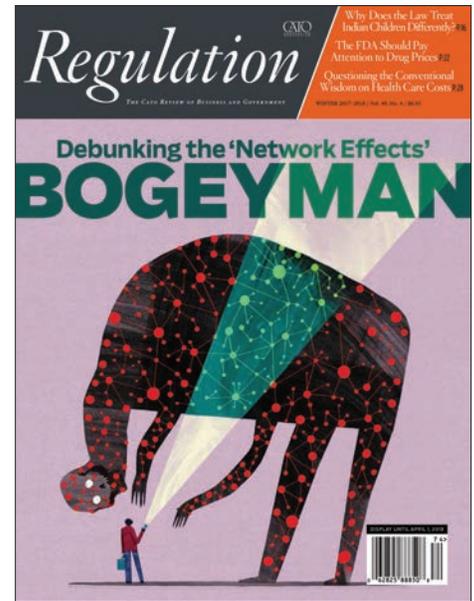


New Regulation magazine

The Regulatory Bogeyman?

Economists and policymakers have long discussed the concept of “network effects”—the idea that in some cases, services are more valuable if more customers are using them (think telephones and internet services) and therefore, once a firm captures enough customers, it can easily become a monopoly that will dominate the market forever. But in the modern age, when upstart companies like Spotify can quickly overcome internet giants like iTunes, are “network effects” little more than a regulatory bogeyman? In the Winter edition of *Regulation* magazine, David S. Evans of the Global Economics Group and Richard Schmalensee of MIT dissect the myths surrounding the supposed threat of network effects.

Elsewhere in the issue, Timothy Sandefur of the Goldwater Institute reveals how U.S. law continues to subject Native American children to racial segregation and unequal treatment, Cato adjunct scholar David Hyman and law professor William E. Kovacic explain why the FDA should pay attention to drug prices, and Tom Miller of the American Enterprise Institute argues that much of the conventional wisdom behind current health care policy has ambiguous empirical support. The new edition also features book reviews of *Dream Hoarders* by Richard Reeves, *Freedom & Reform* by Frank H. Knight, *The Future of Law & Economics* by Guido Calabresi, *James M. Buchanan and Liberal Political Economy* by Richard E. Wagner, and more. ■



READ OR SUBSCRIBE TO REGULATION AT CATO.ORG.

Advice on welfare reform from two great modern reformers

New Cato Journal Issue

The Winter 2018 *Cato Journal* features articles by two men who know a thing or two about economic reform: Leszek Balcerowicz, the former deputy prime minister and finance minister of Poland (and winner of the 2014 Milton Friedman Prize for Advancing Liberty) who was widely credited with the economic transformation of Poland in the 1990s, and Roger Douglas, the former finance minister of New Zealand who played a similar role in liberalizing New Zealand’s economy through what became known as “Rogernomics.” Balcerowicz, with coauthor Marek Radzikowski, discusses how welfare reform advocates could make their arguments more effective by making them more targeted and clarifying the meaning of “the welfare state,”

while Douglas and coauthor Robert MacCulloch use New Zealand as a case study in how a country can effectively move from a publicly funded welfare system to one that relies largely on private funding coming from compulsory savings accounts. Elsewhere in the issue, Charles W. Calomiris of Columbia University outlines major structural problems of the Federal Reserve that are in dire need of reform, Kevin Dowd of Durham University makes the case against “helicopter money,” and David Stevenson of the Caesar Rodney Institute investigates whether the Regional Greenhouse Gas Initiative actually reduced CO₂ emissions from electric power plants or produced any public health benefits. ■

CATO JOURNAL IS AVAILABLE TO READ OR PURCHASE AT CATO.ORG.

