The rise of the knowledge society

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Since ancient times, new knowledge and new inventions have periodically remade human societies. Today, however, knowledge is assuming greater importance than ever before. Now more essential to the wealth of nations than either capital or labor, Peter Drucker argues here, it has already created a "postcapitalist" society and promises further transformations on a global scale.

In only 150 years, between about 1750 and 1900, capitalism and technology conquered the globe and created a world civilization. Neither capitalism nor technical innovations were new; both had been common, recurrent phenomena throughout the ages in both the West and the East. What was new was the speed of their diffusion and their global reach across cultures, classes, and geography. And it was this speed and scope that converted technical advances into the Industrial Revolution and capitalism into Capitalism. Instead of being one element in society, as all earlier expressions of capitalism had been, Capitalism--with a capital C--became society. Instead of being confined, as always before, to a narrow locality, Capitalism prevailed throughout all of Western and Northern Europe by 1850. Within another 50 years it spread throughout the entire inhabited world.

This transformation was driven by a radical change in the meaning of knowledge. In both the West and Asia knowledge had ways been seen as applying to being. Almost overnight, it came to be applied to doing. It became a resource and a utility. Knowledge had always been a private good. Almost overnight it became a public good.

For 100 years--in the first phase--knowledge was applied to tools, processes, and products. This created the Industrial Revolution. But it also created what Marx called "alienation" and new classes and class war, and with them communism. In its second phase, beginning around 1880 and culminating around World War II, knowledge in its new meaning came to be applied to work. This ushered in the Productivity Revolution, which in 75 years converted the proletariat into a middle-class bourgeoisie with near-upper-class income. The Productivity Revolution thus defeated class war and communism. The last phase began after World War II. Knowledge is being applied to knowledge itself. This is the Management Revolution. Knowledge is now fast becoming the one factor of production, sidelining both capital and labor. It may be premature (and certainly would be presumptuous) to call ours a "knowledge society." So far we have only a knowledge economy. But our society today is surely "postcapitalist."

From earliest times, new tools, new processes, new materials, new crops, new techniques--what we now call "technology"--diffused swiftly throughout the Old World. Few modern inventions, for instance, spread as rapidly as a 13th-century one: eyeglasses. Derived around 1270 from the optical experiments of an English Franciscan friar, Roger Bacon, reading glasses for the elderly were in use at the papal court in Cairo by 1300, and at the sultan's court in Cairo by 1300, and at the court of the Mongol emperor of China no later than 1310. Only the sewing machine and the telephone, fastest-spreading of all 19th-century inventions,...

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