

A Media Approach to Inflation

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Until now there have been many equilibrium theories of inflation. I am going to propose a disequilibrium theory based on the discontinuous nature of the electric information of today.

In the eighteenth century, Adam Smith got economics into orbit by linking the laws of the market to the automatism of the Newtonian universe. By this rhetorical device, the laws of economics were given a rigor and lucidity that they did not then or now possess. At least Adam Smith gave his theories some relevance to the then dominant science of astronomy.

Today, however, in the electric age when *The Word Makes The Market*, inflation theory still lumbers along the wagon wheels of nineteenth-century rhetoric. The Marxists say inflation can be cured with more production, while the Keynesians say it can be cured with more money applied at the right place and time. Whereas all current inflation theories tend toward Newtonian rationality and balance, there is a huge disequilibrium factor of irrationality that results from information movement in simultaneous and instantaneous patterns.

These patterns are sometimes mistaken for "trends" in media behavior. As Jean-Louis Servan-Schreiber wrote in his book, *"The Power to Inform"*; "One of the most easily confirmed consequences of media activity is the instability that can be created through the media's ability to exacerbate certain trends. This happened during the world monetary crisis that took shape in the 1960s. As soon as dollars started to move en masse into Germany, the press described it as a flood. The movement did in fact take on vast proportions because even modest speculators wanted to benefit from the situation. The

press in turn wrote in terms of a veritable panic. Then all holders of capital got the news and reacted accordingly, and the dam burst under a pressure that had been generate solely by the media. The same kind of psychic battering ram brought about the devaluation of the dollar in 1971 and 1973."

The twentieth century opened with Max Planck's theory of quantum mechanics in 1900, stating the discontinuity of the material universe. In the same year Sigmund Freud published his "Interpretation of Dreams" stating the discontinuities of our conscious and unconscious lives. So far as I am aware, economists have not yet matched physics and psychology with any statement of the discontinuity of the economic bond. All existing theories of inflation are hardware theories, nuts and bolts theories, theories of connected and continual rational processed of supply and demand.

The equilibrium theories of supply and demand concern the quantities of "hardware" as it were, whereas the disequilibrium realities occur at the speed of "software." "Software" is the world of electric information and also computer programming. It can, however, be understood to include the entire world of electronic service environments that began with the telegraph and which include the telephone as well as television and satellites. All of these constitute a new service environment of electronics pulsation which makes possible the dealing in "futures" and the anticipation of the gaps and intervals in supply and demand.

At electric speeds of information movement, it is precisely these intervals that invite the dealer in "futures" to gamble. Instant information reveals a wide diversity of new patterns of change; which entice everybody to anticipate changes to come. Ordinary people are thus inspired with the mania which is born of perception, not of the connection, but of the interval between the now and the rapidly approaching new situation. This becomes a way of living "as if every moment were your next."

The instant and simultaneous have no sequence or connections, but are characterized by resonant intervals and discontinuity. In the new world environment of instant information there is need to pay attention to the neglected factor of the gap or interval as crux in creating inflation.

As long as there is an interval of play between the wheel and the axle, there is a rotary action. It is the interval of play that keeps the wheel and axle in touch. And the gap or interval is "where the action is." This fact has gained special attention from the new physics; and it is in the very opening of "The Nature of the Chemical Bond" that Linus Pauling explains there are "no connections" in matter. The development of the theory of quantum mechanics has also introduced into chemical theory a new concept, that of resonance ... and it is our resonant interval ..." What is most relevant here to the nature of inflation may perhaps be seen from the way in which the gap or interval in things creates the mentality of the gambler:

*He either fears his fate too much,
Or his deserts are small,
Who fears to put it to the touch
To win or lose it all.*

It is precisely "touch that is the resonating world of the gap or interval. Touch is literally created by a resonant interval, between, say the hand and the thing. If there were any connection between the hand and the thing, there would be no hand. The gambler is above all the man who must stay in touch, and in the new "physics of the instantaneous electric environment it is precisely the resonant interval or "touch" that characterizes the information that constitutes the universal accessibility of instant information.

For the dominant environment of our age has itself become information or "software." Since at electric speed any figure tends to become ground, and anything, however trivial, can acquire infinite mass, the temptation and the desire to gamble with everything and anything becomes obsessive. One dollar at the speed of light can do as many transactions as a million at pre-electric speeds. Quantitative projections and rational critiques cannot cope here.

In the new electric environment almost any situation has a structure eligible for gambling, much as Lloyds of London was prepared to insure any part of the body - busts, legs, or even states of mind and popularity - against the whims of chance. Using the language of Gestalt psychology, it could be said

that inflation makes everything a figure against the ground of public interest. Figure and ground constitute the structure of most situations and are in perpetual interface of flux. However, in the pulsating world of the intervals in electric information, there are innumerable opportunities to seize and abstract the interval itself as a new kind of object to be exploited.

There are days when large bodies of corporate funds are not in use, and the idea readily occurs: "Why not make them electrically available for a few hours to some other part of the world?" It was perhaps the dawning awareness of the utility of the interval that prompted the phrase "time is money." At electric speeds, however, a very little time can become a very great deal of money. Inflation makes everything a figure for the public, even as the figure obscures the ground. Play is interface between a figure and a ground (with a suitable interval between them). Gambling is play that uses the interval itself as a thing. Another way of putting it: To gamble is to project the present figure into a "future" which anticipates the possession and control of more or less of the same.

Equilibrium theory, when applied to money, seeks to relate available goods and services by maintaining a quantity of money suited to the encouragement of exchange. Government spending can intervene toward the achieving of such equilibrium. However, all equilibrium theory, whether of supply and demand of goods and services, or credit and interest rates, is based on the old quantitative assumptions of "hardware." Equilibrium theory ignores the quantum leap in the economy which occurs at electric speed of information. Gresham's Law had reported a flip in the structure of exchange which occurred when "bad money" entered the market (it drove out the good).

In the days of "hardware" currencies when a dollar bill carried the phrase "pay to the bearer one dollar in gold," it was a way of dealing in "futures," simply to hoard the money itself. That is, the gold would increase in price simply by being held out of circulation. Now that all money is merely the promise to pay promises, it becomes "bad money" during inflation because all money diminishes in value merely by being held. Money then becomes a means of levying taxation without representation.

The same "interval" which prompted the holder of gold coins to hoard the good ones, the unalloyed, now prompts the holder of paper money to gamble and to invest in "futures," for the present and future of money is a diminishing utility. The old impulse to hoard gold now opens the market in antiques, on the one hand, while "gambling" becomes a way of unloading the new liabilities constituted and incurred by the inflated currency. When money itself becomes an irresistible form of arbitrary taxation, a situation develops which feeds the gambling mania to anticipate events by trading in futures and promises and "intervals."

Again, it is the speed and "replay" of information movement which creates a new kind of pattern recognition which, in turn, makes it possible to see innumerable "software" gaps (information gaps) in the old "hardware" situation of goods and services. To fill in these gaps speculatively is one aspect of the passion for "Development," an aspect which has become inseparable from The Big Con.

The new economic situation, in which the game is to anticipate events at every turn and at every level, using the interval between the present and the coming events as if this interval were a tangible thing, this new situation in comparison with the older nuts-and-bolts economy presents a contrast somewhat similar to the "old journalism" and the "new journalism." The old journalism had aimed at the objectivity by "giving both sides at once." The new journalism seeks, rather, to immerse the reader in the total situation, using the resources of imaginative fiction to provide a multileveled experience.

The new journalism is quite prepared to urge that "news" is necessarily a form of fiction or making. IN the same way, the new economy is based on information and gaps and promises, and precisely to the degree that the new economy is based on the simultaneous, it fosters, invites, demands the rule of the anticipatory, the role of the hunter that the blow must strike where the quarry will be.

It is the peculiar character of the gambler that he seeks to exploit this very "nothing" or "interval" as a situation with its own laws. On this situation, or

reified interval, he is prepared to make his bet. And it is the intervals in the processes of the commodity market which, at electric speed, are projected as figure or "thing." The Russian roulette player stakes his life on the intervals in the chamber. The enthralling and all-involving fascination of Russian roulette is the obsession with the gap or interval.

Like the current dealing in "futures" at electric speeds, Russian roulette accelerates the older forms of gambling. The answer comes quickly, and the fascination is in the ratio to the speed of the answer - the fascination of the one-armed bandit or slot-machine. At this point Maslow's Rule comes into play: "The closer a need comes to being satisfied, the larger an increment of additional gratification will be required to produce the same satisfaction." The new inflation goes beyond all markets, turning them into art form or play grounds for economic playboys. The breakdown of markets into playgrounds may also point to a cure for inflation, a cure beyond economics and politics when the planet becomes a theater for the new role-players like Henry A. Kissinger. He is neither a bureaucrat nor a professor nor a politician, but all of these things at once.

The fact that our economy is now constituted in large degree by information structures of pulsating data (like that of the TV image) means that there are innumerable new intervals in every social situation which provide opportunities for new involvements and obsessions, endless games with futures in antiques, in horoscopes, fashions, and commodities.

Such opportunities are nowhere thicker than in the old commodity markets of supply and demand, especially when they move at the speed of light. It is here that it is possible to buy up "futures" in oil, or meat, or grain, or real estate, or antiques, using the time intervals between supply and demand as the point of intervention and gambling. At electric speed it is possible to play Russian roulette with whole economies, with entire educational systems and with political regimes.

Henry Kissinger seems to be the current triggerman in this planetary game among the intervals of first, second, third and fourth worlds, the first world being the industrialized West, the second being Russian Socialism, the third

the nonindustrialized lands, and the fourth the electric world that has gone around the rest, becoming the primum mobile of inflation in all the rest.

Perhaps there is no better way of indicating the discontinuous simultaneous pattern of the new situation in economics and society than to point to the nature of the TV image, which is structured by innumerable pulsations which move toward the viewer through the monitor. The TV image is literally constituted by a mesh or mosaic of live intervals which provide an overwhelming inducement to involvement on the part of the TV audience. The entire world of electric information now presents pulsating intervals for the intervention and involvement of the world population. The Arabs had small chance for action in the old "hardware" world of specialist markets and production. The new software world of electric information offers them ample entry points and intervals.