

**Risk Markets:**  
**The Commodification of Security and the Risk Society**

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**Abstract:**

Proceeding from the contention that the works of Beck and his critics neglect the commodification of risk, this paper examines the role of businesses in the formation, continuation and institutional management of the risk society. It observes that the replacement of the concept of 'threat' with 'risk' since the 1990s has permitted private firms to identify a growing range of unknown and unknown-unknown dangers which cannot be eliminated because its causes are complex and unknown, but require continuous risk management. Using the discourse of risk and its strategies of commercialized, individualized and reactive risk management, this private risk industry has thus promoted the rise of an *Angst* society in which the demand for security can never satisfied and guarantees continuous profits.

“Modernization risks from the winner’s point of view are *big business*. They are the insatiable demands long sought by economists. Hunger can be sated, needs can be satisfied, but *civilization* risks are a *bottomless barrel of demands*, unsatisfiable, infinite, self-producible.”<sup>1</sup>

Ulrich Beck

## Introduction

Although Beck acknowledges that the risk society has reached a new level with the commercialization of risks through their self-referential exploitation, the role of private enterprise in the creation, management and continuation of the risk society remains underexamined.<sup>2</sup> Focussed primarily on the “objective” risks that are the results of the excesses of civilization and modern industrial production such as radiation, environmental degradation and global warming, Beck neglects the big business of perceived and imagined risks and risk management in today’s hyper-sensitised society. This paper seeks to address this gap by expanding Beck’s arguments with regard to a risk ‘industry’ that ranges from the provision of personal protection to the monitoring and management of diseases. It argues that rather than being merely the unintentional outcome of newly emerged and globalized modernization hazards, the risk society is also a creation of private companies which set about the commodification of risk and insecurity in Europe and North America as early as the 1970s. Initially this private industry provided ‘security’ as related to physical dangers such as robbery and burglary. However, in the search for new sales opportunities the private sector soon turned to a wide variety of potential threats to safety, health and wellbeing that are encapsulated in the concept of ‘risk.’ The reinvention and merger of the private security sector with the contemporary risk industry has contributed to the emergence of the risk society through its discourse of known, unknown and unknown-unknown risks, to use Donald Rumsfeld’s phrase, and by offering to contain the uncontainable. Whereas Beck’s focus on environmental and predominantly global dangers leads him to believe in the potential for a cosmopolitan and political solution to contemporary hazards,<sup>3</sup> this paper suggests that the risk discourses and practices of private businesses encourage the individualization, differentiation and commodification of risk management and, thereby, undermine Beck’s utopian vision.

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<sup>1</sup> Ulrich Beck (1992) *Risk Society. Towards a New Modernity* (London: Sage), p. 23.

<sup>2</sup> Beck (1992) *Risk Society*; Ulrich Beck (1999) *World Risk Society* (Cambridge: Polity); Keith Spence (2005) ‘World Risk Society and War Against Terror,’ *Political Studies*, Vol. 53, No. 6, pp. 284-302; David L. Altheide and R. Sam Michalowski (1999) ‘Fear in the News: A Discourse of Control,’ *The Sociological Quarterly*, Vol. 40, No. 3, pp. 475-503.

<sup>3</sup> Beck (1999) *World Risk Society*.

## Risk Society and the Market

Building on Beck's seminal works 'Risk Society. Towards a New Modernity' and 'World Risk Society,' a predominant focus and argument within the political and sociological study of risk is the role of the state in generating, sustaining and managing risk and the risk society.<sup>4</sup> Frequently combined with Foucault's governmentality framework, the primary concern of these studies is the governmental use of risk discourses and practices to "discipline" populations.<sup>5</sup> For instance, Raco argues that "the concept of risk-environments based on the selective generation of fear has been a central part of *government* strategies to develop, promote and implement new agendas of economic development."<sup>6</sup> Similarly, Lupton contends that "risk may be understood as a *governmental* strategy of regulatory power by which populations and individuals are monitored and managed through the goals of neo-liberalism."<sup>7</sup> Altheide and Michalowski add: "The prevalence of fear in public discourse can contribute to stances and reactive social policies that promote *state* control and surveillance. Fear is a key element of creating 'the risk society,' organized around communication oriented to policing, control and the prevention of risks."<sup>8</sup> Few academics have examined the contribution of private enterprise to the emergence of risk discourses and the management of risk.<sup>9</sup>

Beck himself fails to investigate the role of private businesses in greater detail, although he contends that the risk society has its origins in the evolution of industrial development from classical to reflexive modernity. In fact, he devotes only two pages in his book 'Risk Society' to the question of how private companies are profiting from the management of risk.<sup>10</sup> In Beck's narrative, contemporary risks are real and they have changed:

"The risks and hazards of today thus differ in an essential way from the superficially similar ones of the Middle Ages through the global nature of their threat (people, animals and plants) and through their *modern* causes. They are risks of *modernization*.

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<sup>4</sup> Spence (2005) 'World Risk Society and War Against Terror,' pp. 284-302.

<sup>5</sup> See for instance, Gabe Mythen and Sandra Walklate (2006) 'Criminology and Terrorism: Which Thesis? Risk Society or Governmentality?' *British Journal of Criminology*, Vol. 46, No. 3, pp. 379-398; Claudia Aradau and Rens van Munster (2007) 'Governing Terrorism Through Risk: Taking Precautions, (un)Knowing the Future,' *European Journal of International Relations*, Vol. 13, No. 1, pp. 89-115.

<sup>6</sup> Mike Raco (2002) 'Risk, Fear and Control: Deconstructing the Discourses of New Labour's Economic Policy,' *Space & Polity*, Vol. 6, No. 1, pp. 25-47, p. 26. Italics added.

<sup>7</sup> D. Lupton, cited in: Raco (2002) 'Risk, Fear and Control,' p. 29. Italics added.

<sup>8</sup> David L. Altheide and R. Sam Michalowski (1999) 'Fear in the News: A Discourse of Control,' *The Sociological Quarterly*, Vol. 40, No. 3, pp. 475-503, p. 476. Italics added.

<sup>9</sup> Maria Łoś (2002) 'Post-communist Fear of Crime and the Commercialization of Security,' *Theoretical Criminology*, Vol. 6, No. 2, pp. 165-188.

<sup>10</sup> Beck (1992) *Risk Society*, pp. 56-57.

They are a wholesale produce of industrialization, and are systematically intensified as it becomes global.”<sup>11</sup>

Businesses have contributed to the creation of these hazards through unconstrained, reckless and globally expanding industrialization. They have released “pollutant and toxic elements in air, water and foodstuffs” and have resulted in “the destruction of nature and the environment.”<sup>12</sup> In addition to being the result of globalizing industrial production, these new threats are also more dangerous and less predictable than “older dangers.”<sup>13</sup> According to Beck, it is the potentially devastating nature of these threats, their global reach and their incalculability which requires a new term for them: risks.

Reflexive modernization, which is the defining feature of the risk society, is the result of the changing nature of contemporary modernization hazards which Beck terms ‘risks’. Modernization becomes reflexive in the sense that it has to deal with the risks that modernization has produced.<sup>14</sup> Industrial capitalism becomes reflexive in that “risks are no longer the dark side of opportunities, they are also market opportunities.”<sup>15</sup> Firms can benefit and make a profit from managing the risks that they or other businesses produce.

However, Beck believes that the destructiveness, global scope and incalculability of the new risks hold the potential for mobilizing political demands for the development of collective and cosmopolitan solutions. While he accepts that as “the risk society develops, so does the antagonism between those afflicted by risks and those who profit from them,”<sup>16</sup> this appears to be merely an intermediary stage. Beck seems confident that, eventually, societies across the globe will accept that “*objectively*” the new risks “display an equalizing effect within their scope and among those affected by them.”<sup>17</sup> The Kyoto Protocol might serve as an example where countries worldwide have recognized that, although emission limitations might hamper their national economic developments and outputs, the risks of unregulated emissions to the global climate will affect everybody and are too large to be ignored.

As has been widely noted in the literature, there are several problems with and limitations to Beck’s analysis.<sup>18</sup> These limitations account for Beck’s failure to investigate

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<sup>11</sup> Beck (1992) *Risk Society*, p. 21.

<sup>12</sup> Beck (1992) *Risk Society*, p. 24.

<sup>13</sup> Beck (1992) *Risk Society*, p. 21.

<sup>14</sup> Beck (1992) *Risk Society*, p. 21.

<sup>15</sup> Beck (1992) *Risk Society*, p. 46.

<sup>16</sup> Beck (1992) *Risk Society*, p. 46.

<sup>17</sup> Beck (1992) *Risk Society*, p. 36.

<sup>18</sup> Scott Campbell and Greg Currie (2006) ‘Against Beck: In Defence of Risk Analysis,’ *Philosophy of the Social Sciences*, Vol. 36, No. 2, pp. 149-172; Robert Dingwall (1999) “‘Risk Society’: The Cult Theory and the Millennium?” *Social Policy and Administration*, Vol. 33, No. 4, pp. 474-491.

and expand on the role of the private industry in the risk society. The first problem is Beck's usage of the term 'risk' and his assertion that contemporary modernization hazards are distinct from those of previous centuries. Beyond the simple fact that risk is a generic term that refers to the combined measurement of the potential harm and probability of an event and not to a specific set of threats, reflexive man-made threats are not an invention of the 20<sup>th</sup> century.<sup>19</sup> Albeit it may be argued that the range and lethality of modern threats such as nuclear weapons/power/waste and terrorism are greater than those of earlier dangers, the difference appears to be one of degree rather than kind. Examples of transnational man-made threats in previous centuries that were a result of 'industrial' developments at the time include the effects of deforestation during the Roman Empire and the Middle Ages, the depopulation of Europe by the plague due to increasing population density and insufficient sanitation, 16<sup>th</sup> and 17<sup>th</sup> century pirates which benefited from advances in ship building and prosperity due to colonization and the coal fire smog of the 19<sup>th</sup> century.

Secondly, Beck's argument is based on a very selective analysis of risks and the responses to them which are largely based on the German experience of the 1970s and 1980s.<sup>20</sup> At that time, environmental problems such as the *Waldsterben*, the dying of the German forests, generated a large-scale political movement that supported among others the formation, rise and eventual election into governmental power of the German Green Party. In the United Kingdom (UK) and the United States (US) majoritarian political systems and profoundly liberal political traditions and cultures appear to have favoured non-political mass responses to newly emerging risks including voluntarism, private market solutions and changes in consumer behaviour. An example is the response to the increasing awareness of global warming which reached the UK in 2006 in the wake of Al Gore's film "An Inconvenient Truth." Rather than leading to political demands for government action, it resulted in a media and advertisement frenzy that told the readers of women's magazines "how to be an eco-slut" by buying recycled jewellery, had leading newspapers "off-set" the CO2 emissions of their Travel section reporters by donating small sums to environmental charities and created regular columns such as "The Eco-Worrier" in which readers were educated about environmentally-friendly consumer choices.

Thirdly, Beck fails to examine in greater detail the mechanisms by which the risk society is institutionally managed. Concentrating on a meta-narrative of historical transformation and change, his research does not answer the question of how the risk society

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<sup>19</sup> Campbell and Currie (2006) 'Against Beck,' pp. 150-151.

<sup>20</sup> Dingwall (1999) "Risk Society", pp. 475-476.

is sustained. If Beck's reasoning is correct that the nature of contemporary threats promotes radical political mobilization and cosmopolitan solutions, we would expect to see more of them given that he first developed his argument two decades ago. So far, little progress has been made with regard to collective, cosmopolitan efforts to eliminate modernization risks. On the contrary, governments and a prospering risk industry generate the impression that we can manage modernization risks without fundamental changes to our lifestyles.

The following sections seek to address these problems by drawing on Beck's ideas to develop an account of the risk society that takes a broader view of contemporary risk, considers non-political responses and investigates the role of private businesses in the creation, management and continuation of the risk society. Admittedly this analysis is as much a result of the particular Anglo-Saxon experience of the risk society as Beck's is that of Germany.

### **The Concept of Risk**

Especially in his later work, Beck accepts that risk is not merely a condition of our physical environment, but also the result of social construction. Responding to his critics, Beck writes in 'World Risk Society': "*it is cultural perception and definition that constitute risk.*"<sup>21</sup> However, he is sceptical of a purely constructivist framework because within it "no one is able to define or declare what really 'is' or 'is not'."<sup>22</sup> His analysis of risk and the risk society are ultimately based on existing material dangers that have 'objectively' taken on a new form. Specifically, "[p]ast decisions about nuclear energy and present decisions about the use of gene technology, human genetics, nanotechnology, etc. are unleashing unpredictable, uncontrollable and ultimately incommunicable consequences that might ultimately endanger all life on earth."<sup>23</sup> While this author shares Beck's realist epistemology which allows us to distinguish between material reality and discourse, this section makes the argument that Beck's focus on the real transformations in our security environment has led him to neglect the role of the discourse and the private industry in increasing risk perception and identifying 'new' risks. It suggests that we should adopt a broader meaning of risk, which includes all hazards that are presented as such within public discourse, and modify Beck's definition of the risk society. If the contemporary dangers are not materially distinct, but are merely analysed, presented and managed in a different manner, the relationship between the 'new'

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<sup>21</sup> Beck (1999) *World Risk Society*, p. 135.

<sup>22</sup> Beck (1999) *World Risk Society*, p. 135.

<sup>23</sup> Ulrich Beck (2002) 'The Terrorist Threat: World Risk Society Revisited,' *Theory, Culture & Society*, Vol. 19, No. 4, pp. 39-55, p. 40.

risks and the risk society that Beck suggests disappears. Instead, the term 'risk society' seems to be more suited to denote societies that are obsessed with risk. According to Ericson and Doyle, this risk society is characterized "by a cultural desire to tame chance and effect security, and by institutions increasingly organized around risk management."<sup>24</sup>

### *Known, Unknown and Unknown-Unknown Risks*

As Raco argues, risk is "a multidimensional concept whose definition and articulation are critically dependent upon the objectives and rationales of those using it to promote their own agendas."<sup>25</sup> This raises the question of who benefits from the emergence of 'risk' as the central concept in contemporary discourses on individual, national and international security. However, in order to understand the particular characteristics and utility of the concept of risk, it is first necessary to define the term. Against Beck, risk is commonly defined not as a particularly type of threat, but as a measure of the level of insecurity. Specifically, risk is measured by the potential impact of a hazard multiplied by its probability. Since both the potential impact and the probability of a threat can best be inferred from past experience, the more infrequent a danger, the more difficult it becomes to assess its associated risk.

For the purposes of this article, it is useful to distinguish between three levels of risk as points on a continuum of frequency and familiarity with certain dangers: known, unknown, and unknown-unknown risks. Known risks are linked to dangers which affect peoples' lives on a daily or regular basis, such water or air pollution, with acknowledged consequences. They are 'known' in the sense that these dangers are personally observed or experienced by a significant number of people. Before the ascent of the concept of risk in the jargon of security, they were more correctly termed 'threats' because they did not include the element of futurity that defines risk in academic language.<sup>26</sup> Along the continuum of risk, threats are characterized by a high probability. In the second category are (personally) 'unknown' risks. These risks are related to threats which have some chance of materializing on the basis of past records, although is it difficult to predict where and with which consequences because they are not very frequent. They have been experienced by some people, but not many, and are exemplified by dangers such as terrorist attacks. The third category is 'unknown-unknown' risks. They are risks that have a very small probability or where the probability is

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<sup>24</sup> Richard V. Ericson and Aaron Doyle (2004) 'Catastrophe Risk, Insurance and Terrorism', *Economy and Society*, Vol. 33, No. 2, pp. 135-173, p. 141.

<sup>25</sup> Raco (2002) 'Risk, Fear and Control,' p. 27.

<sup>26</sup> Mythen and Walklate (2006) 'Criminology and Terrorism,' p. 381.

very difficult to calculate because there are no previous records of it. Unknown-unknown risks are outside the individual experience of anybody.

The shift from known ‘threats’ which dominated public, political and expert discourses during the Cold War era to today’s terminology of unknown and unknown-unknown ‘risk’ has been made possible by the replacement of the concept security by risk as the central notion in the analysis of individual, national and international safety. While the realist concept of ‘threat’ suggests that dangers can be contained or eliminated, the probabilistic concept of ‘risk’ implies that insecurity can only be managed. A notion of security that builds on risk means that security can never be attained. ‘Zero risk’ does not exist. The concept of risk, unlike threat, guarantees constant demand. Risk can only be controlled and requires permanent surveillance, analysis and assessment.

In addition, the concept of risk permits and legitimizes the discourse of unknown and unknown-unknown risk. It allows the discourse to expand from personally known dangers to threats that people are not aware of. The potential range of risks that people can worry about is infinite. Whereas threats are something that can be personally observed and experienced, risks are beyond individual knowledge and assessment. Beck’s argument that people are becoming “fundamentally dependent on external knowledge” because the ‘new’ modernization risks are more obscure and complex, thus, takes on a different meaning.<sup>27</sup> It is not the dangers that societies face which have materially changed, but the concept and discourse of risk allows the creation, identification and invention of ‘new’ risks which are not and cannot be known because they are in the future.<sup>28</sup>

Since there is no individual part experience of these future dangers, people and states rely on ‘experts’ to inform them about these risks. Moreover, the risk assessment of experts who inform us of new unknown and unknown-unknown risks cannot be challenged. Due to the futurity of unknown and unknown-unknown risks, they cannot be proven wrong. In a reversal of Beck, it can thus argued that the risk discourse is based on a house of cards of speculative assumptions, and moves exclusively within a framework of probability statements, whose prognoses of not safety, but risk and insecurity cannot even be refuted by the absence of actual accidents.<sup>29</sup>

Now we can return to the question of who benefits from the new discourse of risk. As a number of studies have argued with relation to the ‘war on terror’ and economic policies,

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<sup>27</sup> Beck (1992) *Risk Society*, p. 53.

<sup>28</sup> Although he keeps returning to real threats, Beck seems to accept this argument when he writes: “It is not clear whether it is the risks that have intensified, or our *view* of them.” Beck (1992) *Risk Society*, p. 55.

<sup>29</sup> Beck (1992) *Risk Society*, p. 29. Underlined sections added by the author.

governments have used the notion of risk to control and gain the support of national electorates for unpopular policies.<sup>30</sup> However, for states the concept and discourse of risk is a double-edged sword. While it helps to “discipline” populations, the discourse of risk and fear simultaneously threatens to undermine electoral trust in states’ abilities to provide order and security within their national territories. Governments that use the concept of risk to justify certain policies walk a fine line. Although they can exploit public fear for political purposes, governments have to convince and reassure their populations that they are still in control and that they are able to (re-)establish security if they want to be re-elected. Moreover, governments have limited resources. Increased risk perception demands new security policies. However, tax increases to fund such policies are unpopular. The US intervention in Iraq illustrates this dilemma. Although the George W. Bush administration’s assertion of the threat of terrorism and weapons of mass destruction in Iraq helped it to remain in power, its subsequent failure to find and eliminate such terrorists and weapons, its inability to establish peace in Iraq and the rising cost of the occupation are now undermining electoral and Congressional support.

The private market has no such problems. For private businesses, the fact that risks can never be fully eliminated promises insatiable demand. Thus Łoś observes with regard to the privatization of security in Eastern Europe, that by “simultaneously contributing to social insecurity, defining risks and supplying expensive means to address them, this sector has worked to shape a new risk mentality that generates mushrooming demand for its own products and services.”<sup>31</sup> Market solutions can never permanently overcome these risks. However, this is not a problem because public expectations regarding the capabilities of businesses and states differ markedly. While the public hires firms to micro manage their personal risks, it expects their governments to resolve or eliminate risk at a macro-level. The ‘consumer’ accepts that private security industry solutions to risk are only temporary and individual, while the ‘citizen’ demands that the government develops permanent and societal responses to the new security threats. Consumers would never expect that private firms provide for their security unless they pay them, yet citizens seem to imagine that tax cuts and increased national and international security measures are compatible. While citizens vote a government that fails to address perceived risks out of office, consumers who have become targets are persuaded to ‘upgrade’ their private security by buying more advanced technologies. Most importantly, private businesses sell security, while states do not. Private

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<sup>30</sup> Mythen and Walklate (2006) ‘Criminology and Terrorism,’ p. 385.

<sup>31</sup> Łoś (2002) ‘Post-communist Fear of Crime and the Commercialization of Security,’ p. 178.

firms do not have to balance manufactured increases in risk perception against existing or potentially available budgets. On the contrary, rising risk perception increases their profits. Beck recognizes this elsewhere when he contends: “Demands, and thus markets, of a completely new type can be *created* by varying the definition of risk, especially demand for the avoidance of risk – open to interpretation, causally designable and infinitely reproducible.”<sup>32</sup> In sum, the private security industry benefits from three aspects of the concept of risk, namely permanency, infinity and unknowability, in ways that the state does not. Each of these aspects helps to expand the demand for private security and increases profit.

### *Threat Perception and the ‘Angst Society’*

The industry’s ability to profit from unknown and unknown-unknown risk provides it with a vested interest in the construction and perpetuation of fear and the emergence of the ‘*Angst* society’ in Western industrialized countries. Beck’s contention that “the immiseration through hazards coincides with the opposite of material immiseration,”<sup>33</sup> therefore, takes another connotation according to which the capitalist market is only able to benefit from increased risk perception where people are sufficiently wealthy to buy the products that the private industry offers to control risk. Research shows that the wealthy are the most fearful, not only because they have something to lose, but also because they can afford to spend time, energy and money on trying to avoid risk. Incidentally, according to government and academic data, the wealthy are also the least at risk.

The ‘*Angst* society’ is characterized by a “discourse of fear [that] may be defined as the pervasive communication, symbolic awareness, and expectation that danger and risk are a central feature of the effective environment, or the physical and symbolic environment as people define and experience everyday life.”<sup>34</sup> Due to the lack of personal experience of unknown and unknown-unknown risk, mass mediated understandings and so-called expert interpretations of potential dangers whether fictitious or real play a critical role in the manufacture of popular risk perception.<sup>35</sup> Unfortunately, bad news is good news for the mass media and the private security industry.<sup>36</sup> Bad news sells newspapers as well as housing alarms and security guards. The politics of the media and the private security market, while

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<sup>32</sup> Beck (1992) *Risk Society*, p. 56.

<sup>33</sup> Beck (1992) *Risk Society*, p. 52.

<sup>34</sup> David L. Altheide and R. Sam Michalowski (1999) ‘Fear in the News: A Discourse of Control,’ *The Sociological Quarterly*, Vol. 40, No. 3, pp. 475-503, p. 476.

<sup>35</sup> Altheide and Michalowski (1999) ‘Fear in the News,’ p. 479.

<sup>36</sup> Łoś (2002) ‘Post-communist Fear of Crime and the Commercialization of Security,’ p. 166.

not coordinated, support each other in a spiral of perceived risk escalation. Industry experts confirm the bad news that the media wants, whereas bad news in the media generates further demand for private security products and services.

The impact of the media on risk perception is well researched.<sup>37</sup> This research demonstrates that “violent content can lead viewers to perceive life as ‘scary’, dangerous and fearful.”<sup>38</sup> In most Western countries, the media’s focus on violence, on the one hand, and public threat perception, on the other, have increased concurrently since the 1970s. While statistically the risk of crime, accidents and terrorist attacks have been decreasing for much of the past three decades, people are more fearful than ever. In the US, Altheide and Michalowski find a six-fold increase in key newspapers’ association of fear with violence and crime between 1984 and 1999, that is, *before 9/11*.<sup>39</sup> Arguably the numbers can be expected to be even higher today. They observe that the discourse of fear “resonates through public information and is becoming a part of what a mass society holds in common: We increasingly share understandings about what to fear and how to avoid it. The consequences are felt in numerous ways but particularly in accelerated negative perceptions about public order (e.g. the streets are not safe, strangers are dangerous, the state must provide more control and surveillance).”<sup>40</sup>

While Beck believes that the inherent incalculability of unknown and unknown-unknown risk “contains the opportunity to emancipate social practice from science through science,” he also recognizes the danger that “on the other hand it immunizes socially prevailing ideologies and interested standpoints against enlightened scientific claims, and throws the door open to a feudalization of scientific knowledge practice through economic and political interests and ‘new dogmas’.”<sup>41</sup> People might be able to resist the discourse of fear by pointing out the unverified and complex assumptions on which expert calculations of unknown and unknown-unknown risk are based; but to do so is in itself a risk which many people might not want to take. The latter response becomes more likely if, as the media and business advertisements do, risks are not related to peoples themselves but to those for whom they care or are responsible.<sup>42</sup> We might be willing to take risks for ourselves, but we are

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<sup>37</sup> Altheide and Michalowski (1999) ‘Fear in the News,’ pp. 475-503;

<sup>38</sup> Altheide and Michalowski (1999) ‘Fear in the News,’ p. 479.

<sup>39</sup> Altheide and Michalowski (1999) ‘Fear in the News,’ p. 490.

<sup>40</sup> Altheide and Michalowski (1999) ‘Fear in the News,’ p. 476.

<sup>41</sup> Beck (1992) *Risk Society*, p. 156-157. Beck makes this argument with regard to the tendency of governments and experts to ‘downplay’ modernization risks such as nuclear power and genetic modification, but of course it can also be viewed in the reverse.

<sup>42</sup> Altheide and Michalowski (1999) ‘Fear in the News,’ pp. 491-492.

disinclined to accept even unknown and unknown-unknown risks for those we love or are accountable for. The mantra “for our children...” resonates throughout the discourse on risks, whether we are asked to save the environment for future generations or protect our children from paedophiles living in our communities.

### **Risk Management**

The commodification and marketization of risk not only fuels the discourse on risk and the *Angst* society, it also offers commercial solutions to the risks that it identifies. Contrary to Beck who contends that in “modernization risks, then, things which are substantively-objectively, spatially and temporally disparate are drawn together causally and thus brought into a social and legal context of responsibility,”<sup>43</sup> private market solutions are characterized by the individualization of the responsibility for risk management. Furthermore, private firms ‘manage’ risk by dealing with its consequences rather than its causes.<sup>44</sup> The following sections examine how both contribute to expanding and preserving customer demand for private security and risk management.

#### *Individualization and Responsibility*

Beck believes in the collectivising capacity of the new risks. According to him fear creates solidarity and “[n]ew communities and alternative communities [will] arise, whose world views, norms and certainties are grouped around the center of invisible threats.”<sup>45</sup> However, this contention again betrays the German model and recent historical experience on which Beck’s argument builds. In the UK and the US, the predominant response to the rise in fear and the emergence of *Angst* societies has been the alienation of individuals from their social environments. Rather than finding a new sense of solidarity, citizens physically and psychologically shut themselves and their families off from suspect or simply unknown ‘others’ within gated communities, housing districts that are perceived to be safe, private schools and locked cars.

Beyond the broader individualization of modern society, one of the origins of this behaviour appears to be the plurality of risks and differences in individual risk perception

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<sup>43</sup> Beck (1992) *Risk Society*, p. 28.

<sup>44</sup> Elke Krahnemann (2005) ‘Security: Collective Good or Commodity?’, paper presented at the ISA Annual Convention, Honolulu.

<sup>45</sup> Beck (1992) *Risk Society*, p. 74.

which are emphasized in the current discourse of the ‘Angst society.’<sup>46</sup> In this discourse the “urgency and existence of risks fluctuate[s] with the variety of values and interests” espoused by different individuals.<sup>47</sup> The commercial security sector emphasizes personal differences in risk in order to encourage the consumption of privatized, specialized, customized security and risk management services. The American Security Industry Association (SIA), thus, asserts that the ability of private security firms to cater to divergent and rival security needs is one of the key reasons for the expansion of the private security sector: “While crime rates have dropped, the random nature of crime, combined with competitive process and built-in convenience features with security systems, make them attractive for purchase.”<sup>48</sup>

Commercial risk analysis plays a crucial part in facilitating consumption by attributing risks to the individual. Although probabilistic risk statistics are “meaningful only on a population level and not for an individual... this information is conveyed as exact, certain and tailored to the individual.”<sup>49</sup> The media and businesses abound with statistics, tests and services which offer personal ‘risk profiles’ depending on age, sex, occupation, living area and other factors. These risk profiles generate the impression that everybody’s risks are distinct and that, therefore, they require individualized solutions. Private security and other risk managing firms present even dangers that are inherently collective as personal and selective. Beck’s “de-bounded” modernization risks, such as nuclear waste, genetic modification and terrorism, are transformed into bounded personal risks, depending on whether one lives close to a nuclear waste disposal site, eats genetically modified food or flies with American airlines.<sup>50</sup>

Along with the individualization of risk comes the individual responsibility for managing them. Since risk factors are falsely ascribed to persons rather than collectives, “the individual herself becomes responsible for abating such risks.”<sup>51</sup> The rise of Neo-Liberalism in the UK and the US since the 1980s has facilitated the responsabilization of citizens at the same time as it has favoured market over state solutions to social needs which are also risks, such as healthcare, transport and energy. Individualized responsibility detracts attention away from collective and political responses to risk and focuses on how people can improve their

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<sup>46</sup> Anthony Giddens (1991) *Modernity and Self-Identity: Self and Society in the Late Modern Age* (Cambridge: Polity Press).

<sup>47</sup> Beck (1992) *Risk Society*, p. 31.

<sup>48</sup> SIA, *Security Industry Overview*, available from:

[http://www.siaonline.org/response.asp?c=industry\\_overview&r=1024](http://www.siaonline.org/response.asp?c=industry_overview&r=1024).

<sup>49</sup> Press at al. (2000) ‘Collective Fear, Individualized Risk,’ p. 242.

<sup>50</sup> Beck (2002) ‘The Terrorist Threat,’ p. 41.

<sup>51</sup> Press at al. (2000) ‘Collective Fear, Individualized Risk,’ p. 241.

personal risk profile through consumer choices. “[I]nsecurity becomes associated with individual deficiencies, rather than broader structures.”<sup>52</sup> Health risks such as cancer, for instance, are managed by encouraging citizens/consumers to lower their body weight, eat food rich in anti-oxidants, take vitamin supplements and exercise rather than by investigating and regulating the radiation emitted by mobile phone masts, pesticides in drinking water and hormone additives in meat.<sup>53</sup> The risk of crime is contained by telling people not to leave valuables in their cars, sling handbags across their bodies and not to walk home alone at night rather than increasing the social use of public spaces so that crime is more easily observed and prevented.<sup>54</sup> Ironically, people who change their lifestyles to avoid risks increase their fear of them.<sup>55</sup> Press et al., for instance, find that “[a]ttempts to mitigate women’s fear of breast cancer through the detailing of risk statistics may in fact exacerbate this fear through the increasing screening and surveillance recommendations that accompany designations of risk. This increasing fear in turn precipitates a greater desire for certainty through a further elaboration of risk statistics.”<sup>56</sup> Commercial solutions to risk, therefore, generate further demand for themselves: reflexive risk management.

### *Management of Consequences*

Since many security risks have their causes in collective human behaviour, individualized commercial solutions can rarely reduce these risks. Instead, private businesses focus primarily on strategies that are concerned with managing the consequences. Thus, Beck observes that the private industry only “‘copes’ with the *symptoms and symbols* of risks. As they are dealt with in this way, the risks must *grow*, they must not actually be eliminated as causes or sources. Everything must take place in the context of a *cosmetics* of risk, packaging, reducing the symptoms of pollutants, installing filters while retaining the source of the filth. Hence, we have not a *preventive* but a symbolic industry and policy of eliminating the increase in risks.”<sup>57</sup>

Although many businesses claim to ‘prevent’ risks, their assertions are usually misleading. One example is the ‘prevention’ of breast cancer through commercially-offered

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<sup>52</sup> Raco (2002) ‘Risk, Fear and Control,’ p. 29.

<sup>53</sup> Press et al. (2000) ‘Collective Fear, Individualized Risk,’ p. 245.

<sup>54</sup> Altheide and Michalowski (1999) ‘Fear in the News,’ p. 481.

<sup>55</sup> Altheide and Michalowski (1999) ‘Fear in the News,’ p. 496.

<sup>56</sup> Press et al. (2000) ‘Collective Fear, Individualized Risk,’ p. 238.

<sup>57</sup> Beck (1992) *Risk Society*, p. 57.

genetic testing.<sup>58</sup> Obviously, this promise is disingenuous because, as Press et al. point out, “[u]nfortunately, science has not ‘cured’ or ‘prevented’ breast cancer.”<sup>59</sup> What firms really offer is the possibility to detecting ‘risky’ genes and pre-empting their potential consequences through mastectomies. Private businesses, thus, shift the focus from addressing the collective causes that trigger those genes to develop into breast cancer “including environmental clean-up, pesticide reduction, and minimizing hormone additives in meat and poultry” to the individual susceptibility to and management of these risks.<sup>60</sup>

Similarly, private security firms do not prevent crime or terrorist attacks in the sense of combating their causes. Private security and risk management instead offers a range of technologies and services that deter and displace potential attacks or protect their customers from its effects. Protection has become a key business in the privatized and commodified management of consequences. The Report for Congress “Guarding America” points out the increasing dependence of the US on private protection, arguing that “[f]ederal counter-terrorism funding for critical infrastructure guards may also present a policy challenge, since 87% of these guards are in the private sector.”<sup>61</sup> The types of services offered by private security firms clearly focus on ‘management’ of risk. The SIA lists twenty-six market sectors, including burglar alarms, CCTV, computer security, mobile security, personal security devices and outdoor protection.<sup>62</sup> None of these sectors refers to addressing the origins of threats.

Since private industry risk management is more concerned with the consequences than the causes of risk, commercial risk solutions do not really eliminate contemporary threats and hazards. On the contrary, the private management of risk preserves them in two ways. Firstly, the management of the effects of insecurity perpetuates it because security and risk management firms create the image of something ‘being done’ while the causes of insecurity remain unaffected. Secondly, by promising its customers that risks can be contained these businesses suggest that fundamental changes in our lifestyles are unnecessary. However, just as individualization and responsabilization psychologically increase the demand for private security services, so the commercial management of

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<sup>58</sup> Nancy Press, Jennifer R. Fishman and Barbara A Koenig (2000) ‘Collective Fear, Individualized Risk: The Social and Cultural Context for the Genetic Testing for Breast Cancer,’ *Nursing Ethics*, Vol. 7, No. 3, pp. 237-249.

<sup>59</sup> Press et al. (2000) ‘Collective Fear, Individualized Risk,’ p. 241.

<sup>60</sup> Press et al. (2000) ‘Collective Fear, Individualized Risk,’ p. 245.

<sup>61</sup> Parfomak, 2004, Summary.

<sup>62</sup> SIA, available from: [http://www.siaonline.org/\\_newmem.html](http://www.siaonline.org/_newmem.html).

consequences rather than causes perpetuates risk in a practical manner. As long as threats are managed but not eradicated, the private industry can profit from them.

### **Risk Society and the Future**

While Beck's focus on the unintentional modernization hazards of industrialization and the inability of states to deal with them individually leads him to believe that the risk society will ultimately become politically mobilized around demands for global cosmopolitan solutions to modern risks, the preceding analysis suggests that there might be an alternative future. In this future, popular dissolution with the state's failure to effectively address the 'new' risks does not result in a utopian global security community, but in a turn towards the private market. Two factors promote this turn. The first is the reflexive nature of the private risk and security industry. The second is the rise of a supportive ideology in the form of Neo-Liberalism since the 1980s. While the first sustains the role of private enterprise in the creation, continuation and management of risks through internal mechanisms, the second provides external, even governmental, support for the privatization and commodification of risk.

Private businesses not only create known risk in Beck's sense of unintended outcomes of modern industrialization, but also through the intentional identification of unknown and unknown-unknown risk for the affluent consumers of private security services. The private industry is thus reflexive in a dual sense. On the one hand, capitalist modernization is the cause of the "objective" risk of contemporary society, which it then proceeds to contain through new industrial developments and services. On the other hand, private firms speculate about the potential unknown and unknown-unknown risk of dangers which might occur. In this case, instead of managing the risk, industry manages the expectations of risk that it has generated.

The reflexive nature of commodified risk identification and management undermines the utopian vision of political and cosmopolitan risk solutions, and sustains and expands the role of businesses in the risk society through two means. The first is the commercial strategy of presenting risks as individual rather than collective characteristics. This strategy is primarily designed to turn risk solutions into excludable properties and, hence, make them amenable to being sold to private customers. However, it has also the effect of facilitating the belief that contemporary risks are by no means "equalizing", as Beck suggests, but individually differentiated and specific. Private security providers implicitly or explicitly intimate that collective political responses to risk will not be as suited to the individual needs of their customer as their own privatized risk management solutions.

The second mechanism is the identification of unknown and unknown-unknown risks and the management of consequences. Both go together since, by definition, there is not much known about unknown and unknown-unknown risks, least of all their causes. Any strategy that concerns itself with unknown and unknown-unknown threats has to limit itself to managing the expected consequences. In these cases, the cosmopolitan political solutions that Beck envisages become unnecessary or impossible. While his argument that the transnational “dimensions of the hazard are limited from the very beginning to *technical manageability*” proposes international cooperation as a way to address the root causes of known risks, the unknown and unknown-unknowns preclude such action.<sup>63</sup>

The reflexive nature of the risk industry, thus, helps to sustain itself. However, in addition to these internal mechanisms the rise of Neo-Liberalism as a governance model supports the shift away from political to commercial solutions for contemporary risks. Neo-Liberalism also does so in two ways. The first is its ideological individualization and responsabilization of citizens. The second is its advocacy of the ‘small state’ and the superior cost-efficiency and effectiveness of the market.

The Neo-Liberal principle of individual responsibility is the corollary of its inherent individualism. According to Neo-Liberalism personal interests and needs are best served through individualized and private market solutions because political bargaining necessarily subordinates the individual interest to that of the collective. Applied to the risk society, Neo-Liberalism suggests that cosmopolitan political responses to the new risk will not only be more difficult to achieve, but also less representative of individual security demands than those offered by private firms. Ironically, Western governments, while attempting to reassert their positions as collective security providers through increased surveillance and pre-emptive interventions, more and more often themselves recommend that citizens turn to private firms for their personal security.<sup>64</sup> Following the terrorist attacks in London, for instance, the British police advised businesses to protect themselves by “creating physical barriers near the entrance to buildings, increased security checks of visitors and underground car parks, and restricting the number of entry points to ensure adequate cover by security staff.”<sup>65</sup> Some years earlier, the US government’s recommendation “that windows might be rendered airtight against biological agents through the application of plumbing tape and plastic sheeting led, in

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<sup>63</sup> Beck (1992) *Risk Society*, p. 29.

<sup>64</sup> Beck (1992) *Risk Society*, p. 29.

<sup>65</sup> “London businesses told to upgrade security,” *Financial Times*, July 14, 2005.

a self-supporting cultural circuit of media hype and public panic, to reports of unprecedented demand, stockpiling and shortages.”<sup>66</sup>

However, Neo-Liberalism not only contends that the private market is more suited to managing individual risks, it also suggests that businesses can do so at less cost and with greater efficiency than states. Its primary argument is that the competitive pressures of commercial competition ensure that the price of risk management is kept low. Conversely, governmental and, certainly, cosmopolitan responses which are free from such pressures are believed to be susceptible to bureaucratic inefficiencies and waste.

## **Conclusion**

The concept of the risk society has gained increasing popularity in recent years. However, the features and origins of the risk society remain the subject of controversial debate. While Beck envisages the rise of political movements which will challenge the nation-state and promote the emergence of a global cosmopolitan security community, his critics contend that the emergence of ‘new’ risks has led to the strengthening of the central authority and powers of the state. This paper has sought to present an alternative vision. Proceeding from the contention that the work of Beck and his critics neglects the commodification of risk, it has examined the role of private businesses in the formation, continuation and institutional management of the risk society. It observed that the replacement of the concept of ‘threat’ with ‘risk’ since the 1990s has permitted private firms to identify a growing range of unknown and unknown-unknown dangers which cannot be eliminated because their causes are complex and unknown and thus require continuous risk management. Using the discourse of risk and its strategies of commercialized, individualized and reactive risk management, private companies have thus promoted the rise of an ‘Angst society’ in which the demand for security can never be satisfied and guarantees continuous profits. The analysis concludes by suggesting that the individualization and responsabilization of citizens combined with the impression that risks can be managed, challenge Beck’s contention that the risk society will become increasingly politicized and develop cosmopolitan solutions to contemporary hazards. At least within the US and the UK, Beck’s utopian vision appears to have been pre-empted by private industry solutions that offer personal rather than collective risk management. Framed within a Neo-Liberal discourse of the ‘small state’ and the superiority of the market, the private management of risk promises to provide security not only more

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<sup>66</sup> Spence (2005) ‘World Risk Society and War Against Terror,’ p. 294.

effectively, but also more cost-efficiently than political and cosmopolitan bargaining. To return to Beck's observation made fifteen years ago:

“[T]here are fundamentally two options confronting each other in dealing with civilizational risks: removing the causes in primary industrialization, or the secondary industrialization of consequences and symptoms, which tends to expand markets. To this point, the second route has been taken almost everywhere.”<sup>67</sup>

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<sup>67</sup> Beck (1992) *Risk Society*, p. 175.