

In the wake of the Texas blackouts, we're seeing a number of familiar moves to deflect blame by the usual suspects—politicians, regulators, and CEOs. These evasive tactics all begin with a core truth: Eliminating all risk is impossible and would be too expensive even if it weren't. But then they spin that truth in various ways. The result is to obscure responsibility for the disaster and the steps that should be taken going forward.

Here are some of the most common dodges — not counting such crass moves as blaming everything on the Green New Deal or the media.

**Dodge #1: No one could have foreseen this event!** This often sounds reasonable. How could anyone have foreseen that New Orleans' levees would simply collapse, or that a historic tsunami would hit the nuclear reactors at Fukushima? Yet it invariably seems to turn out that some reliable source did in fact foresee the risk. The Army Corps of Engineers' own lab had shown that levees on the region's soils could be undercut by high waters. Geologists had already found evidence of a similar past Japanese tsunami—admittedly, an extremely rare event, but one that would have been worth responding to given the extreme cost of a reactor flood. Similarly, although the exact event was not foreseen, Texas had already suffered serious blackouts in 2011 due to winter weather, and regulators had been warned *repeatedly* that major weather-proofing efforts were called for.

**Dodge #2: Eliminating this risk would have been impractical!** It may well be true that completely eliminating a risk would be impractical. But the choice isn't between wiping out a risk entirely and doing nothing. Maybe it would have been impractical to prevent any interruptions of service caused by a winter storm of this severity in Texas. That doesn't mean that a reasonable program of weatherization couldn't have limited the size of the blacked-out areas or the length of the blackouts.

**Dodge #3: The market will fix this!** Obviously, Japanese reactor owners have an interest in the safety of their reactors, and Texas generators have an interest in avoiding shutdowns. But the market won't fix catastrophic risks for two reasons.

First, companies don't have a sufficient incentive to avoid catastrophic risks. The shareholders won't have to pay if damages exceed the company's assets. Companies probably won't have to pay even that much, because the government is likely to engage in a bailout to avoid large-scale bankruptcies ("too big to fail").

Second, the market can't handle systemic risks. No single generator in Texas was in charge of its own fate, since it could be forced to shut down if other generators or transmission lines failed. Generator owners also lacked any incentive to take into account how the failure

of their generators might impact other generators and their customers. The result was a classic case of market failure. That's why a coordinated response is needed, of the kind only government can provide. Texas regulators ignored that reality when they relied on voluntary action by industry to deal with weatherization needs.

No, we can't eliminate all risk. Nor can we expect any system to be perfect. Neither of those is an excuse for failing to make things better.