

Human Agency & the Price of Oil: Hayek as Iraqi Journalist

Paper Proposal for LIS719/881

Submitted By: George Goodall
Submitted To: Prof. Dyer-Witheford
Date Submitted: March 3, 2003

Adorno says that we're rubes –victims of mass media formulated to support the status quo; he's probably right. Luckily, the rapidly approaching war (Baudrillard notwithstanding) will show us just how right Adorno was. Unfortunately, we're going to have to get out of the muckety muck of postmodernism, critical theory, and political rhetoric.

The War is About Oil!

The United States may have an economic interest in controlling Iraq's oil. This opinion largely depends on the editorial policy of various news outlets. It's unlikely that CNN's "*Showdown: Iraq*" will be carrying the same coverage as Pravda. According to Hayek, however, economic efficiency depends on the free interaction of agents (Deleuzian Rhizomes?). Hayekian models also require efficient arbitrage of information to maintain market efficiency. How is efficiency possible if Adorno's specters control the media outlets?

Theme

This paper addresses a line of logic:

1. Efficient economies require interactions of informed agents (Hayek)
2. To achieve economies of scale, information sources for agents become aggregated into cultural industries (Adorno)
3. Cultural industries are fueled by the market and sensory impact becomes more important than merit (Baudrillard)
4. Information without merit is noise. Excessive noise destroys the information carrying capabilities of the channel (Shannon/Weaver)
5. Without information or a channel to carry it, efficient economies can not exist.

Thesis

As prophesied by Hayek and Shannon, the media control of the Iraq conflict will eliminate rational decision making as evidenced by increased beta volatility in oil futures.

Method

Hayek and Shannon didn't know each other. They certainly didn't issue a press release regarding future the effect of American empire building on the Chicago board of trade. To explore my thesis it will be first necessary to explore some of the connections and correlations between Hayek, Shannon, and Adorno. I will attempt to illustrate some of the emerging themes with events in Iraq.

Themes are great. Logical empiricism, however, demands some more rigour. I also intend to the temporally fixed Iraqi events against changes in the the value of oil futures. In particular, I will focus on beta which is a general measure of volatility and uncertainty. Based on my rudimentary understanding of Hayek, Shannon, and Adorno I expect to find that beta volatility will co-occur with corporate disinfo.

Difficulties

My intention in writing this paper is to establish a dialectic between Adorno and Hayek using Information Theory. I doubt that I'm the first person to try. I have a sneaking suspicion that Harold Innis has beaten me to it. I'm willing to take the risk.

Unfortunately, both Adorno and Hayek liked to think and write; and people liked to write about them; and other people liked to write about those people. The amount of information related to this topic is enormous and I will not possibly be able to address the entire field. Being a novice, my initial selection

of literature may be superficial or biased –another risk worth taking.

Corporate finance isn't a simple issue. I'm confident, however, that I can learn anything they teach at Ivey. The most difficult part of calculating beta values will be finding the information. Luckily, I'm a library student.

The greatest risk to the paper is the reporting of contemporary events. I am suspicious of the tautological nature of the planned exploration: using information provided by cultural industry to determine the effect of cultural industry. I am endeavoring to avoid criticism by rooting the study in an empirical study. Unfortunately, I have no control group except other information provided by the same industry. Indeed, the only comparison I will only be able to interpret my findings with the very analytical models and theories that I'm trying to avoid.

Preliminary References

Primary Resources

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