REGULATION was first published in July 1977 "because the extension of regulation is piecemeal, the sources and targets diverse, the language complex and often opaque, and the volume overwhelming."
REGULATION is devoted to analyzing the implications of government regulatory policy and its effects on our public and private endeavors.

For the Record

California Factor

YOUR RECENT TRILOGY OF ARTICLES on the California energy crisis (*Regulation*, Fall 2001) failed to address one possible flaw of deregulation. Deregulation could have sounded a death knell to the public-owned utilities (POUs) in Democratic Party strongholds along the urban coast of California. Conversely, deregulation would have created incentives for new power production by investor-owned utilities (IOUs) in Republican-controlled inland areas where large expanses of environmentally suitable land are available for new power plants.

Prior to deregulation, market power production was economically infeasible due to artificial rate setting by the California Public Utilities Commission. When Gov. Gray Davis and a majority of Democrats were elected in both houses of the state legislature, the derailing of deregulation became a fait accompli. The municipal utilities were then able to reap a windfall by reselling cheap power at arbitrage prices. This "teeter totter" between POUs and IOUs has not been addressed in much of the literature on the energy crisis. From my perspective, the real issue was over whose ox was going to get gored; that is, whose "energy assets" were going to get "stranded"–the public or the private sector.

In California, we often think a major natural disaster will occur along the San Andreas Fault that divides the coast from the inland areas. Perhaps the California energy crisis was caused not by a "perfect storm" of unusually hot seasonal weather, lack of imported power from the northwest, and volatile natural gas prices, but by an earthquake along political lines. And, possibly, political hegemony (rather than volatile market forces or other extraneous causes) will perpetuate any continuation of the energy crisis once federal and state price caps are lifted in the future.

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Rebutting Thierer

ADAM THIERER IS MORE THAN WELcome to disagree with my new book, *Republic.com* (*Regulation*, Fall 2001), but I wish he had given an accurate description of what I have written.

He argues that the book "waxes nostalgic" for the pre-Internet past. Here is what my book actually says:

> With respect to communications, the past was hardly idyllic. Compared to any other period in human history, we are in the midst of many extraordinary gains, not least from the standpoint of democracy itself. For us, nostalgia is not only unproductive but also senseless.

Thierer claims that I propose "a bold new regulatory regime." That is false; I argue that private, voluntary solutions are "the preferred approach by far." In a brief chapter, I do mention some possible regulatory approaches, but I endorse none of them and urge only that they should be discussed and considered.

He also complains that my book shows a bias against conservative organizations such as Townhall.com. Again, here is what the book actually says: "Townhall.com, a site featuring conservative opinions, might agree to provide icons for liberal sites, in return for an agreement from those sites to provide icons for sites carried on Townhall.com." The book refers to many liberal and left-wing organizations that suffer from failing to encounter opposing views.

Thierer portrays my book as an attack on the Internet, but the book is hardly that; instead it is an effort to draw attention to a possible, and greatly neglected, dark side. I'm glad to report that, no less than Thierer, I disagree with the book that he portrays me as having written.

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