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Rethinking Subpolitics
Beyond the 'Iron Cage' of Modern Politics?

Boris Holzer and Mads P. Sørensen

MODERN POLITICS is bound up with the idea of democracy. Yet, as such, it not only entails empowerment but also a subtle kind of expropriation. If we follow Weber, modern politics has achieved a separation of political subjects from their 'means of production' quite similar to that characteristic of a capitalist economy (Weber, 1921a: 401f.). While pre-modern, particularly feudal societies allowed a wide range of actors to take control of the various sources and instruments of politics, modern society has monopolized them under the control of the state. The concomitant 'political expropriation' has been a prerequisite for the predictability and complexity of democratic mass politics. It provides the basis for the establishment of a bureaucracy that can be rationalized according to internal political criteria – rather than according to the interests of princes and feudal landlords. Just as in the economic realm, expropriation in politics thus results in alienation. Bureaucratic politics is part of the 'iron cage'[1] of modernity: it is primarily built upon the formal rationality of expert knowledge and involves a 'slow boring of hard boards' to which only relatively few people can devote much attention. Being a vocation for the few and an avocation for the many, politics shares the fate of other specialized fields of knowledge and activity.

Thus, politics appears to become a victim of its own success. While even dictatorial regimes nowadays cast themselves as mere facilitators of democracy, voter participation in elections is on the decline in many Western democracies. At the same time, however, the iron cage of bureaucratic politics seems to be under siege. More and more people take up political issues, either individually or in associations, movements and protest groups – but seek to tackle them from *outside* formal politics. Thus, the fact that interest in formal politics seems to be declining does not need to be taken as evidence of a general lack of political action in late modern

society. Rather, Beck draws our attention to the possibility that we might simply be looking for politics in the wrong places and using the wrong concepts (1993: 157). In so doing, we underestimate the significance of what Beck calls 'subpolitics': the re-politicization of areas outside the iron cage of bureaucratic politics in the face of new challenges brought about by the process of reflexive modernization.

In this article, we argue that the concept of subpolitics indeed draws our attention to the relationship between the system of formal politics and sources of power and influence *beyond* the bars of its iron cage. In contrast to Beck, however, we believe that it is important to conceive of those sources of societal influence as largely independent and distinct from the political system. In our view, it is exactly their non-political character that gives 'subpolitical' phenomena their significance for reflexive modernization. In what follows, we first review the role of subpolitics in the context of the theory of reflexive modernization. Then we provide examples of subpolitical phenomena from three areas: the subpolitics of science and the professions; green, ethical and political consumers; and corporations as agents of subpolitics. These three cases describe what we perceive to be a 'continuum' of subpolitics that runs from the *unintended* production of subpolitical effects in science to the *deliberate* subpolitical strategies of social movement organizations. The political significance of corporations, then, appears to be located between these two extremes. In the final section, we draw out the implications of our analysis against the backdrop of a sociological theory of power. The idea of subpolitics stresses the significance of sources of power outside the political system in a differentiated modern society. We can observe that these non-political sources of societal influence impact on the way politics is done in modern society. In particular, they point to the *limits* of politics concerning collective action under conditions of individualization and decision-making under conditions of uncertainty.

Subpolitics and the Theory of Reflexive Modernization

Generally speaking, the concept of subpolitics refers to small-scale, often individual decisions that either have a direct political frame of reference or achieve political significance by way of their aggregation. Narrowly defined, subpolitics thus bears connotations of being placed *beneath* the nation-state. More generally, however, it can be conceptualized as a form of politics 'outside and beyond the representative institutions of the political system of nation-states' (Beck, 1996: 18). The concept has been developed in the context of the theory of reflexive modernization, which contends that Western industrial societies have entered a second, reflexive phase of modernity (for the general argument see Beck et al., 1994, 2001). While first modernity has modernized tradition, second modernity modernizes modernity itself. Beck et al. do not talk about the end of modernity as such, that is, something that could be regarded as a *post*modern condition. Rather

than a revocation of modernity, second modernity must be seen as a *radicalization* and *self-confrontation* of modernity.

The primary medium of this self-confrontation of modernity is the increasing recognition of the undesired *side-effects* of the programmes and institutions of first modernity. Although those side-effects have always been part of the process of modernization, they have long been ignored. This was possible to the extent that first modernity, classical industrial society, revolved around the satisfaction of material needs. Technical-industrial progress was not simply a synonym for social progress but for the over-coming of scarcity. Under the cloak of successful wealth creation, undesired side-effects accumulated: 'The devil of hunger is fought with the Beelzebub of multiplying risk' (Beck, 1986: 56).[2] The reason why industrial society was able to ignore its undesired *side*-effects is that it could rely on a strong narrative justifying its *main* effects: progress and wealth creation.

Ironically, at the very point that the dangers of a hostile, external nature seem to be overcome by technological domination, modernity is forced to cope with the problem of self-produced, 'manufactured' risks. At the pinnacle of its success, modernity is endangering itself. To be sure, risks and accidents have always been part of industrial society – and of traditional society as well. Yet in second modernity those risks that are not local, that reach far into the future and that may affect poor and rich parts of the population in the same way come to the fore.[3] Although there is, as Beck puts it, a tendency towards wealth being accumulated at the top and risks at the bottom (Beck, 1986: 46), the outlook of a fundamental ecological crisis tran-scends social and territorial boundaries. Even the polluter will sooner or later be hit by what Beck calls the 'boomerang effect': 'under the roof of modernization risks, *perpetrator and victim* sooner or later become *identical*. In the worst, unthinkable case, a nuclear world war, this is evident: it also destroys the aggressor' (1986: 50).[4]

The self-confrontation of modernity, the recognition of its 'dark side' results in a breakdown of the 'grand narrative' of progress and thereby opens the way for a re-politicization of areas that have up till now eluded public contestation: 'what has until now been considered non-political becomes political – the elimination of the causes in the industrialization process itself' (Beck, 1986: 31). The basic premises of modern society – progress, technological rationalization and the domination of nature – are not taken for granted any more. To the extent that they are now perceived as *contin-gent* they may be challenged and therefore become subject to political struggles. The techno-economic sphere thus loses its hitherto 'non-political' character. Yet it does not become political in the strict sense of the word. It must be regarded as neither political nor non-political, but *subpolitical*. This conclusion is derived from Beck's definition of politics in terms of the '*structuring and changing of living conditions*' in contrast to a conventional view of politics as 'the defence and legitimization of domination, power and interest' (Beck, 1986: 311). Beck's reason for introducing the term *sub-politics* in contrast to *politics* is that this sphere lacks at least one important

characteristic of politics: the need to *legitimize* itself by way of democratic procedures.

The differentiation of economic and political subsystems or, as Beck puts it, of a techno-economic sphere and a political-administrative sphere, corresponds to a particular division of labour with regard to legitimation. The political sphere plays according to democratic rules. Associated with this sphere are democratic institutions such as a parliament, the principle of publicity and free elections which are, among other things, thought to provide *legitimacy and support* for the maintenance of the political system itself. This again could also be conceived as a source of legitimacy for the economic system. To the extent that the consequences of economic decisions mainly affect those who also enjoy their benefits (i.e. wealth creation within a national welfare-state system), the costs and benefits can be balanced in a due political process. In other words, so long as the consequences of technological development do not transcend the boundaries of political action, one can stick to the illusion that, ultimately, politics is at the helm of societal development. Yet this premise no longer holds (if it ever did).[5] Self-produced risks and technological innovations seem to have taken over the initiative at the expense of politics: 'the contours of a new society are no longer expected to come from parliamentary debates on new laws or from administrative decisions, but rather from the application of microelectronics, nuclear technology and human genetics' (Beck, 1986: 304).

There are many different areas outside formal politics that may be regarded as loci of such new forms of subpolitics. By stressing the potential conflicts arising from this process, Beck unfolds the concept of subpolitics in two directions: first, he highlights the 'passive' side of subpolitics with the claim that some sectors of late modern society have unwittingly assumed a more and more political role by setting the parameters of social change; second, in connection with and in opposition to this, there also arises an 'active' side of subpolitics: the contestation of taken-for-granted assumptions of modernity by actors outside the system of formal politics, predominantly social movements.[6] Both sides of subpolitics concern areas outside the formal political system; they differ with regard to *who* exactly observes their political significance. While passive subpolitics, so to speak, lies in the eye of the beholder, active subpolitics *describes itself* as a form of non-institutionalized politics. In between the two, therefore, there is room for a combination of these two perspectives. In what follows we shall explore the corresponding 'continuum' of subpolitics by investigating three different areas of subpolitics: science and the professions; green, ethical and political consumerism; and the subpolitics of large corporations. These three examples illustrate both the passive and the active side of subpolitics as well as their possible interaction.

The Subpolitics of Techno-scientific Progress: The Example of Genetics

The 'passive' side of subpolitics refers to those actions that may be described in terms of politics from an observer's point of view but are not conceived of as inherently political within the field of action itself. Beck illustrates this kind of subpolitics with the example of medical science and human genetics (Beck, 1986: 329ff.). Technological development has resulted in new therapies, diagnostics and options. With regard to these new possibilities, regulatory politics appears to be inevitably 'lagging behind'. This is because politics has to start from the decisions already made by experts, that is, by the scientific community or the medical profession. Since politicians often lack the expertise to make any decision at an early stage, the professions thus force the political system to accept their decisions as *unalterable premises* for its own decision-making.

Generally speaking, modern 'big' science calls into question the isolation of the scientific process from society at large. Traditionally, experimental science was predicated upon the assumption that the laboratory provided an innocuous 'playground' for the development *and* testing of scientific theories. Within the laboratory, mistakes of theoretical assumptions were supposed to only have effects on science itself; according to the idea of falsification, the discovery of mistakes is an indispensable element of scientific progress. Yet since serious mistakes or wrong predictions may also result in unforeseeable problems and even accidents, experimental science has always been forced to actively maintain the 'containment' of its activities within the boundaries of the laboratory. Thus, even in the event of a serious accident, the impact of a scientific experiment would be limited.

However, in many fields of modern high-risk technology, the boundaries between the laboratory and its social environment cannot be drawn that clearly any more. As Krohn and Weyer (1989) argue, the development and testing of complex technologies such as nuclear power or genetic engineering increasingly take place in *society itself* rather than in the laboratory. The shortcoming of a *theory* can often only be discovered if the respective technology fails in *practice*: 'accidents become tests of theories' (1989: 351). Society itself thus becomes the 'laboratory' for the application and development of new knowledge. In the event of a failure or an accident society at large has to bear the consequences. This impact of science on society is strikingly obvious in controversial areas of science like genetics, for instance. Whether scientific models about the nature and interaction of gene sequences are correct can eventually only be established in practice.[7] Failure to predict certain consequences, then, will not only have the (desirable) result of a falsified and thus improved theory but may also lead to societal changes that are not desirable at all.

Due to past experiences (with the promises and failures of nuclear energy in particular), the public and social movements are nowadays aware of the potential dangers and side-effects of new technologies. As we can

observe in the case of genetically modified foods, technological advances and their benefits are not necessarily taken at face value. Rather, they are confronted with intense public debate and criticism – from both outside and within science.[8] If one only saw the subpolitical impact of science in the uncontrolled and unobserved impact it has on everyone's living conditions, one could conclude that this new level of public contestation and debate brings science's unacknowledged influence on society under control. However, the influence of science must be conceived of more broadly. Even if we are aware of the fact that science affects our living conditions, we might not be aware of the many subtle ways in which it influences our perceptions and definitions of reality. People may challenge prevailing theories and assumptions contending the usefulness and innocence of new technology but, in so doing, they have to draw on other theories and assumptions, that is, on different descriptions of reality provided by the very science they want to criticize.

This does not mean that scientists purposely try to make *politics* when they merely make *assumptions*. Yet there are subpolitical *side-effects* of their activities. For instance, the researchers involved in the 'Human Genome Project' are not driven by the desire to set a new political agenda. A side-effect of their research is, however, that they will inevitably change the living conditions for millions of people throughout the world. Their activities in the laboratories could therefore be characterized as subpolitics. However, it is an 'unintended' form of subpolitics since in this case politics happens as a *side-effect* of an otherwise non-political action or decision. For Beck, this represents a new locus of 'direct societal politics' without the involvement of the legislator (Beck, 1988: 47). The implications and long-term consequences of human genetics are at least partially beyond the control of formal politics and the law. Both politicians and judges depend on the very scientific knowledge whose effects they are supposed to control. Therefore, the question of how and by whom the conventional wisdom in a scientific field is established gains crucial significance.[9] By virtue of their definitions of reality, scientists and their epistemic communities exert a huge influence on how disputes in such matters are settled. Yet even though they thereby command authority, this authority is political only in terms of its *effects*, not in terms of its *foundation*. Scientists and their epistemic communities, one might say, are not primarily interested in the distribution of power within politics, but their actions may well affect that distribution.

Consumption as Subpolitics – the Case of Green, Ethical and Political Consumers

A strikingly different example of what subpolitics is about are the activities of green, ethical and so-called political consumers.[10] Green, ethical and political consumers can be defined as consumers who take into account other things than just the relation between the price and the quality of the product. Using a *double strategy* that implies actively choosing and refusing (boycotting) certain goods, they try to effect social, environmental and/or

ethical changes via the marketplace (Sørensen, 2002). A recent British survey shows that 55 percent of British consumers understand themselves – partly or totally – as ethical consumers (Cowe and Williams, 2000: 27);[11] a recently conducted Danish survey demonstrates that 53 percent of Danish consumers 'often' or 'occasionally' choose their goods according to ethical, political or environmental attitudes (Goul Andersen and Tobiasen, 2001: 29).

Instead of (just) using traditional channels of political participation to effect societal changes, that is, to vote at elections, to be a member of a political party, etc., the green, ethical and political consumers try to use their *purchasing power* to effect these changes. This can take place by way of two strategies. The *first* and best-known strategy is 'the consumer boycott'. Friedman distinguishes between a variety of different types of consumer boycotts (Friedman, 1991, 1999). But concerning the relationship between *subpolitics* and consumer boycotts, the main point is that no matter what type of boycott the consumers use they invariably use their purchasing power in a *negative* way. They *withhold* their money from where they previously put it – or at least they threaten to do so.[12]

One of the most spectacular examples of such a withholding of money was the boycott of Shell during the summer of 1995. Shell had secured permission from the British government to dump an old and no longer used oil-storage buoy, the *Brent Spar*, at the bottom of the Atlantic Ocean. Shell, the British government and a large number of scientists in the field were convinced that a deep-sea disposal in a particular part of the Atlantic was the best way, economically as well as environmentally, to get rid of the *Brent Spar*. However, Greenpeace strongly disagreed with this view. They therefore started a campaign against Shell in order to stop the dumping of the *Brent Spar*. The campaign of Greenpeace against Shell (and the British government) was supported by politicians in other countries around the North Sea and by consumers who began a mass boycott of Shell service stations, first and foremost in Germany but also in other northern European countries.[13]

In the end Shell was forced to stop the dumping of *Brent Spar*. Instead, Shell initiated a series of dialogue conferences with NGOs and experts concerning the future of the oil buoy. The goal of these meetings was to find a better and more acceptable option for the disposal of the *Brent Spar*. Eventually, all the parties involved agreed on a more labour-intensive but environmentally superior solution: instead of being dumped in the Atlantic Ocean the *Brent Spar* came to be used in a harbour enlargement project in the Norwegian town Mekjavik.

For Beck the *Brent Spar* case is an example of how the new political culture of the second modernity, in this case consumers and an environmental protection organization, *directly*, that is to say without using traditional political participation channels, tries to force the techno-economic sphere to legitimize its acts. Greenpeace's campaign against Shell highlighted the existing vacuum of legitimization and power in the

political system (Beck, 1996). Beck argues that it was primarily the consumer boycott that forced Shell to change its mind regarding its dumping plans. The reason for the success of this consumer boycott of Shell – measured by the number of participants – lies in the fact that to participate in the boycott did not incur extra costs for the consumers. They were able to simply buy 'morally good petrol' at other petrol stations (Beck, 1997: 59). It was therefore relatively easy for the consumers to behave morally in this situation.

However right this conclusion seems to be in this particular case, it does not hold as a general conclusion for the activities of green, ethical and political consumers – especially not if we look at *the second strategy* of these consumers, that is, the strategy of *positively* buying goods with higher environmental, ethical and social standards than conventional goods in order to effect societal changes.[14] These goods are almost always more expensive than conventional goods but are nevertheless sold in increasing quantities. One good example of this is so-called 'Fair Trade products' and one of the best-known Fair Trade organizations is 'Stichting Max Havelaar', founded in 1988 in Holland. This organization has spread to 16 other countries within just 14 years.

The idea behind 'Max Havelaar' and Fair Trade in general is to give farmers in Third World countries a higher price than the world market price – a so-called 'fair price' – for their products in order to enable them to live a decent life and produce their products with respect for the environment and human dignity.[15] 'Max Havelaar' is not involved in the actual sale of the products, which is handled by the established coffee (or tea, orange juice, etc.) companies. A coffee company, for example, can have one or more 'Max Havelaar'-labelled coffee products in its assortment, together with conventional non-'Fair Trade' products. The criterion for the permit to use the 'Max Havelaar' ('TransFair' or 'Fair Trade') label is that the coffee is traded according to Fair Trade principles and that it is bought from one of the producers registered in FLO (Fairtrade Labelling Organization) International's coffee register. Due to the premium that is paid to farmers to achieve a 'fair price', 'Max Havelaar'-labelled products are usually more expensive than the equivalent conventionally traded products.

But consumers seem to be willing to pay this extra price for Fair Trade products. In Switzerland, 'Max Havelaar'-labelled products have captured a significant market share for most of its products, e.g. orange juice 4 percent, tea 4 percent, coffee 5 percent, honey 7 percent and bananas 20 percent (2002).[16] And although it seems that the sales rates for some products have stagnated (e.g. coffee), sales rates for other products continue to rise (e.g. bananas and orange juice). Max Havelaar Switzerland has been exceptionally successful, but similar products have also done well in other countries.[17] In Denmark, Max Havelaar-labelled coffee, tea and bananas have market shares of about 2 percent in the respective markets, while cocoa/chocolate products and sugar have market shares under 1 percent.[18] Except for bananas, the sales rates for all the products were still growing

in the year 2001. In the UK, too, Max Havelaar ('Fair Trade') has been quite successful. Sales of Fair Trade-labelled coffee grew by 27 percent in 2001, and other Fair Trade products have increased their market shares as well.[19]

There are without doubt many different motives behind the consumption of Fair Trade products – as there are behind the consumption of all other products (see Halkier, 1999, 2001; Sørensen, 2002: ch. 6). These products are not only bought for 'subpolitical' reasons. But if we look at the organizations behind Fair Trade, that is, Max Havelaar and others, then it is clear that consumption here is used as a *subpolitical strategy* – in this case: to improve the living conditions of farmers in Third World countries. By way of a strategy of getting consumers to buy Fair Trade products instead of conventionally traded products these organizations try to effect societal changes. Fair Trade and boycott strategies both seek to effect socio-political change without the use of traditional political participation channels. These activities are therefore good examples of what Beck calls *subpolitics*.

Political Talk and Action: Corporations as Subpoliticians

The final example in our brief discussion, the subpolitics of corporations, combines aspects of the former two. The subpolitical import of business has two dimensions: first, all economic enterprises (and large corporations in particular) produce side-effects that bear upon people's living conditions, ranging from job creation and retrenchment to environmental degradation; those consequences are a *passive* form of subpolitics since their political significance is constructed from the outside: they are not meant to be political statements but many people feel that the political system should deal with them, for instance through regulation. Second, business also *actively* engages in subpolitics. This is not only about the various ways in which corporations may seek to influence the formal political process, for example, through lobbying and side-payments.[20] It also involves the interaction of business with its broader social environment to the extent that economic enterprises actively seek to legitimize their actions. We will focus on this latter aspect of the subpolitics of corporations before we turn to the question of their passive involvement toward the end of this section.

It is far from revolutionary to contend that business organizations frequently have to actively respond to outside demands and expectations, in particular to those of social movements and consumers. According to the increasingly popular concept of 'stakeholder management', corporations have to regard ethical, green and political consumers as 'stakeholders' whose interests have to be taken into account (Freeman, 1984). Falling short of those groups' expectations represents a serious threat to the firm's reputation since repeated conflicts with consumers, NGOs and investors will dent its image, regardless of how true the accusations are. Since corporations have come to regard their reputation as a valuable asset in global markets (Gray and Balmer, 1998), they are eager to avoid such developments. Therefore they are likely to adopt policies that promise the comprehensive compliance with outside demands, even beyond legal regulation.

However, in contrast to compliance with the law, compliance with societal expectations is a delicate and continuous endeavour. There is no single set of values, be they environmental, ethical or political, which can be taken for granted. Corporations can only seek to anticipate societal expectations and to change their decision-making procedures so as to make the incorporation of outside demands easier. In other words, corporations must adopt a 'reflexive' approach if they are to avoid conflict with other groups in society (Holzer, 2001b: ch. 3).

The environmental, social and ethical policies of corporations are not only affected by the preferences of green, ethical and political consumers. Of equal if not even higher significance for corporations is the emergence of new forms of 'political', 'ethical' and 'socially responsible investment' (SRI). The increasing volume of SRI funds puts pressure on corporations to comply with standards and audit procedures concerning environmental, ethical and social principles (cf. Cairncross, 1995: ch. 16; Gray et al., 1993: ch. 10).[21] For most large companies, the financial impact of SRI funds is less significant than the potential bad publicity resulting from a decision to invest or divest; for such a decision may not only affect financial markets but customers as well. As with consumer boycotts, it is therefore primarily the capability of SRI funds to have a 'voice' that poses problems for corporations and forces them to adopt new standards (Kaler, 2000). Increasingly, new 'codes of conduct' and 'business principles' reflect the insight that added legitimacy can be earned by adopting a policy of 'corporate social responsibility' (Hopkins, 1999: ch. 4; Sikkink, 1986). In combination, the green, ethical and political consumerism mobilized by social movements and organizations, and the principled investment orchestrated by SRI funds, are relatively powerful subpolitical levers. Although no one actually 'controls' them it is nonetheless obvious that protest groups can wield power to the extent that they are able to mobilize such preferences and dispositions.

Although large corporations are under public scrutiny as never before, this does not mean that all of them adopt high moral or environmental standards. Even those that come under public pressure at some point may find it easier to respond to particular claims without changing their overall programmes and objectives. A case in point is the Mitsubishi Corporation, which during the 1990s was the target of a range of boycott calls and environmental campaigns, mainly for its involvement in rainforest logging and timber trade around the world. A worldwide campaign and consumer boycott was orchestrated by the California-based Rainforest Action Network (RAN). Because of the success of the campaign, particularly in the United States, two American Mitsubishi subsidiaries eventually drafted an agreement with the protesters in which they pledged to phase out the use of old-growth timber products. This result was published in a range of newspaper ads, amongst others in the *New York Times*, and was heralded as a 'breakthrough in the field of corporate responsibility' (Press Release, 1998). The business side announced it as 'the most significant program of

environmental initiatives in quite some time' (Shireman, 1998). Yet the downside of RAN's success was that it only applied to the American subsidiaries, that is, companies far away from the alleged destruction of rainforests. The transnational headquarters of the TNC never entered the agreement and remains critical of its content. The partial success of the campaign in the US and the attending problem of ignoring continuing misdemeanours in other parts of the world demonstrate that the NGOs' struggle against TNCs often resembles the struggle against a many-headed Hydra rather than one against a monolithic Goliath (Holzer, 2001a).

On the other hand, single-issue campaigns may sometimes have effects similar to a 'virtuous spiral' (Kaler, 2000): in this case a positive stance towards societal values raises the expectations held by the public, which then lead to conflict if they are not fulfilled; this fosters a more proactive stance of business, which may again lead to rising expectations. The aforementioned *Brent Spar* controversy and the subsequent development of Shell may serve as an illustration. In the aftermath of Shell's decision to abandon the deep-sea disposal of the oil storage buoy, the TNC initiated a major review of its relationship with the public. Considering the failure of corporate communication in the two cases, Shell executives thought it necessary to get a better picture of how Shell and big business in general were perceived by the public. As part of the 'Society's Changing Expectations' project (1995–6), they commissioned a major survey in several countries concerning Shell's reputation and conducted a series of round tables where critics could voice their views (see Paine and Moldoveanu, 1999: 5–7; Shell, 1999). This project was only the beginning of a more systematic process of stakeholder engagement in the following years. Shell now sought to implement various policies, including a major review of its internal and external reporting system. The aim was to base Shell's management framework upon a specific conception of sustainable development and to elaborate indicators for evaluating the progress on this course. To the outside world, this was made visible by a new approach to annual reporting at the group level. Instead of traditional annual reports, which had been aimed exclusively at shareholders and the business community, Shell now began to produce annual 'reports to society' which pay attention to issues like human rights and environmental protection (cf. Sklair, 2001: 184ff.). This endeavour of Shell is paralleled by the development of other TNCs. More and more of them have recently begun to base their annual reporting on a wider range of measurements, including not only financial but also social and environmental indicators.[22] The resulting brochures do of course engage in some window-dressing, but they also include serious attempts at broadening the accountability of business. This is most obvious in those cases where reports are either jointly produced with NGOs or completely left to an external institution, as for instance the 'Umweltbericht' (environmental report) of Shell Germany.

By acknowledging the need to offer more transparent and comprehensive information, TNCs address the challenges posed by active

consumers and investors. They have to respond to outside demands not only in terms of appropriate products and services, that is, through their *actions*, but also in terms of public discourse, that is, through *talk*. According to Brunsson (1989), all organizations have to produce 'talk' in order to legitimize themselves. Since they may lose the support of their environment if they fail to follow prevailing norms, corporations cannot concentrate exclusively on manufacturing their products as efficiently as possible. Rather, they are also involved in the creation and application of rules and norms. Since they have to actively justify and legitimize their decisions in a transnational public sphere, corporations like Shell become ever more 'political' (Grolin, 1998). Thus, in order to fend off criticism by an attentive and critical society, 'the devil of the economy has to sprinkle itself with the holy water of public morality' (Beck, 1986: 305).

There is indeed evidence that the production of talk is gaining relevance – in particular when it comes to the *transnational* consequences of industrial production. Only a 'political' approach can accommodate the often conflicting and inconsistent demands that transnational corporations face in different parts of the world. From a global perspective, transnational corporations are confronted with the problem of diverse legal frameworks and societal expectations. Therefore, the need to legitimize their actions – in terms of a public display of good intentions to a transnational audience – becomes more and more acute.[23] One way to confront this apparent difficulty is to reflect the inconsistent demands by way of equally inconsistent talk and ideologies. Thus a corporation may variously describe itself as ecologically sound, financially profitable and socially responsible without necessarily harmonizing the different requirements arising from such self-descriptions. The political corporation 'reflects a complex environment full of inconsistent ideas in a series of ideologies that are also inconsistent' (Brunsson, 1989: 21). A corporation can use inconsistency as a subpolitical strategy to accommodate almost everyone – and thus to avoid restrictions and regulation.

Beyond the level of talk, however, there are also political dimensions to the 'action' side of industrial production. This concerns the *passive* side of corporate subpolitics mentioned above. Decisions made in the realm of economic production have a deep yet often unnoticed impact on people's lives. This applies both to their intended consequences, for example regarding employment opportunities and tax payments, and to their occasional and unwanted side-effects, for example regarding accidents and pollution.[24] The decision-making processes of corporations are of course not subject to democratic procedures or public participation (and if they were we would also have to bear the side-effects of such an arrangement!). Neither are their benefits distributed among the population. Yet the side-effects of their operations, the externalities of production, must be borne by society at large. Of course there are limits to this particular form of 'influence on people's living conditions' since the side-effects of industrial production are reined in by state regulation. Following John Dewey's argument, we may say that the state

is first and foremost an agency that addresses the problem of side-effects.[25] If, however, the side-effects and harmful consequences of production *transgress* state boundaries, the situation is entirely different. In that case the structuring of living conditions by distant decisions and operations may be considered illegitimate – a case of subpolitics from outside, as it were.[26]

But also from the inside, property may not only be used as an indicator of disposability of capital but also as one of *political* power. We are less interested in the most obvious form this may take: that wealth is intentionally used for political purposes. Beyond a certain threshold, such an instrumentalization of economic power is generally regarded as illegitimate. Common sense and legal norms critically observe such forms of 'corruption' and ensure that this sort of boundary-crossing remains ephemeral. It is therefore a rather unspectacular phenomenon: since it runs counter to the differentiation of modern society, it is suppressed by legal and institutional arrangements. Yet, if the use of property only results in politics as a *side-effect*, these precautions do not hold. Such a situation emerges if economic wealth establishes a potential for transforming *positive* into *negative* sanctions. While corruption is a case of positive sanctions (someone gets paid for doing something), the mobilization of economic resources to influence a political community, for instance through the threat of relocating industrial production, works through negative sanctions. The negative sanction in this case is based upon the threat of withdrawing an established and expected positive one. If people are used to receiving certain benefits, for example, wages or communal tax payments, losing these benefits becomes a threat and their potential withdrawal a negative sanction (Luhmann, 1987: 120).

Vis-a-vis local communities, the potential relocation of investments therefore endows corporations, and transnational ones in particular, with a position of power. It is not strictly speaking *political* power though, since it does not provide a corporation with any direct authority in the political system. More than that, such forms of power can hardly be 'politicized' at all due to their derivative status (based on economic property). They must therefore be seen as *subpolitical* levers that allow corporations to influence living conditions and political decisions by basically non-political – yet therefore much more problematic – means.

Subpolitics and Power: The Problem of Societal Influence

In the course of our consideration of different types of subpolitics we have discussed situations in which actors either *aim to* become political actors or *unwittingly* assume political roles. We have seen how decisions and activities in very different domains impact on questions that we commonly regard as political. The decisions of consumers, corporations, and scientific experts can have quite straightforward consequences for everyone's living conditions. We have so far tried to present the evidence of how other actors and societal subsystems assume functions that we would usually associate

with politics. In the following we will elaborate on the societal infrastructure behind these phenomena. We would like to argue that the discussed areas exemplify how a more broadly conceived form of societal influence is gaining importance in advanced modern society. This challenges the idea of a political steering of society. If we are to understand what and who shape the options and risks of the future, we have to look at sources of influence and power *outside* the political system. To systematically analyse the areas of subpolitics discussed so far, we distinguish three sources of power: uncertainty absorption, positive sanctions, and negative sanctions.[27]

The last form, the employment of (or rather the threat of) negative sanctions, is the most obvious way in which power may be exercised. It is also, so to speak, the most powerful and direct. It enables the 'power-holder' to define a social situation so as to turn it into a decision between a desired course of action (i.e. the realization of the power-holder's plan of action) and an alternative, undesired option (i.e. the use of sanctions). *Neither* side in a power relationship wants the undesired alternative to happen. The one subject to power clearly does not want to face the negative sanctions; but if sanctions have to be used the power-holder, too, does not get what she aimed for. Instead, she has to use force, execute a punishment or the like. Of course, the power-holder should have fewer problems if this actually happens – that is why she is more likely to get what she wants in the first place (Luhmann, 1988, 2000: ch. 2). With regard to subpolitics and the phenomena discussed above, negative sanctions correspond to the first of the two strategies used by green, ethical and political consumers. Through a boycott consumers 'punish' a company (or a country, or a social group) by taking away their money (interest, membership, etc.). But at the same time they themselves have to live without a particular product, place to shop, membership, etc. Negative sanctions are also involved in the power play between corporations and the state. For example, a TNC can threaten to withdraw its investments from a particular state in order to obtain state benefits, subsidies or tax exemptions. Here again it is not without consequences for the 'power-holder' to actually use its power. A transfer of investments from one country to another means more work and extra costs. Similarly, the power base of scientists can be analysed in terms of the negative sanctions available to them. Scientists may threaten to leave a particular country if legislation appears to obstruct their plans and projects.[28] To the extent that the outcomes of their research, for example, patents and prestige, are valuable resources, this potential threat may be used to argue against and possibly avoid adverse regulations.

In all these cases, that is, consumer boycotts, TNCs withdrawing investments and scientists threatening to run off, the negative sanctions are 'parasitic' upon a prior allocation of *positive* sanctions: consumers refuse to buy a brand or a product that they *used* to buy; TNCs threaten to withdraw investments and wages that people *used* to receive; and scientists will no longer contribute to the innovation systems of a country that *used* to rely on them. In an article on the societal foundations of power, Luhmann calls this

mechanism the 'law of the transformation of positive sanctions into negative ones'; he argues that 'if one regularly expects certain positive services, their withdrawal becomes a negative sanction' (1987: 120). This form of sub-politics qua negative sanctions thus depends on a longer history, an estab-lished relationship between societal actors. It is effective, highly visible – but rather demanding.

In contrast, positive sanctions may be employed quite spontaneously. All they require are resources – usually economic ones – that can be deployed to reward a specific behaviour. Thus green, ethical and political consumers and investors can use their financial resources to acquire products or shares that they regard as compatible with their environmental, social and ethical preferences. To see those activities as positive sanctions immediately points out the difficulties of this form of subpolitics: the sanc-tions must be 'positive' incentives, that is, large enough to warrant a change or at least a confirmation of behaviour. This may result from an aggregation of individual preferences and decisions, as in the case of 'Max Havelaar'-labelled products. In this case, the interaction of traditional, profit-oriented firms, an NGO and thousands of individual consumers creates the positive sanctions – a premium for farmers in Third World countries. What connects these actors is the *label*: the NGO holds the rights to the Fair Trade label and gives it credibility; profit-oriented firms use the label in order to make visible what is not made obvious by the products themselves: the way in which the raw material for the products has been traded; finally, on the basis of the label the consumers can distinguish between these products and other products and be sure that they get what they pay for. The potential market created by such consumers is perceived as an opportunity by business. It may thus decide to provide the range of products and services they demand. This again means better opportunities for buying these products and there-fore a bigger demand and so on. To sum up, subpolitics qua positive sanc-tions is less direct but also less conflict-oriented: it may be perceived as an opportunity for 'win–win strategies'.

The least obvious way in which societal influence may be exerted does not rely on sanctions at all. Generally speaking, if one has 'influence' over another person in a social situation this means that one is able to transfer one's own selective choice among a range of alternatives to the other person. It is important to understand that this can be possible without having to use force, threats or positive sanctions. But why would anyone be willing to use my decision criteria rather than using or developing her own ones? It cannot be taken for granted that someone should make a decision based on *someone else's* criteria without being *forced* to do so. Yet, in many situations, to develop and apply one's own criteria for decision-making would be extremely costly or even impossible, mainly because our information-gathering capacities are limited. Therefore we have to rely on other people to do the work for us. These people are called 'experts' and the reason we accept their influence is that they command 'authority'.[29] The foundation of authority is a certain assumption, viz. that upon request an authority could

justify and elaborate his or her criteria. Authority thus means the general-ized 'capacity for reasoned elaboration' (Friedrich, 1958).

In this sense, scientists and professionals command considerable authority in the public realm. If they speak authoritatively about their domain, we assume as a matter of course that they would be able to further elaborate on the reasons behind their decisions and arguments. This is strik-ingly obvious with regard to the cases discussed earlier. If scientists argue that we may expect certain benefits from their research, for example, new diagnostics and therapies arising from advances in genetic engineering, we assume – and sometimes actually demand – that they can give us all the technical and scientific details behind this claim. If scientists argue that 'discovering' a particular DNA sequence is an innovative process – and therefore patentable – they can elaborate why this is the case. If society thus accepts scientists' and other professionals' authority, it takes for granted that the 'reasoned elaboration' would normally only add further details to *corroborate* the conclusions rather than to *change* them. Yet this assumption is just that: an assumption. It ignores the fact that the 'reasoned elaboration' upon a subject always unearths a wealth of disagreement and uncertainty. In most debates, be it regarding global climate change or the status of the humane genome, this fundamental uncertainty is not publicly presented – it is 'absorbed' by the authoritative statements of experts. The 'absorption of uncertainty' is first and foremost a strategy to gather infor-mation economically; it refers to situations in which 'inferences are drawn from a body of evidence and the inferences, instead of the evidence itself, are then communicated' (March and Simon, 1958: 165).

Evidently, some process of this sort is indispensable in a complex society with specialized and differentiated knowledge domains. It must however be seen not only in its *cognitive* function, that is, regarding the necessity to limit the cost of gathering information, but also in its *societal* significance, that is, regarding the effects it has on the distribution of influence in society. To some extent, politics cannot help but rely on the uncertainty absorption provided by scientists, engineers and their repre-sentatives, for example, their professional bodies. By the very nature of their subject matter, experts are able to impose their definition of reality on others – including actors in the political system. Current debates about the possi-bilities and risks of genetic engineering show how even the fiercest criti-cism has to rely on the concepts and agenda formulated by scientists. For instance, the much-debated use of embryonic stem cells for research was based on the distinction between adult and embryonic cells. While the use of embryonic cells has become a highly controversial topic, the use of adult stem cells (as well as the whole idea of developing genetic therapies and drugs) appears to be taken for granted. This may be regarded as a result of the scientific formulation of the problem. By framing the debate in terms of the distinction of embryo/adult stems cells, the epistemic community of genetic scientists has structured the political agenda – unintentionally, as it were.

To sum up, we could ask whether influence based on positive and negative sanctions or uncertainty absorption results in new channels of 'politics'. Yet such a question would lead to a rather narrow debate. It could either show why those activities *are* political (and therefore supposedly interesting) or why they *are not* political (and therefore not that interesting after all). But perhaps this way of structuring the debate is fundamentally misleading. The common prejudice that associates 'political' with 'important' issues needs to be bracketed out of the analysis. In the first place, it is interesting to understand why the discussed phenomena are *not* political – and yet still of societal and sociological relevance. We take it that this is also the point of departure of Beck's analysis which, after all, is concerned with societal change that takes place 'in the form of the *non*-political' (Beck, 1986: 303). It is therefore questionable whether a discussion about the 'political' character of subpolitics actually serves the purpose. Maybe we should rather continue the debate in the opposite direction – and elaborate the ways in which forms of power in fields different from politics are essentially non-political and *therefore* even more important.

Conclusion

In this article, we have sought to examine a central thesis of the theory of reflexive modernization: the emergence of subpolitics as a new and distinct field of political action. We have seen that the concept of subpolitics sheds a fresh light on a range of developments in economic and scientific fields. Beck associates the rise of subpolitics with a loss of function (*Funktionsverlust*) of the political system (Beck, 1986: 307). This implies that functions hitherto associated with politics are now taken over by other agencies such as NGOs, corporations or science. The supposed iron cage of bureaucratic politics thus appears to dwindle under pressure from two directions: on the one hand, it is silently undermined by the paramount importance of scientific and economic decisions in modern society. On the other hand, it is openly put into question by the actions of active subpoliticians who refuse to restrict themselves to the channels provided by formal politics.

Based on the evidence presented in this article, we draw a slightly different conclusion. The idea of subpolitics is right in challenging politics' iron cage. Yet this cage must be regarded as a construction, a self-description of a political system that claims to have successfully monopolized the means of doing politics. In contrast to this claim, however, the sources of societal influence that underpin both subpolitics and formal politics have *never* been fully absorbed by the formal political process. Scientific expertise, corporate decision-making and individual consumption choices draw on those sources and thereby demonstrate that the political system has actually *not* succeeded in the 'political expropriation' envisaged by Weber and others. It may well be impossible to accomplish the complete subordination of the manifold sources and uses of positive sanctions, negative

sanctions and uncertainty absorption to the principles of formal bureau-cratic politics.

The concept of subpolitics draws our attention to this fact and thus contributes to a more appropriate understanding of modern politics. The political system proper is but one specific articulation and formalization of otherwise loosely coupled sources of influence. More akin to a 'net' than to a 'cage', formal politics links and consolidates those sources. It is hardly surprising – and probably as encouraging as sometimes troubling – to realize that this net will continue to provide enough loopholes for subpoli-tics to emerge.

Notes

1. Weber most famously employed the notion of *stahlhartes Gehäuse* ('iron cage' in Parsons's not entirely accurate yet memorable translation) to denote the economic exigencies of capitalism (Weber, 1920: 203f.). However, he also used it in a political context when he criticized the *Gehäuse* of 'total dependence' (Weber, 1921b: 149) and of 'bureaucratic paternalism' (1921b: 256) characteristic of the modern state.

2. Unless stated otherwise, all translations from non-English sources are our own.

3. To emphasize the specific qualities of those risks, it has been suggested they be called 'new risks' (Lau, 1989) or 'second-order dangers' (Bonss, 1995).

4. It should be clear that this argument mainly applies to such high-consequence risks. For other sorts of risks we can of course still observe that they affect some people more than others. This point has been stressed by environmental justice research (see Bullard, 1999; Harvey, 1999).

5. Considering the paramount position of the economic system in modern society, it is plausible to say that the most 'important' decisions have probably *never* been made in the political system. Indeed, Beck's argument seems to echo a Marxist view of politics in this respect. However, Beck seeks to expand the realm of politics whereas Marxists traditionally have reduced politics to economic matters. In our view, it is a great benefit of the concept of *subpolitics* that it enables us to conceive of decisions in their entire ambiguity – being *neither* political *nor* non-political.

6. For the initial formulation of the idea that we should distinguish between 'active' and 'passive' subpolitics see Sørensen (2001), where active subpolitics as a form of deliberate subpolitics is distinguished from passive subpolitics as a non-delib-erate form. This distinction is explored further in Holzer and Sørensen (2002).

7. While the laboratory provides a closed technical system, nature represents an open non-technical system; causal processes within the laboratory are therefore 'recontextualized' when observed in nature (Bonss et al., 1993).

8. The important characteristic of this criticism is that it has itself become scien-tific. Beck (1982) describes this as a process of 'secondary scientification'

(*Sekundärverwissenschaftlichung*): in late modern society, the opponents of science are usually not lay people but scientific experts.

9. This is not only true of human genetics but of many other fields as well. For instance, the policy implications of global climate change models are striking: if a model attributes climate change to human factors, this calls for political action; if not, the need for global agreements appears to be far less obvious. Accordingly, the subpolitical role of what Haas (1992) calls 'epistemic communities' in global environmental politics must be recognized.

10. In the following we will not distinguish between these three kinds of consumers because they are very similar with regard to their market consequences. The 'green consumer' is the most common of the three concepts. For a discussion and definition see Elkington and Hailes (1989). The two other concepts put environmental concerns alongside other concerns – human rights and social standards – and are on the whole very similar concepts. For a definition of 'the ethical consumer' see ECRA (1989); and for the political consumer see IFF and ELSAM (1996). So far the political consumer concept has primarily been used in Denmark.

11. This does not mean, however, that they all actually *act* like ethical consumers. Cowe and Williams conclude that the potential for ethical products in the UK could be as much as 30 percent of the consumer market, but that only very few ethical products have this market share. Although there are exceptions, for example, 'Freedom Food eggs' with an approximately 20 percent market share, many ethical products only have a market share of around 1 percent. This phenomenon is referred to as 'the ethical gap' by the authors (Cowe and Williams, 2000: 40).

12. Consumer boycotts can of course also be about hindering others from using their money (Friedman, 1999: 11–12).

13. According to Anni Olsen from Shell Denmark, the volume of petrol sold at German Shell petrol stations went down by nearly 30 percent in the last days before the decision was taken not to dump the *Brent Spar* (Sørensen, 2001: 127). Wätzold reached a similar conclusion: 'According to one opinion poll, 85% of the population were in favour of the boycott. Peter Duncan, Chairman of German Shell, admitted that the filling stations had a drop in sales of between 20 to 30%, sometimes even more than 50%' (Wätzold, 1996: 329).

14. Monroe Friedman refers to this positive strategy as 'the buycott' (Friedman, 1996).

15. The conditions for receiving the extra payment for the products include: '1) for small farmers' co-operatives a democratic, participative structure; 2) for plantations/factories the workers should have: decent wages (at least the legal minimum); good housing, where appropriate; minimum health and safety standards; the right to join trade unions; no child or forced labour; minimum environmental requirements' (see <http://www.fairtrade.net/criteria.html> regarding criteria for different products).

16. Information from the Max Havelaar Switzerland website at <http://www.maxhavelaar.ch/>.

17. Although this is the general trend, there are also markets where sales have dropped, for example, in Germany 'TransFair' coffee had a volume sales drop of more than 7 percent in 2000 compared with 1999. This is partly explained – by TransFair Germany – by a wider gap between the price of conventional traded coffee products and Fair Traded coffee (Transfair and RUGMARK, 2001: 5). Apparently,

green, ethical and political consumers are not willing and not able to pay 'no matter what' for green, ethical and political products. It is, however, impossible to say anything in general about where the limit is – it depends entirely on the particular consumers and the particular products.

18. Thanks to Claus Mohrhagen from Max Havelaar Denmark for providing these figures.

19. Fair Trade roast and ground coffee had a 10.5 percent market share in the UK, and a 3 percent share of the total coffee market in 2001 (soluble and ground coffee). For sales figures for the last four years (1998–2001) in the UK see <http://www. fairtrade.org.uk/factsfig.htm>.

20. For a still useful treatment of this often observed political side of business see Berg and Zald (1978). Grenzke (1989) provides an empirical account of the work of 'Political Action Committees' at the US Congress.

21. Estimates of the significance of SRI vary. According to recent figures, the ethical investment funds in the UK represented a total market value of £3.7 billion at December 2000 (EIRIS, 2001). For the US, the Social Investment Forum Report 2001 estimates that $2.34 trillion is currently invested in socially and environmentally responsible companies. This accounts for one-eighth of the total $19.9 trillion in investment assets under management in the US (Social Investment Forum, 2001).

22. See the UNEP review of reporting activities carried out by SustainAbility (SustainAbility, 1996a, 1996b, 1999).

23. For the example of Royal Dutch/Shell and other TNCs see Holzer (2001b).

24. Some of those effects are also discussed as the 'structural power' of corporations, which gives them the ability to transform 'the conditions under which wealth is created and distributed' (Held et al., 1999: 281f.). For our present purpose, however, this label does not sufficiently distinguish between intended and non-intended effects of power and influence.

25. 'When indirect consequences are recognized and there is effort to regulate them, something having the traits of a state comes into existence' (Dewey, 1946: 12).

26. More generally speaking, corporations exert power on the basis of their economic wealth. It goes without saying that this power must be considered as legitimate in a liberal social order, since it is based upon property. Property as such does not depend on legitimacy – for it *is* a mechanism of legitimation itself. If legitimacy may be understood as a form of taken-for-granted consensus, property ensures that a certain consensus regarding the disposition of things *can* be taken for granted. Or, as Luhmann puts it: 'The meaning of property lies in *suspending the need for consensus*. The success of certain communications depends on the agreement of the owner and *on no one else*' (Luhmann, 1993: 454).

27. These forms draw on a systems-theoretical concept of *influence* (Luhmann, 2000: 41ff.). Luhmann reserves the term 'power' for a more restricted range of phenomena. In the present context, however, such a differentiation is not necessary and we thus use influence and power interchangeably.

28. One of the latest – and most spectacular – examples of that was the announcement of Italian embryologist Severino Antinori at a conference on cloning in Washington, August 2001. Antinori said (in front of the TV cameras, of course) that he would carry out his plans to clone human beings 'in a remote country, or on a

ship in international waters' if too many regulations obstructed him (reported by CNN.com, 7 August 2001). Antinori then received an offer to conduct his experiments in Libya with the special help and permission of the Libyan 'revolutionary leader' Muammar al-Qadhafi.

29. Among others, Giddens (1990, 1991) stresses the significance of personal and abstract expert systems in the decision-making processes of modern society. While experts certainly gain more prominence in a complex society like ours, authority must be regarded as an almost universal feature of human society.

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