than one year has been drastically increased. The number of those in arrears of gas costs has also multiplied about sevenfold (Herpai, 2010: 22; 32). The majority of the consumers in debt were in line with a range between 31-90 days – in the case of all the types of energy (Herpai, 2010: 28).

The research carried out by the TÁRKI Institute for Social Research published in May 2012 came to the conclusion that in the year of 2011 around the quarter above the population failed the debt repayments or other utility bills due to lack of cash. This rate is similar to the results published by TÁRKI in May 2011 within the same topic. The results of the inquiry showed that 22% of the adults failed to pay the utility bills at least once over the past year for financial reasons.ⁱⁱⁱ

In 2012, the overall amount of arrears amounted to more than 140 billion HUF. In the case of nearly 300 000 families the shut-down of the service was due. During the time period covered by this record, the general amount claimed by the electricity suppliers equalling to 46,500 HUF and 34,300 HUF by the gas suppliers, among those being 61-90 days is due. Then, in the case of those in arrears for a year it could be c. 70, 000 HUF shortfall. In the case of district heating, the general amount owed was remarkably larger, it was likely to have reached the amount of 340,000 HUF with the debts due over a year, and the average household debt approached the amount of 180,000 HUF.

From 2006 until the beginning of the period under examination, the costs of gas and electricity have risen at a faster rate, faster than both the index of consumer prices and the increase of the average gross monthly salary in the national economy. The gross monthly income between 2006 and 2012 covered less and less amount of fuel, gas, electricity and water.

According to the survey published by the OTP Building Savings in August 2012, an average Hungarian family spends an annual 420,000 – 600,000 HUF on overheads. The survey suggests that 50% of the families belong to the category in which they must pay the volume indicated above. 27% of the families must pay the expenses lower than 420,000 and 23% is charged with more than 600,000 HUF annually. If I consider the amount of the expenditure on overheads in proportion to the total household expenditures, I will find that among 55% of the families the overheads costs amount to the 25-50% of the total monthly expenditures. Only 23% of the households fall within a category of below 25% and the rate of those beyond 50% is not less than 22%.^{iv}



Source: Hungarian Central Statistical Office

Figure 1.
Household energy expense as a percentage of annual household income



Source: Hungarian Central Statistical Office

Figure 2.
Relation of average gross earnings and different energy prices.

According to the data contained in the household budget survey carried out within the scope of the NegaJoule2020 research, Hungarian households generally spend 20% of their total income on utility bills on an annual basis. If I only consider the households of the lowest-income (lower 30% of the households), they spend an average 29% of their income on energy. The median is 17%, which means that half of the households spend less than 17%, and the other half spends more than 17% of their income to cover the costs of energy. According to the data of the given research, those households which spend more than 34% of their income on energy – both according to the declared and the calculated energy costs – are almost exclusively the poor households.^v

Before the overheads reduction initiative, since the implementation of the universal service (2008), individual suppliers offered electricity at different prices. From 1 January 2008 on, the universal service and the competitive market of electricity replaced the utilities in the case of residential consumers and other low-consumers. Between 2008 and June 2010, individual suppliers calculated the prices; they made the requests of pricing to the Energy Office. From July 2010, a ministerial decree has regulated the official prices, which does not permit to fix a higher price in the contracts (Magyar, 2015: 8). The gas price support system as a guaranteed support system has been in force in Hungary from 2003 until the end of 2006. From 2007 until September 2011 the aid was granted on social grounds, and consequently, the number of households provided of support, broken down by one year periods, has been reduced to half, c. 1.5 million. From September 2011 the energy-support system has melted into the household maintenance system in a way, that the income threshold required for the household maintenance aid increased to the income threshold of the energy-support (Fellegi – Fülöp, 2012: 18). This policy monopoly has been undergoing a change from 2013 on.

As for the overheads costs, the Orbán-regime tried to hibernate the prices in 2010 – these intentions can be justified by the frequency of media coverages on the given issue^{vi} –, however, the measure failed to be efficient and did not change the former policy image, did not cause a significant shift in the system. At the end of 2012, in a radio interview on 30 November, Prime Minister Viktor Orbán indicated, that the government do not only work on freezing the prices, but also on reducing the overheads costs. Following that, on 12 January 2012, government spokesman provided the information that with the coming 1st January in 2013, the price of residential district heating, electricity and gas will be reduced by 10%. It is important to note, however, concerning the policy content of the measure, that even if the above mentioned data indicated that increasing energy price was a serious concern primarily for the lower-income households, the government measure did not differentiate between the consumers. Consequently, in absolute terms, larger-scale consumers receive more benefits.

In the first year of the overheads reduction initiative (2013) three waves (January, July, November) occurred, while in 2014, until the parliamentary elections (April) one, and until the municipal elections two more steps of the actual overheads reduction initiative came into force. The residential overheads reduction of 10% applicable from 1 January 2013 – gas, electricity and district heating supply – is actually a case of transfer in kind to the population. The aid level depends on the volume of the household consumption and the difference between the 'justified' price increase^{vii} and the proportion of the reduction. That is, the scale of savings equals to the multiplied amount of the difference between the consumed quantity per year and the volume of the overheads reduction (-10%) and the postponed price increase (+5%).

The overheads reduction measures concerning household energy were at the third wave in the first quarter of 2015. According to the calculations of the Hungarian Office of Energetics and Utility Legislation (MEKH), the measures have increased the disposable incomes of households by 334 billion HUF so far.^{viii}

The government strengthened the enforcement applicable from 1 January 2013 with a control working group set up parallel on 1 January, than with a ministerial decree on invoicing, consumer protection policies and an overheads threshold further fostered the measure. The latter has registered 1,400 notifications in one month. One month after the implementation of the overheads reduction initiative, János Fónagy, the Secretary of State in the Ministry of National Development put forward the extension of the measure, afterwards, on 7 February 2013, Antal Rogán, floor leader of the Fidesz parliamentary fraction presented the details, that in the future the price of water, drain, sanitation, waste disposal, gas and chimney sweeping will be reduced generally by 10%. In May to protect the measure, Fidesz started a campaign of collection of signatures. János Lázár, leading Minister of State Secretary proposed the third step in the overheads reduction initiative, and on 29 April the government announced the reduction of costs of chimney sweeping and sanitation after the limitation of the costs of waste treatment, water, drain, and propane butane gas. Later that year, with 1 November the price of gas, electricity and district heating become lower by another 11. 1%. Parallel to the communication of the overheads reduction and the measure package, the government has put forward the design and construction of the implementation of a long-term, non-profit utility supply system. ^{ix}

Table 1. Adopted laws regarding overheads reduction

Proposal number	Bill	Date of approval
T/10308	About the implementation of overheads reduction	29 April 2013
T/11205	About the overhead reduction in the matter of sniffed waste water, as well as certain laws further overhead reduction related amendments	21 June 2013
T/12491	About the amendments of certain laws required for the implementation of overhead reduction	14 October 2013
T/12846	The amendment of the LXXXV. law, about the money circulation supply, from 2009 in correlate to financial overhead reduction	11 November 2013
T/12977	About the unified public service account files	12 November 2013
T/13138	About the amendments of certain laws related to the implementation of overhead reduction	17 December 2013

The Politics of Overheads Reduction

According to the breakdown of quarterly balance, it is visible, that at the end of 2012 media appearances targeting the overheads reduction initiative get activated, when Fidesz and the government actively initiates content development and its communication.

From the foregoing, it is clear that the upward trends of the household energy expense or the increase of the debt spiral do not appear on the media agenda despite of the permanence of the arrear problems. It appears sporadically rather than as a dominant policy problem. In contrast to the foreign currency loan 'activities' started to be organized already before 2010 and also present during the cycle of 2010 and 2014, in this case no policy actor gets organized, who would include the issue in the agenda or insert it into the problem stream in place of the parties. While in the case of the foreign currency loans, a remarkable civil organizational web came into existence^x and by their activities the issue of 'helping out the foreign currency loan victims' entered the political stream. Without taking account some opposition from the part of Jobbik like the 'market conduct of utility suppliers' type of remarks or disclaim on the high overheads costs, the problem remained unclaimed. The issue became part of the daily agenda after the radio

interview with the prime minister, thus in the following December the permanent strengthening of the issue began.

The first wave of the overheads reduction initiative from 1 January 2013 reached the pinnacle of its media representation, while later that year, the third wave generated an even higher increase. The upward trends of October 2013 were initiated by the political declaration plans of the Fidesz on the overheads reduction, before that, Viktor Orbán declared 2014 the year of the war on the overheads at a civil picnic in Kötcsé in September. ^{xi}

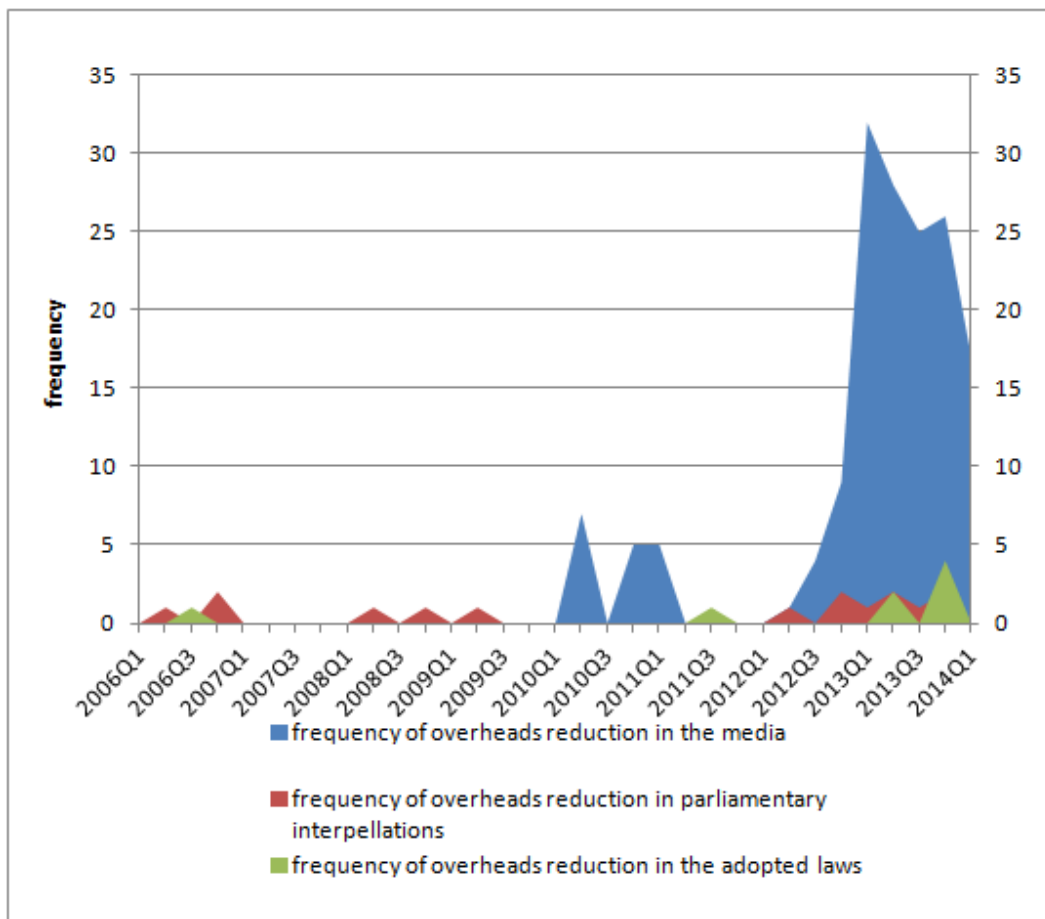


Figure 3.

Quarterly number of appearance of overheads reduction in the media, in the form of parliamentary interpellation and in laws

Beyond the frequency of the media coverage on the topic, the comparison of the issue with other fields of public policy illustrates that the question of overheads reduction did not remain within a policy subsystem, but appeared at a macro-political level – than with the extension of the discourse’s content (‘war on the overheads wages’) – it displays a significant dominance. (Table 2 indicates the increase in the number of the general economic policy issues, and Table 3 shows the volume of coverage on economic policy broken down to sub-themes, indicating the increase in the number of media appearances concerning price regulation.)

Table 2. Changes in number of appearance in general public affairs, 2012-2013

	2012 [%]	2013 [%]
Justice and criminal policy	14.8	8.8
General macroeconomics	10.5	14.1
Government operations	9.2	13.1
Education	6.2	5.9
International affairs, EU affairs and foreign aid	5.7	2.1
Culture	5.7	2.6
Political parties	4.8	7.5
Banking, finance and Domestic Commerce	4.8	6.7
Transportation	4.6	2.7
Agriculture	4.6	2.6
Others	29.2	33.9

Table 3. Changes in the issues of economic policy, 2012-2013

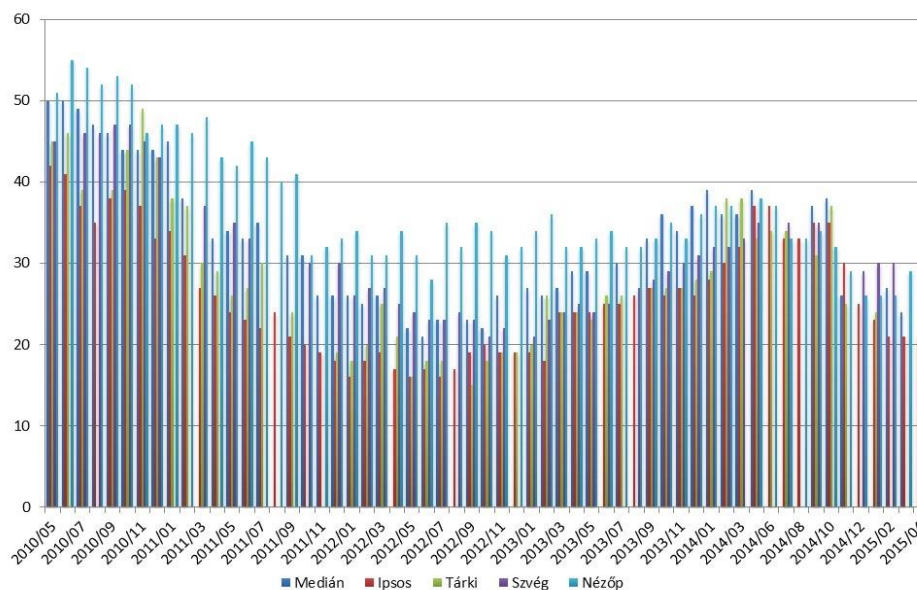
	2012 [%]	2013 [%]
General Domestic Macroeconomics Issues	12.5	16.6
Inflation, Prices and Interest Rates	9.3	10.7
Employment, unemployment and inactivity	8.5	7.3
Monetary policy	13.3	16.4
Fiscal policy: public finance, central budget, public debt	19.7	8.0
Taxation, tax policy and tax reform	24.1	12.3
Industrial policy, sectoral policy, developmental policy	11.3	6.2
Price regulation	4.0	21.4
Others	0.3	1.1

Each of the overheads reduction phases produced appearances both in the media and in the field of legislation, dominating the media space significantly. The low number of the interpellations can be explained on the one hand by the fact that the opposition should have formulated a leftist critique to the 'populist' measure, and on the other hand, it criticize the measure in the light of the 'validity' of the policy monopoly once held at a state of equilibrium which collapsed after the punctuation came into force –

therefore it gave up this strategy. The figure in question illustrates the inactivity of the opposition mainly as a sign of the ineffective adaptation to the emerging policy monopoly.^{xii}

It can be further clarified, that the overheads reduction initiative entered the political stream as a result of a governmental activity. The government rules the issue as a sole player; the initiatives do not come from the 'general public', but following a governmental thematization. The government 'problematizes' the issue and gives a response to it. According to this, I can assume that I can speak of a consciously developed political initiative.

This hypothesis can be underlined by the fact, that Fidesz having gained 2, 706 292 voters in 2010 lost half of its voters till May 2012, moreover according to the database^{xiii} of Ipsos dating back until March 1995, Viktor Orbán has reached a negative peak in his popularity at the period under examination. Since then, the party has remained permanently in this range measured at that time, and has only shown an increase from January 2013.



Source: torokgaborelemez.blog.hu

Figure 4.

Opinion polls support for Fidesz among the entire population, 2010-2015

Towards the 2014 parliamentary elections, the support of Fidesz has been grown significantly.^{xiv} It is clear from the data (**Figure 5**) that between the discourse on the overheads reduction generated by Fidesz, the government measures and as a result the overall media coverages on the overheads reduction initiative and the growth of popularity of Fidesz are closely interrelated (the correlation coefficient is 0,65 between the two lines indicated in **Figure 5**). On that basis it might be thought that there is a link between the media appearances covering the overheads reduction – the background of which is supplied by the governmental announcements and measures – and the upward shift of the Fidesz party from the crisis of 2012 third and fourth quarter results. Naturally, it is out of our reach to evidence the causality, and the study

does not undertake this venture either. It should not be excluded, however, that there is a correlation and a high possibility that the political goal of the measure was to increase popularity.

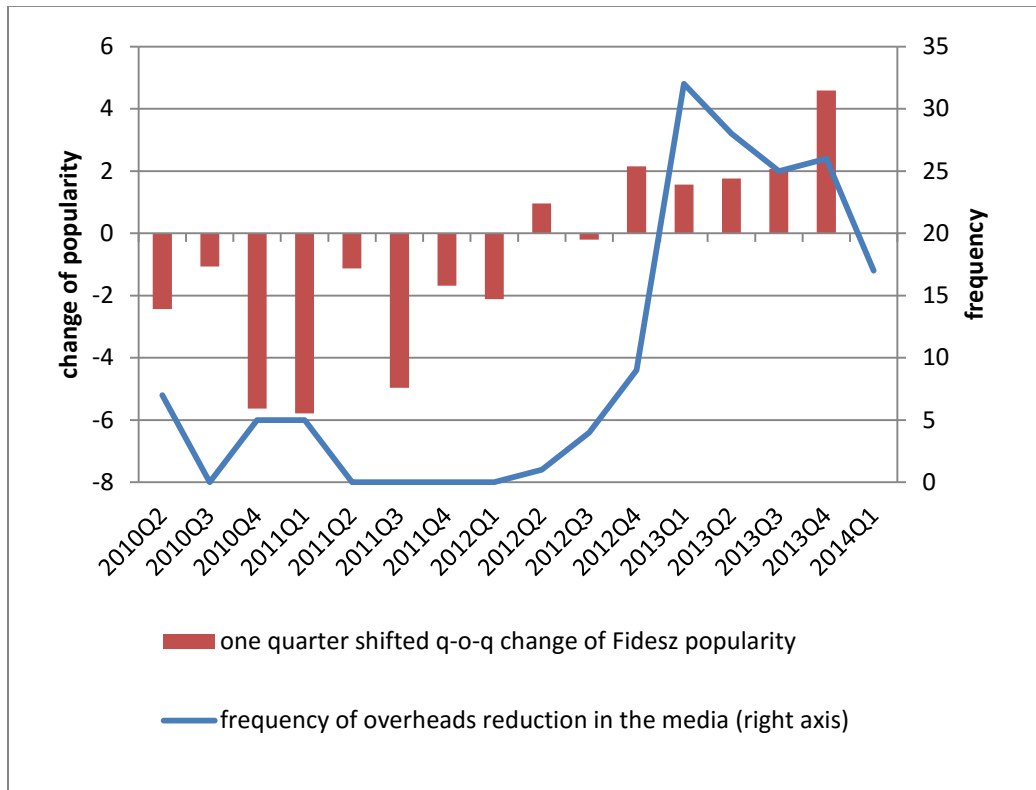


Figure 5.

Relation between the emergence of the issue overheads reduction in the media and average popular support for Fidesz

The overheads reduction initiative facilitated to pursue a political goal; it formed an integral part of the governmental strategy of the 'freedom-fighter' approach, due to which the perception and understanding of the overheads issue and the price of the domestic energy have changed. Subsequently, the issue was framed by the profit of the energy supplier firms, the 'counter-interest' of Brussels, and the context of the Hungarian national interest. As I indicated earlier, scientific literature refers to the concept of policy image as how the individual policies are perceived and understood by the general public and the political elite. In this case – in order to complement the above – for the companies involved in the overheads reduction, it was interpreted as a forced reduction in prices (official price regulation) and as a freedom fight fought in the name of 'justice' against gas and other associated companies gaining extra profit.

It should be pointed out that with the measure series of the overheads reduction the government has decided for a strategic action in the field of public policy that was well-embedded in the established governmental narrative. Ervin Csizmadia stated already in 2001 that even though the Fidesz-phenomenon was generally interpreted according to its divergence from the liberal principles, in his opinion, the generation-based critique of the 1980's reception of the West and its actors stand behind the intents. Csizmadia added that the Fidesz-generation does not acknowledge the achievements of the 'discursive

dictatorship' (the concept of the late Kádár-era's technocracy and the westernization of the liberal intelligentsia) as its own, thus, ultimately, it relativizes the success of the West-project in a certain way, and aims at establishing a new set of criteria for success (Csizmadia, 2001: 91-92). The Fidesz-KDNP alliance deepens the situation by reinterpreting the international embeddedness of Hungary, by the liquidation of the post-communist heritage (through reformation of the public law system), by the intent of the multiple-cycle governance, and by its unorthodox economic policy and by its new focus on the anti-elite social policy.

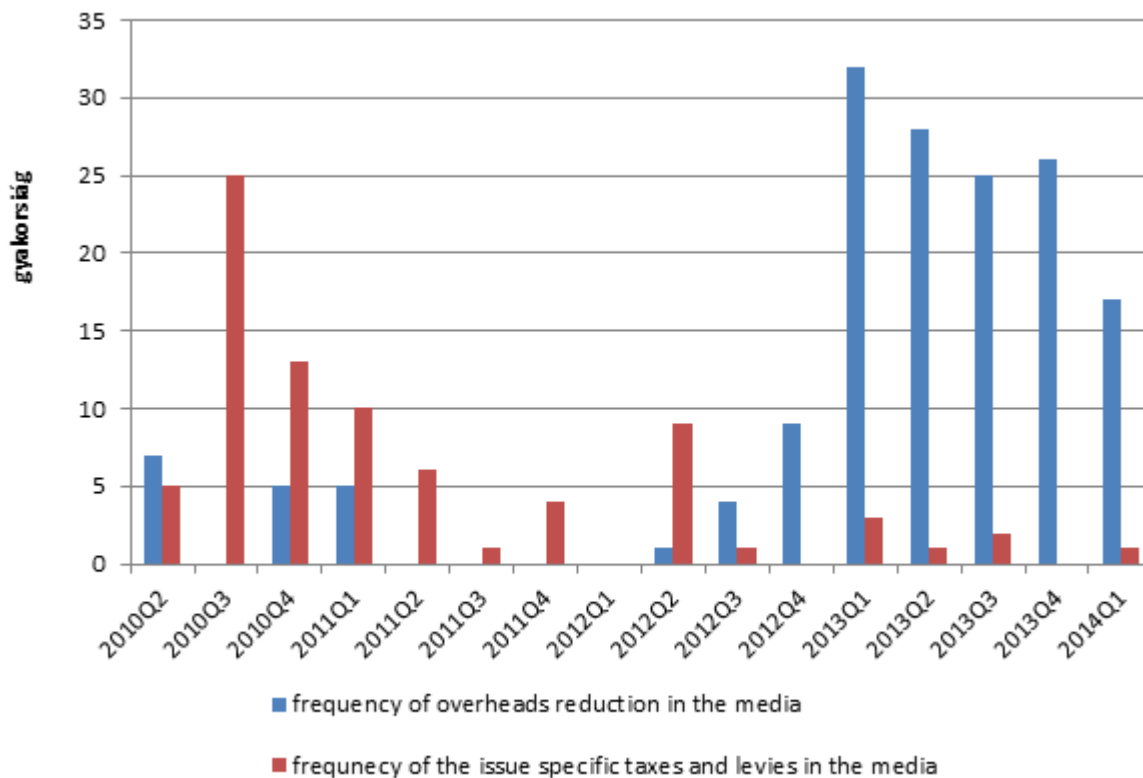


Figure 6.

Quarterly occurrence of the issue specific taxes and levies and overheads reduction in the media

The whole cycle between 2010 and 2014 is defined by the freedom-fighter scenario of the Orbán-regime, which positioned first the IMF, the banks, the multinational companies and lately Brussels and the energy suppliers in its core. The series of measures on the overheads reduction and its communication formed an integral part of the 'plebeian anticommunism' (Mike, 2014), the 'mobilizing conservatism' (Egedy, 2006), 'economic freedom-fight' and the 'unorthodox economic policy' discourse, that were targeted against financial organizations, multinational companies and profit-oriented energy suppliers. In harmony with the political strategy of the government, the protection of the overheads reduction represents the protection of the Hungarian interests, and the protection of the 'Hungarian society' appeared as a new criteria for success. In Fidesz's understanding, the former post-communist elite's attack on the overheads reduction took action in order to protect the Brussels-lobby and the for-profit sector, and serves as the restoration of

an economic policy that neglects the ‘interest of the Hungarians’.^{xv} The National Cooperation System^{xvi} already claimed war against the ‘abuse of dominant positions’ and against ‘monopolies’^{xvii}. By the end of the cycle it became clear, that the reformulation of the ownership rights in the utility sector (its partial or whole nationalization) is a central element of the than second, now third Orbán-regime.

It indicates the macro-political strengthening of the issue that the question of sectoral levies unsuccessful in the light of the increase of support was substantially withdrawn in the second half of 2012 from the media agenda, and the governmental agenda of the overheads reduction that the citizens could directly experience took over the floor.

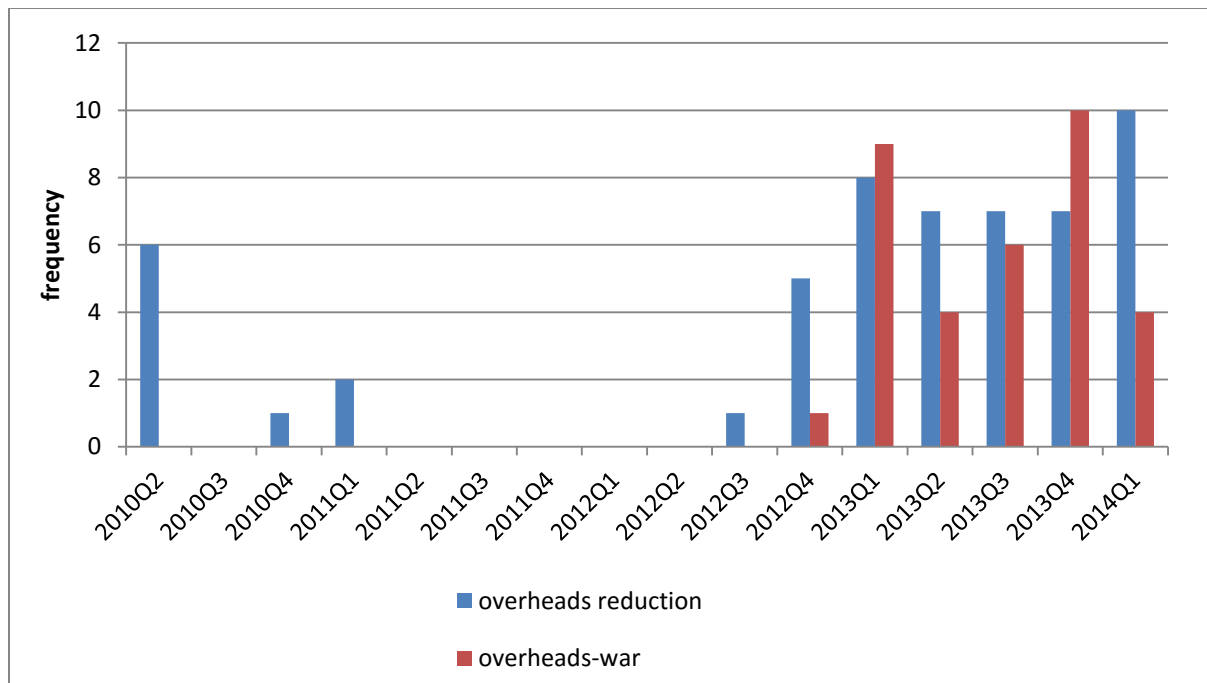


Figure 7.

Emergence of the issue specific taxes and levies and overheads reduction in the media, 2010-2014

From the perspective of the macro-political level, a further reinforcement of the issue can be detected in the separation of the overheads reduction and the war on overheads wages. In line with the positive feedback – with newer shock-like measures compared to the former state of equilibrium – the meaning of overheads reduction has also been further extended (see the part ‘The mechanism and content of overheads reduction’). Next to the overheads reduction the discourse of the overheads-war has been constructed gradually, and approaching the parliamentary elections in April 2014 the discourse of overheads war generated by the government is amplified (**Figure 7**).

Conclusion

The study examined the case of the overheads reduction initiative as an important policy change from the perspective how the punctuated equilibrium theory applies to it. The governmental measures signified the

interruption of the former equilibrium, and the case of the overheads reduction rose to a macro-political level, and lead to the articulation of a new policy image and policy monopoly.

A key peculiarity of the case lies in the fact that the measure was not initiated by a policy actor attacking the policy monopoly from outside, who according to the 'classic' model would construe the case as a problem. The unarguably existing social problem has not been defined until the government made a theme of it. At the same time, the problem and its solution were immediately subjected to a new interpretational framework and by a new image, crossing over the institutions and solutions of the former policy monopoly (like social compensation). The government acting as a policy innovator immediately thematized the issue of the overheads reduction as a macro-political topic. The discourse on the overheads reduction initiative generated by the government, the measures interrupting the equilibrium, and the increase of popularity of the Fidesz party are factors closely interrelated.

It cannot be stated that the increasing support for the government can be explained exclusively on the grounds of the overheads reduction campaign, however, it can be assumed that the political aspects (potential growth of support) were of crucial importance, when the measures first came into force.

The period under examination closes with the year 2014. At the same time, the study presupposes the emergence of a newly established equilibrium on the basis of the punctuated equilibrium theory.

As recently no further measure concerning the overheads reduction came into force, and also intuitively it seems that the number of media coverage in the given issue have been significantly dropped, I assume that there is a will to reduce further radical actions in the future. This negative feedback has also shifted the system towards stability, after the drastic changes a new state of equilibrium or near-equilibrium can be calculated.

This hypothesis has not been underlined by the present study, but pinpoints the direction of a potential research area in the further applicability of the theory.

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Notes

ⁱ The study was realized in the framework of the project 'Dynamics in the Public Policy in Hungary' (CAP) of the OTKA. ÁJP-K-109303, project leader: Zsolt Boda; further information: cap.tk.mta.hu.

ⁱⁱ For the sake of completeness, the government does deal with the above concerns and with the strengthening of the social aids in the National Energy Strategy 2030 adopted in July 2011.

ⁱⁱⁱ A quarter of the Hungarians still struggle with the monthly bills. TÁRKI Institute for Social Research, 20 June 2012. Available: http://www.tarki.hu/hu/news/2012/kitekint/20120620_szamla.html. Date of download: 1 October 2015.

^{iv} OTP: Overheads costs sky-high, an annual 600 thousand HUF for housing. *Világgazdaság Online*, 30 August 2012. Available: <http://www.vg.hu/penzugy/megtakaritas/otp-egekben-a-rezsikiadasok-evi-600-ezer-forint-is-lehet-a-lakhatas-384557>. Date of download: 30 September 2015.

^v *Poverty or energy poverty. The definition of energy poverty in Europe and Hungary*. Energiaklub, January 2012. Available: http://energiaklub.hu/sites/default/files/energiaklub_szegenyseg_vagy_energiaszegenyseg.pdf. Date of download: 30 April 2015.

^{vi} The media database was made with the codification of the covers between 2010 and 2014 of the Népszabadság and the Magyar Nemzet.

^{vii} Justified revaluation is the price defined on the basis of a transparent price formula written in law supervised by authorities or organizations responsible for the official pricing at all times on the given officially priced market. Ultimately, the official price takes into account the operating costs of the energy suppliers, their need for capital replacement and its economic payback as well.

^{viii} MEKH: *The third stroke of the overheads reduction realized*. 02 June 2015. Available: <http://www.mekh.hu/kozerdeku-adatok-2/a-magyar-energia-hivatal-kozlemenyei/626-10-szazalekkal-csokken-a-lakossagi-villamos-energia-a-foldgaz-es-a-tavho-ara-januartol.html>. Date of download: 30 September 2015.

^{ix} To the chronology of the overheads reduction please see: The era of the overheads reduction. *Magyar Nemzet Online*, 19 November 2013. Available: http://mno.hu/belfold_archiv/a-rezsicsokkent-es-eraja-1192813. Date of download: 30 September 2015.

^x See: batorprogram.hu

^{xi} The research carried out by the MTA-ELTE Peripato Research Group investigating the primary characteristics of the media dynamics of the campaigns of the 2010 and 2014 parliamentary elections came to the conclusion that the overheads reduction has overarched all the domestic political issues of the 2014 campaign linked to current news, novelties or scandals with a ritual consistency. For the results of a study reporting on the structural discourse in the case of the overheads reduction, when 'from one subsystem of the society, from the political, there has been a permanent stimulation on another subsystem, on the media' see (Fokasz – Tóth – Micsinai – Jelenfi – Előd, 2015: 52). According to the findings of the research group, the emergence of the overheads reduction was not only due to the permanent stimulation coming from a political field, but it can also be justified by the involvement of an ethical element, namely the imperative to reduce residential burden (Fokasz – Tóth – Micsinai, – Jelenfi – Előd 2015: 53).

^{xii} The public results of the polls relating to the overheads reduction underline that the majority of the citizens were informed about the overheads reduction (Median, March 2013), agrees with its content (Bell Research, May 2013., Századvég, November 2013.) and calculates even with a modest price reduction (Policy Agenda, January 2013).

^{xiii} Viktor Orbán has never been so unpopular. *Origo.hu*, 29 May 2012. Available: <http://www.origo.hu/itthon/20120528-partok-es-politikusok-nepszerusege-felidoben.html>. Date of download: 30 April 2015.

^{xiv} Beside the fact that, in the light of a subjective financial status Fidesz is still mostly popular among the citizens of higher-incomes, however, among those who have trouble with paying off the overheads costs gains more popularity in 2014, than the Left (Enyedi-Fábián-Tardos, 2014: 539).

^{xv} See for example: „Tasteless hypocrisy” Mesterházy’s visit in Brussels. *Magyar Nemzet Online*, 20 May 2013. Available: <http://mno.hu/eu/izlestelen-kepmutas-mesterhazy-brusszeli-latogatasa-1146137>. Date of download: 30 April 2015.; Overheads reduction – Fidesz: The critiques of the MSZP are more and more pitiful. *Haon, hu*, 26 March 2013. Available: <http://www.haon.hu/rezsicsokkentes-fidesz-egyre-szanalmasabbak-az-mszp-kritikai/2227681>. Date of download: 30 April 2015.; Fidesz: MSZP has to stop attacking the overheads reduction. *Haon.hu*, 28 March 2013. Available: <http://www.boon.hu/fidesz-az-mszp-hagyjon-fel-a-rezsicsokkentes-tamadasaval/2229732>. Date of download: 30 April 2015.; Fidesz: MSZP has launched the attack against the overheads reduction in Brussels. *168 Óra Online*, 16 November 2013. Available: <http://www.168ora.hu/itthon/fidesz-mszp-elindította-rezsicsokkentes-elleni-tamadasat-brusszelben-120707.html>. Date of download: 30 April 2015.; Fidesz: the Socialists prepare the elimination of the overheads reduction. *HVG..hu*, 11 January 2014. Available: http://hvg.hu/itthon/20140111_Fidesz_MSZP_rezsicsokkentes_eltorlese. Date of download: 30 April 2015.

^{xvi} Available: http://www.miniszterelnok.hu/attachment/0009/8616_00047.pdf

^{xvii} „When privatization occurred, major international companies acquired monopoly positions, e.g., in the Hungarian energy sector, in the Hungarian water supply ,overall in the field of public services and also in the determination of prices. And which is above the valid profit, however it was usually above in the last twenty years, we are being back for this state through the intervention of overhead reduction. Thus, I think, this profit is unauthorized, monopoly salient profit, which is also exported from the country.” Viktor Orbán’s speech at the XXIV. Summer University and Student camp in Bálványos. Available: <http://tva.hu/orban-viktor-beszede-a-xxiv-balvanyosi-nyari-szabadegyetem-es-diaktaborban-tusnadjurdon-baile-tusnad/>. Date of download: 30 April 2015.