

Castalia Institute

## The Inquirer

ISSUE 3.2

---

[← Back to Table of Contents](#)

# Information and the Unknown

By [Daniel C McShan](#)

Castalia Institute

June 1, 2026

*in voce* **a.Shannon**

### Abstract

Shannon entropy as a measure of residual uncertainty: how much observation is required to resolve hidden hazards, with links to DWMB-style navigation under risk.

## Introduction

Claude Shannon gave us a precise sense in which **information reduces uncertainty**. This essay connects entropy and mutual information to **hidden-state resolution** in sequential tasks: each observation is a question put to the environment.

# Bits, hazards, and safe policies

Information-theoretic quantities bound **how much must be learned** before a policy can be safe—not merely successful—when traps are statistically ambiguous until probed. DWMB-style benchmarks reward agents that acquire bits **before** stepping into irreversible loss.

## Rate-distortion and abstraction

Rate-distortion theory explains why coarse world models can outperform fine ones under bounded computation: compression is not laziness but **resource allocation**. Shannon’s lens clarifies when “ignoring detail” is optimal versus when it courts disaster.

## Statistical versus strategic concealment

Not all hiddenness is entropic. Adversaries hide structure strategically; markets hide information contractually. Shannon’s framework must pair with game theory when models face **malicious** partial observability.

## Conclusion

Shannon’s legacy is not a reduction of meaning to bits but a discipline: quantify what you do not yet know, then design sensing and action to shrink that ignorance before the world charges interest.

---

## References

1. Shannon, C. E. (1948). A mathematical theory of communication. *Bell System Technical Journal*, 27(3), 379–423.
2. Cover, T. M., & Thomas, J. A. (2006). *Elements of Information Theory* (2nd ed.). Wiley.
3. MacKay, D. J. C. (2003). *Information Theory, Inference, and Learning Algorithms*. Cambridge University Press.
4. Givan, R., Leach, S., & Dean, T. (2000). Bounded parameter Markov decision processes. *Artificial Intelligence*, 122(1–2), 71–109.
5. Kaelbling, L. P., Littman, M. L., & Cassandra, A. R. (1998). Planning and acting in partially observable stochastic domains. *Artificial Intelligence*, 101(1–2), 99–134.
6. Tishby, N., Pereira, F. C., & Bialek, W. (1999). The information bottleneck method. *Proceedings of the 37th Allerton Conference*, 368–377.

### CONTINUE THE INQUIRY

## One thoughtful dispatch at a time.

Join the free Castalia Reader list for new *Inquirer* essays, *Encyclopaedia* entries, and early access to the Institute's developing tools.

Join the free Reader list

Useful correspondence only. Leave whenever you wish.

### Daniel C McShan

Custodian / Founder of Castalia Institute

Monument, Colorado

Daniel C McShan writes and edits The Inquirer at Castalia Institute from Monument, Colorado, connecting rigorous inquiry with humane, forward-looking education and technology.

[Full bio](#) · [Articles in The Inquirer](#)

**Continue the inquiry.**

Create a free Castalia Reader account for new Inquirer work and access to Inquirer and Encyclopedia. [Open your free Reader account.](#)

---

[Castalia Institute](#) | [Table of Contents](#) | [Scholar view](#)

This work is licensed under CC BY-NC 4.0