

The logic of bailout strategies

The end of capitalism or the end of the state?

Rudolf Kaehr Dr. @

ThinkArt Lab Glasgow

Abstract

Some thoughts about/of the logic, blend, chiasm and diamond of bailout strategies. Eliciting aspects of the maxim: *"Without insurrection, no resurrection"*.

1. Duality, Blends, Chiasm or Diamonds?

"The end of the year is approaching" and *"We are coming to the end of the year."*

"Notice that in the first, time is moving, while in the second the deictic reference point (conventionally called "ego") is moving while time is fixed." (J. Goguen)

Category

The category of approaching.

The concept of "approaching" is categorically closed. Compositions of "approaching" terms are producing composed "approaching", and nothing else. Steps of approaching are building morphisms. Approaching morphisms are composable and are ruled by identity, commutativity and associativity. Hence, designing the category of "approaching"

The category of coming.

The concept of "coming" is categorically closed. Compositions of "coming" terms are producing composed "comings", and nothing else.

Dual to the category "approaching, the category "becoming" is defined by the steps of approaching. "Becoming" morphisms are composable and are ruled by identity, commutativity and associativity. Hence, designing the category of "becoming".

Duality and inversion

A *dualism* between "approaching"- and "coming"-terms might be constructed.

In another setting, between "approaching" and "coming" terms an *inversion* might be considered.

Dualism and inversion are categorically closed, too.

The dual or opposite of an "approaching" or a "coming" category is itself a category.

Thus, dualization and inversion are not unifying the concepts of "coming" and "approaching", both concepts are left in alternating isolation.

Possible interactions of "approaching" and "coming" are tackled by the mechanisms of *blending*, *chiasm* and *diamonds*.

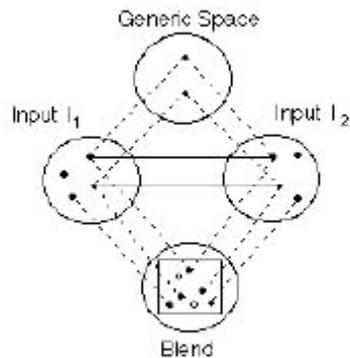
Blending

Blending (blend, mélange, mixture, integration) together "approaching" and "coming".

This strategy is well introduced by Goguen's *"Semiotic Morphisms"* approach to complex and polysemic systems. Blends are structured by categorical morphisms and composition.

Blending is conceptualized on the base of a single *external* observer for whom blending is offering a kind of a *holistic* unification of both tendencies, suggesting something new: a *blend of both*, here, with "coming" and

“approaching” *mélangé* together. But to add emergent features to the blending process, some ingredients have to be spent.



"Blending two conceptual spaces yields a new space that combines parts of the given spaces, and may also have *emergent* structure." (Goguen)

Chiasm

Chiastic inter-change of “approaching” and “coming”.

A chiastic *interactive* modeling is involving different points of view for different observers to describe the conceptual interaction between both as observer-dependent.

What is “approaching” for one position is “coming” for the other position, and *vice versa*.

Both positions are aware about their inter-dependency. They are not observing in separation, each for itself, arbitrarily, different phenomena but a complex of “movements”.

Chiasms, consisting of order, coincidence and exchange relations, are framing such inter-dependency.

Between “coming” and “approaching” a kind of an exchange relation, i.e. a *duality* happens.

The coincidence relation is guaranteeing a kind of “togetherness” of both categories, “coming” and “approaching”. It also gives the possibility of measuring their conceptual distance. And obviously, the objects of the categories “coming” and “approaching” are ruled, *per se*, by order relations, i.e. they are representing morphisms.

What is emerging as something new in the process of chiastic mediation is a complex phenomenon requiring different positions of observation to be recognized or constructed. The new is given by the features of the chiastic mechanism itself and not by any additional elements from the outside of the conceptual mechanism.

In contrast to blending, the processes involved in chiastic mediation retain their autonomy and are not *mélangé* together into a holistic wholeness, including elements from nowhere or left in isolation, like in the case of dualities and inversions.

Diamond

Diamond interplay of “approaching” and “coming”.

The diamond approach is liberating involved processes even more than the chiastic conceptualization, and is radicalizing the interactional approach of chiasms to an *interplay* between categorical and saltatorial systems.

Both conceptualizations, the categorical and the saltatorial, of a diamond are not only autonomous but are reflecting their antagonistic movements, i.e. they are involved in an *antidromic* and *parallax* interplay.

2. Bailout logic

In economics, a bailout is an act of loaning or giving capital to a failing business in order to save it from bankruptcy, insolvency, or total liquidation and ruin.

Detailed material and description about the complex aspects of the USA bailout is summarized at [Emergency_Economic_Stabilization_Act_of_2008](#). Or watch the video: [Why Wont The Bail Out Work?](#)

There are funny discussions about the nature, probably it is better to call it, the ideology and stratagemes, of what's going on today in the economic and financial world.

Without surprise, there is also an *"illogic of the bailout"*:

"Are the American people waiting for their own bailout? It's never going to come. You are the bailer, not the bailee.

This is the biggest, fastest wealth-transfer scheme in the history of the world. And no one is marching on Washington. Explain this to me." (J. Farah)

The Coming Global Insurrection

But despite the propagandistic silence of the media, there is some uproar and insurgency globally to observe. To the global capitalism, its state doctrine and its cyclic collapse, a *global insurrection* is emerging out of suppression and ruins.

Without insurrection, no resurrection.



On the level of debates

The funniest chapter is the emergence of an ever growing *debate* about the transformation of the relationship between capital, economy, market on one side and state, governments, administrations, bureaucracy on the other side of this dichotomous distinction or antagonism..

Things are not as funny as they could be. The biggest economic crises since the last big crash is producing serious global poverty and will become a good reason for further wars.

What's annoying me is that the same stupidity of our ruler and their academic adviser is going on without any interruption or critical reflection on what happened and still is happening.

The same politicians and Nobel Prize Winners are on stage.

Do we have to enter this debate?

There is no need to get messed up about their opinions.

It seems to be good enough to think about the most simple structure of the whole manoeuvre to understand its logic and strategy.

The state, of whatever governmental form, from the Swiss democracy to Gordon Brown's British surveillance administration, the USA to China, the state is asked for or is offering a *bail-out* of companies, corporations, institutions which are running into bankruptcy and other dysfunctionality.

The bail-out is paid by so called tax payers money. Hence, the state will take over such companies to some degree in ownership and regulations. It is seen as a reversal of the process of privatization. Some, are happy to interpret it as the symptoms of the end of capitalism. Unfortunately, the tax payers are not the players in this play. They are set into *silence*, by the state, the capital and their ideologues, parties and unions.

There are others, not many, for good reasons, which are more cynical and are understanding the bail-out

manoeuvre of the state as a *coup* of the capital to overtake the state with its tax payer's money and its power of regulation.

This position in the debate is still hidden in the background. It would be too dangerous to defend such a complementary position explicitly and with the proper intensity.

It is also not easy to conceptualize such a coup, because the categories of state and capital are getting involved into a transformation, which is beyond classical political theories and which is also transcending logical and dialectical understanding.

E.g., Gordon Brown, the British Prime Minister, a politician, who thinks from himself that he is saving the world, at least the Western world, with his programs of the Third Way, is becoming as politician a capitalist, overtaking banks and industries with the means of tax payers money. Meanwhile the heads of some Scottish banks, as capitalists, are becoming politicians in the banks ruled by the government.

The *silencing* of the voice of the people as consumers and workers is perfect. The ideologues of both sides are telling us, "*Don't worry, it's only transitional and temporary. Everything will be back to normal, soon*".

It is said that the state will take shares of the companies and will use more control over them. Does it matter? There will be bankers and managers from the side of the capital who will enter the save heaven of governmental offices to do the job. Hence, the capitalist bankers are becoming administrators and the governmental administrators are becoming bankers.

The governmental bankers, which had been in charge to control the capitalist banks, are as much involved in the crash as their colleagues from the so called private sector.

Both positions of the debate, surely, are demanding for themselves unique truth of their interpretations. Only debaters with some secured positions are liberal or tolerant enough to accept, at least, the existence and relative reasonability of the complementary position. But that doesn't matter, now.

Hence, we are at the beginning, again. The crisis is declared as much too serious to allow the luxury of philosophical reflections and distinctions and is only weakening, argumentatively, the severity of the global situation.

In fact, there is, up to now, no debate at all. The opposite position to ones position in this virtual debate is declared as mislead and for empirical and logical reasons as wrong.

It is still the dominating position that the government has to save the failing industries (banks, car, insurance, etc.) with the help of bailout strategies. But it is only consistent, and is in fact on the way to happen, that the state is offering itself a bailout to survive.

In other words, the bailout strategies to save the economy will be applied to save the administration, military, police, and all the surveillance and controlling institutions of Web2.0 and the building industry to build more prisons.

The government declares, it will use the tax payers money properly, fulfilling highest standards of economical thinking and ethics. But who in the government is, by definition, able to do this honorable job? Nobody else than bankers have by profession the knowledge and experience to be able to such a capitalist job. Hence, the bankers are in the government and are controlling the state banks.

Does it matter, where the money comes from, directly from the national tax payer or indirectly, via China e.g. ? The government wasn't elected to spend this money especially for bailouts, anyway.

Supposed distinctions:

private/public,

state/capital

market/company

state/economy

administration/democracy

Is the tax payers money private or public?

Is a tax payer private? What happens if the so called worker is his own capitalist? A shareholder of "his" company for which he is now on the way to pay his bailout with the generous help of the government? And the capitalist, e.g. the manager his own (self-)exploiter?

Hence, the tax payer is paying the bailout of his company where he is a shareholder and a worker at once, which is exploiting him and makes him, at the same time, an owner of the company, which is, together with him, on the way to bankruptcy. This surely has to be prevented, otherwise the tax payer gets unemployed and is losing his status as a shareholder and as a worker of his company.

It also has to be prevented because the tax payer could start a *rebellion* against the whole system, paid on the base of his private money he put aside. But how could he, and where?

There are no capitalists nor workers, anymore. Both are intertwined into the complex reality of globalization and the self-exploitation by anonymous corporations.

That is, public money from the private tax payer has to save the private company owned by the capital. The state wants to become a part-owner of the capital with the money of the private shareholders of the company. The mission is to save employment for the private shareholders. This sounds humanitarian and is in harmony with a progressive protestant work ethic.

But this is only one side of the coin.

Is it not better for the public capital and the markets to get as much capital by the state's private capital to be fit to survive against the consequences of mismanagement and global competition?

In fact, and this will become, in the future, more and more obvious, the capital has to be made fit against the cultural limitations of Western science and technology and their decline.

The so called nationalization of markets is in fact a disguised *overtaking* of the state by the capital.

The state, complementary, is hallucinating a control and annexation of the markets and the capital. He wants to become owner of the banks, etc.

The bailout "*Promotes centralized bureaucracy by allowing government powers to choose the terms of the bailout.*" (Wiki)

The state is playing the rescuer of the markets to save its own existence.
The capital is overtaking in disguise the state to save its own existence.

Therefore, the whole bailout saga is a secret *coup*:
coup d'état and coup de capitale.

The common of both is the commotion and the threat of their proper existence.
Both forms of existence are fundamentally out of date and obsolete.

The epistemological problem is:

The (bailout) situation is polycontextural and self-referential, and our mathematical and computational paradigms, ideologies and tools are mono-contextural and linear.

3. Neither nationalization nor privatization

3.1. The Big Joke of the Third Way

The Big Joke of the Third Way is: Who is overtaking whom?

Circular situations should be read in both directions.

Hence, the "*withering away of the state*" (Lenin)⁶ has to go "*hand in hand*" with its inverse movement of a *dissolution* of the capital.

3.1.1. Bailout of the capital

The state is supporting the capital.
The capital is using the state's capital

The government is governmentalizing the capital.
The capital is capitalizing the state.

CSSC:

Nationalization: capital --> state

Privatization: state --> capital.

Der Staat unterstützt Banken (Verstaatlichung des Kapitals).

Die Banken bedienen sich des Staates. (Verkapitalisierung des Staates)

**3.1.2. Bailout of the state**

The state is using the capital's capital.

The capital is supporting the state.

The state is governmentalizing the capital.

The capital is capitalizing the state.

SCCS:

Governmentalization: state --> capital

Capitalization: capital --> state.

3.2. Blending of bailout

The blending interpretation of the bailout is blinding for the fact that the emergent features of whatever mélange between capital and state has first to be generated and paid.

But a blending approach, with its undecided mix, is best prepared to offer the necessary structural vagueness and non-transparency for ever growing new departments in the opacity of both administrations, the state and the capital.

3.3. Chiasm of bailout

Inter-dependencies of both, capital and state, still intertwined and reciprocally dependent, but at least a holistic and processual conceptualization and understanding of the mechanism is uncovered and conceived by the chiasmic thematization of the bailout..

The chiasmic approach of the bailout is emphasizing the *complicity* of both movements, the privatization and the nationalization, as belonging to the same reality.

Hence, any controversial debate, like with the logical, contradictorily or antagonistic, modeling, which is understanding the parts as singular or in a reflective turn as dual, is obsolete within the chiasmic understanding.

What has to be studied is the inter-relational complicity of both interpretations, their chiasmic relationality, like the coincidence and exchange relations. To function as a whole of interdependency, the exchange

relations between the opposite, but common terms have to be adapted by the coincidence relations between the similar but distributed terms.

The *dualistic* interpretation of the situation is conflictive and is not offering a tribune for negotiation. One, and only one interpretation is accepted by the defenders as adequate and true. On the base of such blindness, only ethical and moralizing judgements and the cry for more interventional actions are available.

The *chiastic* interpretation is offering an insight into the very mechanism of the conflictive situations. The mediating contextures of the chiasm is placing the structural possibility of negotiation and resolution, albeit inside of the framework of the scenario.

Both positions, the dualistic and the chiastic, are accepting the situation as it is. This is reasonable for descriptive and analytical motives. Despite its non-classical conceptuality, the chiastic model is not yet offering any structural strategies to overcome and reject the structural fundamentals of the whole situation.

As a result, a kind of a humanitarian harmony of the antagonism remains as the ultimate aim. This solution of the problem is guaranteeing a safe return of the problem on a new, more complex and reflected level of development, securing an even deeper and broader stage-management of the *"eternal recurrence"* of booms, bubbles and crashes.

3.4. Diamond of bailout

The diamond approach is not denying the correctness of the chiastic modeling of the antagonistic situation but is trying to reject the whole construction in favor of a future-oriented transformation, where the components or "objects" of the chiasm, state and capital, are dissolved.

The diamond approach, with its complementarity of *acceptional* and *rejectional* thematizations, is separating the antagonistic aspects from their intertwining complicity. Both are conceived as autonomous societal movements, crossing at some parts, historically, and disappearing into other situational interactions.

Their complicity is historic and there is no necessity to reduce social life to it.

Because of the autonomic interplay between acceptional tendencies, framed by *categories* and rejectional tendencies, framed by *saltatories*, a chance to separate both structurations (of societal structures and movements) is conceived and accessible to realize.

3.5. The bailout of the bailout

Rejection of the figure of bailouts by *dissemination* and *subversion*.

The bailout of banks and industries by the governments is a big sandbox game: moving money, power and control from one societal heap to another societal heap of a national and/or global economy framed by the opposition of capital and state.

3.5.1. Dissemination: Polycontextuality of society

Polycontextuality of society is dissolving such terminological identifications like 'state' and 'capital'. Terms, like 'state' and 'capital', are not observer-independent identifications, like 'potato' or 'herring'. They are depending on observations and are set into multiple perspectives, which are dissolving their a-historical and nominalistic identity.

Polycontextural logics are prepared to describe, formalize and implement such complexities in an adequate way.

Gunther Teubner is describing the challenges for law and society and its understanding by polycontextural thematizations.

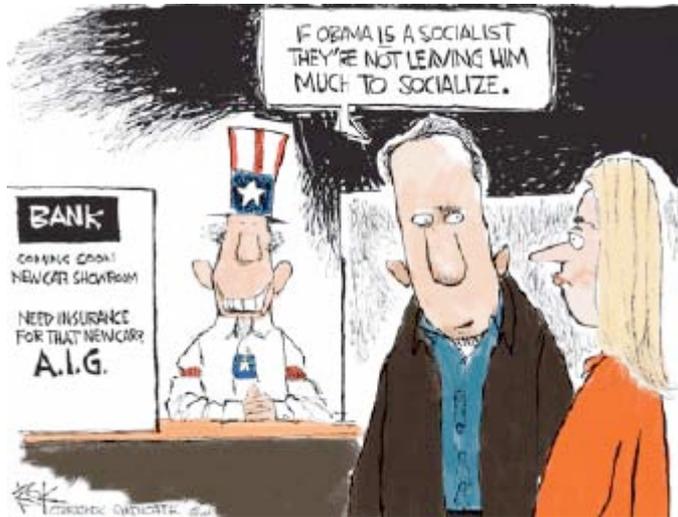
"In Habermas' "ideal speech situation", formal procedures are supposed to guarantee the undistorted reciprocal expression of individual interests as well as their universalization into morally just norms. However, polycontextuality, one of the most disturbing experiences of our times, thoroughly discredits these recent variations of a Kantian concept of justice.

"With polycontextuality understood as the emergence of highly fragmented intermediary social structures based on

binary distinctions, society can no longer be thought of as directly resulting from individual interactions, and justice can no longer be plausibly based on universalizing the principle of reciprocity between individuals.

"In these perspectives, irreconcilable incompatibilities result from colliding social practices each of them endowed with their own rationality and normativity and with an enormous potential for mutually-inflicted damage.

The highest degree of abstraction has been reached by Gotthard Günther who radicalizes polycentricity into a more threatening polycontextuality, that is, a plurality of mutually exclusive perspectives which are constituted by binary distinctions. They are not compatible with one another and can be overcome only by rejection values which in their turn lead to nothing but to different binary distinctions." (Teubner, p. 4/5)



3.5.2. Subversion: Morphogrammatics of sociality

A morphogrammatic subversion of the understanding of society is rejecting their leading concepts and models of monetary and phono-logical interpretations.

Subversion, hence is not rejection "*which in their turn lead to nothing but to different binary distinctions.*" Binary distinctions discovered by rejections are establishing, again, contextures albeit new ones, and thus there is, in this strategy, no escape and nothing left except of contextures, and contextures of contextures.

There is not much to tell about such a morphogrammatic turn or abstraction, i.e. subversion, and it is hard to write and to inscribe how to subvert the surface structures of society to 'enlight' its hidden actional structuration by morphogrammatics.

Morphogrammatics is abstracting even from "*the highest abstraction*" (Teubner) of the contextures of polycontextuality.

To try it with metaphors, it seems to be reasonable, in what ever logic or rationality, that contextures too, are taking *place*, are *positioned* and *localized*, where?, in a kind of space(s). Such a space might be called an inscriptional space or even more metaphorically a (meta-/proto)conceptual space, giving space and loci for *éspacement* (spacing) and *temporalisation* of positioned contextures and their interplay. Such a space is empty of all kinds of conceptual characterizations but it is nevertheless not a vague void, but structured, organized, beyond the dictatorship of order and chaos, axioms and rules.

That bailouts for state and capital can happen in a specific societal space, which has to be spaced and temporalized by actions and activities before/after capital and state can happen on/off historical stage of history. Bailouts to save living space and future(s) have to be discovered and invented beyond state and capital - and bailouts.

Without fundamental *change(s)* nothing will be changed for the future.

References&Notes

1 <http://www.cse.ucsd.edu/~goguen/pps/taspm.pdf>

2