

# From Capitalism to Knowledge Society

## Peter Drucker

Capitalism and technology conquered the world

The transformation of both the East and West was driven by radical changes in the meaning of knowledge

Before knowledge was always seen as applying to *being*

Then it began to be applied to doing, it became a resource

The application of knowledge to tools, processes, and products led to the Industrial Revolution ~1750

Then around 1880, the application of knowledge to work (Taylorism) led to the Productivity Revolution. In 75 years proletarians were made into middle class

# From Capitalism to Knowledge Society

After WW II, knowledge was applied to knowledge -> Management Revolution

Now knowledge has become *the* factor of production sidelining capital and labour

Drucker argues that we haven't yet become a knowledge society, but we are a post-capitalist society

## New Meaning of Knowledge:

Greeks: Socrates: There is only self-knowledge, for the intellectual, spiritual, moral growth of a person

Protagoras: Knowledge meant logic, grammar and rhetoric, the core of liberal education

East: Confucians: Knowledge means what to say and how to say it for advancement and earthly success

# From Capitalism to Knowledge Society

Taoists and the Zen: Self-knowledge was the road to enlightenment and wisdom

East and West did not attribute *utility* to knowledge. It did not mean ability to do something or skill.

The Greek word for skill was *techne*

The combination of *techne*, the mystery of craft skill with *logy*, organised, systematic, purposeful knowledge led to the discovery of *technology* during the Ind Revolution

Dramatic shift from skill to technology, application of knowledge to tools, products and processes

From household production to factory production: IR, the machine and factory system began in mid 18<sup>th</sup> C.

# From Capitalism to Knowledge Society

Productivity Revolution: application of knowledge to work

Taylor: work could be studied, in manual operations there is only work, no skilled work

Work could be analysed and divided into a series of simple repetitive motions to be done in one right way with the right tools

Taylor's intentions were attacked by workers and management.

Drucker: The productivity revolution defeated Marxism, Marx's proletarians did not become affluent, but became middle class

# From Capitalism to Knowledge Society

Drucker: Productivity revolution as it applied to manual work is over. In 1950, most people were engaged in manufacturing, farming, mining & transportation. By the 1990s, their number had shrunk to one-fifth of the workforce. By 2010 they will be no more than 1/10

Now what matters is the productivity of non-manual workers, or what we call knowledge workers

Applying knowledge to knowledge: Knowledge is the most important resource today. Traditional factors of production - land, labour and machines - have not disappeared, but they have become secondary

Drucker calls knowledge being applied to knowledge, management.  
That knowledge has become *the* resource, rather than *a* resource made our society post-capitalist.