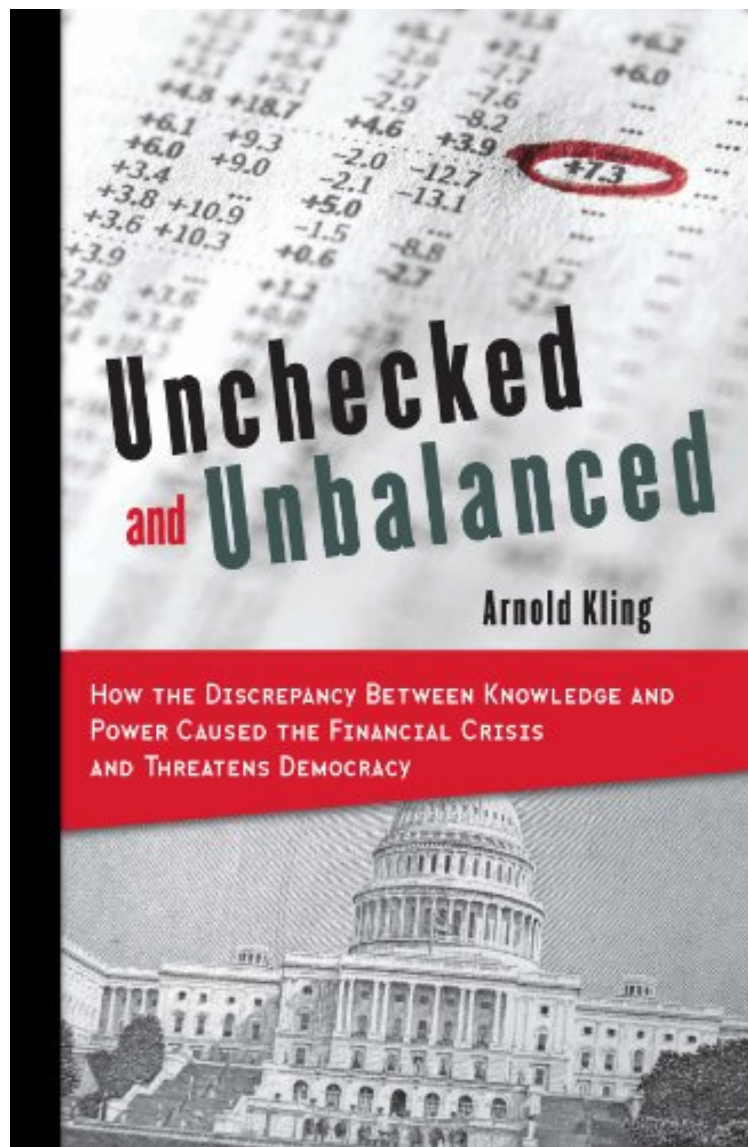


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Unchecked and Unbalanced: How the Discrepancy Between Knowledge and Power Caused the Financial Crisis and Threatens Democracy (Hoover Studies in Politics, Economics, and Society)

Arnold Kling

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Arnold Kling : Unchecked and Unbalanced: How the Discrepancy Between Knowledge and Power Caused the Financial Crisis and Threatens Democracy (Hoover Studies in Politics, Economics, and Society) before purchasing it in order to gage whether or not it would be worth my time, and all praised Unchecked and Unbalanced: How the Discrepancy Between Knowledge and Power Caused the Financial Crisis and Threatens Democracy (Hoover

Studies in Politics, Economics, and Society):

32 of 35 people found the following review helpful. Very useful insights on political philosophy
By Duane Moore
I've been following Arnold Kling for a while now on his blog (EconLog) and have recently purchased his other book, *From Poverty to Prosperity: Intangible Assets, Hidden Liabilities and The Lasting Triumph over Scarcity*. While I don't always agree with all of his ideas, I think he offers some valuable insights that relatively few other economists or public intellectuals seem to be discussing.
Unchecked and Unbalanced: How the Discrepancy between Knowledge and Power Caused the Financial Crisis and Threatens Democracy was a relatively short read, consisting of three main chapters. I felt the book could have benefited from some tighter editing and expansion of content that supported the main thesis, which dealt with the knowledge/power discrepancy in modern society. However, I understand that in order to capitalize on the topic of last year's financial crisis, it was probably necessary to issue the book in its current form. It would be interesting to see if a second or updated edition of this book emerges in the future, because I think the thesis wasn't as fully fleshed out as it could be.
The first chapter deals with what Kling believes were the causes of the financial crisis of 2008. My main complaint with this chapter is that it was written in a fairly technical style and used a considerable amount of jargon. I would have preferred a more plain English style for this chapter, but admittedly the topics are fairly complex, so it's probably hard to make topics like mortgage securitization, derivatives, and financial regulation understandable to an average reader.
The second chapter deals mainly with the thesis that knowledge is becoming more specialized and more dispersed, and power is becoming more concentrated. Kling offers some convincing evidence to back up this thesis, but I feel there's probably more evidence that could be presented to make this case. Finally, the third chapter deals with some very intriguing suggestions for what Kling calls "competitive government". I think this is potentially the most important chapter, but it seems that Kling has mainly provided food for thought for his readers and fodder for further discussion among economists and political scientists, rather than a carefully formulated plan for enacting his suggestions.
I would recommend this book to anyone interested in modern political philosophy; the book concerns itself more with the libertarian concepts of limited government, and the relatively novel ideas presented in the third chapter on "competitive government" than it has to do with economics or financial regulation.
8 of 14 people found the following review helpful. The antidote to OWS BS + liberal anti-democracy in US, EU
By Sam Schulman
Kling's little book is modest in tone and title, but offers a brilliant analysis of how experts, who know less and less about what they understand, have come to believe that they understand more and more - and are at the same time rewarded with political and economic power in increasingly concentrated doses. Badly designed programs and incentives are worse than no programs or incentives at all, and that is what we have been subjected to on both sides of the Atlantic. Please read it.

In *Unchecked and Unbalanced*, Arnold Kling provides a blueprint for those who are skeptical of political and financial elitism. At the heart of Kling's argument is the growing discrepancy between two phenomena: knowledge is becoming more diffuse, while political power is becoming more concentrated. Kling sees this knowledge/power discrepancy at the heart of the financial crisis of 2008. Financial industry executives and regulatory officials lacked the ability to fathom the complexity of the system that had emerged. And, in response, Treasury Secretary Henry Paulson and Federal Reserve Board Chairman Ben Bernanke, said that they required still more power, including \$700 billion to purchase 'toxic assets' from banks. Kling warns that increased concentration of power is a problem, not a panacea, for our modern world and suggests reforms designed to curb the growth of government and allow citizens greater control over the allocation of public goods. Published in cooperation with the Hoover Institution

This is essential reading on the political dangers facing us today and the risk of excess centralization. Arnold Kling is one of my favorite commentators. (Tyler Cowen, Holbert L. Harris Professor of Economics, George Mason University, and general director, Mercatus Center)
If it seems to you as if politicians and government officials are getting dumber, Arnold Kling has the explanation: As their power grows, they know less of what they need to know to exercise it wisely. Kling offers a remedy that is likely to arouse interest in the electorate, and apprehension in officialdom. (Glenn Reynolds, Beauchamp Brogan Distinguished Professor of Law at University of Tennessee and author of the blog instapundit)
Unchecked and Unbalanced is an interesting bookhellip;. The questions Kling asks are not always the ones I would have asked, but they are thought provoking nonetheless. (Independent : A Journal of Political Economy, Spring 2011)
About the Author
Arnold Kling was an economist on the staff of the Board of Governors of the Federal Reserve System from 1980-1986 and served as a senior economist at Freddie Mac from 1986-1994.