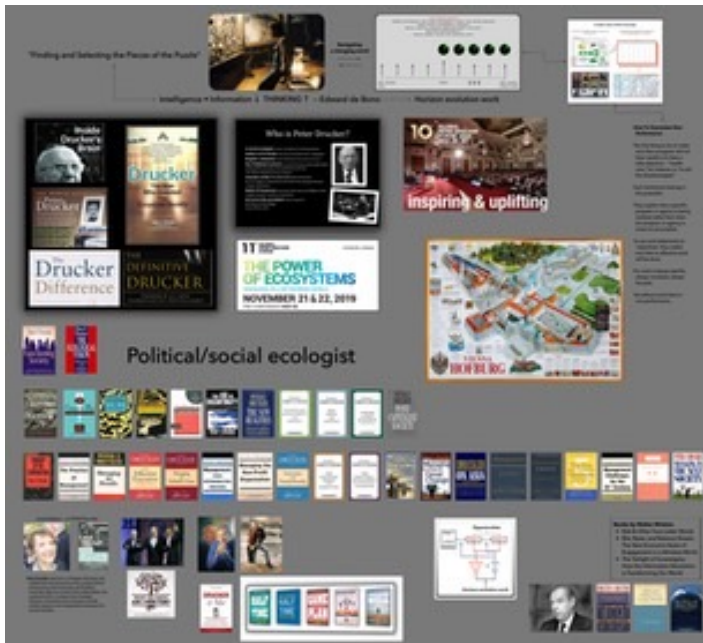


# 1 Reviving the "Moral Sciences": A Conversation with Peter F. Drucker

2 by Larry P. Arnn Ken Masugi Peter W. Schramm

3 [Source](#)

4 *Author of twenty books covering subject matter from Naziism to management, from American politics to Japanese art, Dr. Peter F. Drucker, Clarke Professor of Social Science at [Claremont Graduate School](#), is one of America's prominent observers of political and social affairs.*



5

[Larger](#)  
[Who was Peter Drucker](#)

6 *Born and raised in Vienna, Dr. Drucker has been a banker, a journalist, a teacher of political theory, and the developer of the discipline of management (for which he is most famous), but, as the interview discloses, he considers himself to be primarily a writer on human relationships.*

7 *[Adventures of a Bystander](#), a series of essays on men and women he has known, is a kind of autobiography.*

- 8 *He published his first novel, [The Last of All Possible Worlds](#), in 1982.*
- 9 Dr. Drucker was interviewed at his home in Claremont by Mr. Larry Arnn, Resident Fellow of The Claremont Institute, Dr. Ken Masugi, Editor of the Review, and Dr. Peter Schramm, President of [The Claremont Institute](#). ...
- 10 **Claremont Review:** When I was a graduate student in political science I read your first book, [The End of Economic Man](#) – *The Origins of Totalitarianism* (a 1939 study of Naziism), and I was very surprised to learn that this was the same Peter Drucker who writes so much on management. ...
- 11 **Peter Drucker:** And on everything else, or most everything else, but not physics. ...
- 12 **CR:** What would you have to say on physics? ...
- 13 **PD:** I never know that until I start writing.
- 14 You are used to scholars, and I'm not; I'm a professional writer.
- 15 Very different. ...
- 16 **CR:** What is the difference? ...
- 17 **PD:** A writer finds out what it's all about by writing, and if he does any research at all – and very few of them do – he does it afterwards when he knows what he's writing about.
- 18 Let me say, thank God scholars don't know how one writes, or us poor writers wouldn't be able to make a living at all.

- 19 A writer starts out with something definite that interests him, and basically formulates (if that's the right word) as he goes along.
- 20 Now, a good historian, say, a really good one, is both.
- 21 And there are not very many good ones.
- 22 Few historians are really good writers.
- 23 A good historian has a key image in his mind, and so he is a writer.
- 24 But I'm clearly not a scholar, I am a writer.
- 25 I've never pretended to be a scholar. ...
- 26 **CR:** That's an interesting thesis because it's exactly opposite, I think about how everybody thinks of the famous Peter Drucker. ...
- 27 **PD:** I have no idea what people think. ...
- 28 **CR:** Well, I'll tell you what they think.
- 29 When *Forbes* magazine wants someone to write a reflective and general article on economic trends – ...
- 30 **PD:** No, that's not the way it went. ...
- 31 **CR:** How did it go? ...
- 32 **PD:** I said we need to celebrate economist Joseph Schumpeter's 100th anniversary, and nobody, except *Forbes*, was interested in a piece on Schumpeter.

33 Of course, I never was an economist, and if I had ever had the slightest ambition to be an economist, I eschewed it very fast in the Keynes seminar in Cambridge in 1933-34 when I was the youngest of the invited guests, and they and I very rapidly concluded that I was not an economist.

34 I'm not a bit interested in the behavior of commodities, and only interested in the behavior of people.

35 That's not an economist.

36 I do not believe there is such a discipline as economics because the fundamental axiom of economics is the autonomy of the economic sphere.

37 And I never believed it.

38 I believe that there is such a thing as an economic approach, but not an independent discipline of economics.

39 This is just a branch of moral science. ...

## 40 ***Economists Versus Reality***

41 **CR:** Well, what would you say to an economist who would maintain that the economic sphere is dominant?

42 What sphere is dominant? ...

43 **PD:** There is not such a thing as a dominant sphere.

44 There are certain phenomena for which economic analysis is the most appropriate one and the most likely one to be valid, to lead to meaningful results.

45 You can certainly say that there is an economic rationality, but you cannot say that it prevails. ...

46 I think that economics sticks to the behavior of commodities.

- 47 Absolutely.
- 48 Consider the Arab oil boycott; it was very easy to see in 1973, and I was one of the few who said it would fail, because unlike modern American economists I do know a good deal of history.
- 49 And modern American economists are incredibly ignorant of history – unbelievably – especially of economic history.
- 50 But cartels have never lasted ten years; the only cartels that last are cartels that systematically cut their price, and OPEC made no signs of doing so, yet it isn't going to last.
- 51 All a cartel does is signal the end of the dominance of its industry.
- 52 That's it.
- 53 And people will, when petroleum becomes expensive, find ways of doing with less.
- 54 People will switch to different cars.
- 55 In that sense I'm very much an economist.
- 56 I believe in rational behavior, economically rational, in *economics*, but I do not believe that it is the dominant rational behavior, it is dominant in certain situations which people see as economic situations.
- 57 But look, if you take the theme petroleum and then go back to the Depression, gasoline consumption didn't go down at all because people in this country discovered that wheels are more important than food.
- 58 Freedom is more important than food.
- 59 Now that is not an economic fact. ...
- 60 In 1911, a man of whom you have never heard, his name was Norman Angell.

- 61 Have you ever heard of him? ...
- 62 **CR:** Oh, yes.
- 63 I know someone who knew him very well. ...
- 64 **PD:** He was an English Quaker, and he had more to do with the coming of the Great War than any other single individual because he wrote the book called *The Great Delusion* in which he proved beautifully that modern war had become impossible because three months after the outbreak of modern war, with the cost of modern armament every government would be bankrupt and would stop fighting.
- 65 And you have no idea how much this undermined the resistance to war.
- 66 There is in the German documents before 1914 the famous dispatch from the German Ambassador in London who was a very strong dove in which he more or less said to his government, "If you keep on in this line of action, this will increase the danger of war," and the Emperor wrote in the margin: "Hasn't the fool read Norman Angell?" ...
- 67 Norman Angell was absolutely right; by Christmas 1914 every government was bankrupt, and not one stopped – partly because, to the great surprise of those pre-1914 statesmen, the First World War was an incredibly popular war.
- 68 You know, that's the end of socialism basically.
- 69 The great appeal of socialism in the pre-1914 world was that the proletarian masses would rise up against war in a general strike – instead of which they could not enlist fast enough.
- 70 And why?

- 71 Because maybe after one hundred years of a society split by class war into two nations, suddenly the war offered an integration, so they streamed to the colors, and they couldn't enlist fast enough.
- 72 And those socialist leaders who tried to stay with the announced pre-war program, which was a general strike and refusal to vote for war credits, were ostracized by their own people.
- 73 No civilian government could have stopped the war in 1914 because its own working class wouldn't have let it.
- 74 Now that is not economics. ...
- 75 And so, long ago, I saw economics as an extremely important way of looking at things.
- 76 But I don't accept the idea that it is a science, that it is mathematical, that it is rigorous, and that it is autonomous.
- 77 In American economics today, there is no basic economic theory – no theory of price, no theory of value, no theory of change, no theory of the correlation of technology and economics, no theory of work – all the basic problems of economics are excluded because they are not capable of being quantified.
- 78 That's much earlier, that's 1920.
- 79 Economics is the last discipline in which logical positivism [the doctrine that the only truths are those affirmed by the methods of natural science] still holds sway, and that's why you can predict with certainty that this is the last generation of modern economics.
- 80 Because in everything else, logical positivism is gone.
- 81 And you know I was born into it.
- 82 Logical positivism is the result of the marriage of America and Vienna.

- 83 Do I have to explain that now? ...
- 84 There was a fellow by the name of Otto Neurath, an Austrian, who came to this country in 1900.
- 85 In 1917 he became the statistician for the War Production Board during World War I and had to deal with Congressmen – a chilling experience for a statistician, believe me – so he invented the graph, the pie chart, the bar chart, the little men, each man a million soldiers – that’s all Otto Neurath’s work.
- 86 Then he applied for a job as Director of the Census, but it was right after World War I, and he had been a very mild Austrian Social Democrat and was turned down in the Red Scare.
- 87 He went back to Vienna with an American government pension in 1920 and founded the Vienna school of logical positivism.
- 88 That’s how Vienna became the focus of logical positivism, and it was basically while I was a child.
- 89 I knew all of them, and my mother was actually very close to some of them.
- 90 And when I grew up, while very young I realized that the tool is beautiful and the application is madness.
- 91 The exclusion of the basic concepts, that what you cannot organize with logical rigor or quantify is meaningless, that they are nonproblems, that’s madness.
- 92 And that’s modern American economics.
- 93 That’s very much still the governing principle.
- 94 In every other discipline, it’s over.
- 95 Yes, where you can quantify you do, and where you can’t quantify you don’t. ...



- 96 I like the old term, "the moral sciences," basically which deals with human beings. ...
- 97 **CR** Which in the realm of practice would be politics? ...
- 98 **PD**: And in the realm of practice would be politics and political theory, and these are all, I think, fingers of one hand.
- 99 And you know you can play "Mary Had a Little Lamb" with one finger, but you can't play much more than that.
- 100 Economics always tries to play Beethoven with one finger, and it doesn't really come off. ...

## 101 *Is Management a Moral Science?*

- 102 **CR**: Where does management fit it?
- 103 Is it a moral science? ...
- 104 **PD**: Look.
- 105 I went to a business school in 1949 because it was the only place where I would be allowed to teach management, which nobody had taught before.
- 106 It was new, an invention.
- 107 And I went to management because it was the one discipline in which I could apply all the liberal arts basically.
- 108 Management deals with the nature of God, the nature of man, the nature of the devil.
- 109 Not necessarily in that order always.

- 110 I published the first book on general management, which was *The Concept of the Corporation*, and I wrote it simply because I needed one, and nobody had written one.
- 111 That's what makes a writer.
- 112 He writes books because he needs to.
- 113 They didn't know what to do with me.
- 114 I was teaching philosophy and religion and I was a political scientist, and at the risk of shocking you, I was in line for President of the American Political Science Association.
- 115 Not that I was terribly interested; I'm not an association man.
- 116 The old gentleman who reviewed me in the *American Political Science Review* had been a kind of sponsor of mine in the discipline.
- 117 He was really angry with me for taking management seriously and concluded his review with the words, "It is to be hoped that the next book of this promising young scholar will address itself to a respectable topic."
- 118 The political scientist didn't know what to do with management.
- 119 Yet it was almost impossible to study any other institution in those days.
- 120 You couldn't get in.
- 121 Just try to study a university.
- 122 Just try to study a government agency.
- 123 Very hard.
- 124 No documents.
- 125 But business always publishes in annual reports.

- 126 The only reason I studied business was that I managed to get in at GM (General Motors).
- 127 And for economists, my book also made no sense.
- 128 It was about a business but it did not talk about prices and supply and demand, and costs, but rather about management. ...
- 129 My publisher published my book just because my first two books had been successful.
- 130 He felt he had to publish me.
- 131 But he published the minimum number and the minimum number of copies.
- 132 Absolutely no interest whatever.
- 133 And the people at General Motors were absolutely sure that nobody, but nobody, would read a book on this topic.
- 134 It's still selling very well.
- 135 And Lewis Jones, President at Bennington where I was teaching, the one man who said that this book is going to be popular, also said, "Peter, this is the end of your academic career.
- 136 Economists and political scientists won't have anything to do with you."
- 137 And he was absolutely right. ...
- 138 But even business schools didn't want to have much to do with me.
- 139 Harvard wanted me to teach Human Relations.
- 140 NYU was the one place that said, "We want you," that I could talk them into management in the late '40s, 1949.

- 141 It was the one place where you could do it because in terms of traditional academic disciplines it was not economics when you talked about treating people, organizing them, and promoting them and making decisions, and it sure was not political science because you didn't discuss a government. ...
- 142 Management did not belong in the business school of 1950 in which you had people of 22, 23 years of age, because basically management is wasted on them.
- 143 You know?
- 144 They won't be in a position to use it for another five to ten years, and by that time things evaporate.
- 145 It never gets into the long memory if you don't use it.
- 146 And in those days that was the one reason why it fit NYU – because it was an evening school and fundamentally 70 percent midcareer students.
- 147 And so you talk to people to whom this has an operational meaning.
- 148 One of the top men at Harvard said, "Look, these young people of ours just got their undergraduate degree, and two years later they go into work.
- 149 But they won't get into management positions till they're at least 28 or 30 and yet, yes, we want management in the executive programs but not in the graduate curriculum.
- 150 So why don't you come in and teach human relations."
- 151 So I had to teach management in the executive program, not with 22, 23-year-olds. ...

152 ***Political Science as Moral Science***

153 **CR:** How does management differ from politics?

- 154 Or does it? ...
- 155 **PD:** Yes.
- 156 First, you're asking in what sense is anatomy different from biology.
- 157 For most people, politics has a very narrow meaning, and that's why I like that old term "moral sciences" or political sciences.
- 158 You see that in our students, to whom the idea that politics in a business or in the Claremont Colleges is absolutely outrageous, totally new.
- 159 They do not, with you, call politics the discipline or the concern with people in institutional relationships.
- 160 Well, yes, then management is the anatomy of politics in a way, as against the pathology, physiology, biochemistry; it deals with the structure.
- 161 It deals with the integrating and activating agent in an institution which converts a mob into an organization, that's management.
- 162 But that's only one function, in that sense, if you look.
- 163 Now my interests are much wider than management, as you undoubtedly know. ...
- 164 **CR:** Your interests seem to range everywhere, and one question is, how are these interests organized? ...
- 165 **PD:** You make an assumption that I'm organized, which totally lacks any evidence. ...
- 166 **CR:** You mean your career doesn't unfold in a logical manner from the interests of- ...

- 167 **PD:** Oh yes, very.
- 168 Absolutely logical, yet not in the conventional manner.
- 169 When I was very small, I had an interest in people and organizations and institutions.
- 170 And I've always been more interested in people than in ideas, but I've always been better as a writer with ideas than with people; that's why I've postponed writing a novel so very long. ...
- 171 **CR:** That answered a question, good. ...
- 172 **PD:** But, no, I've been interested in organizations, if you want to call it institutions, of any kind.
- 173 Least of all in government, even though I have a background in teaching government.
- 174 I always found government one of the more boring institutions.
- 175 Not political philosophy, which I used to love.
- 176 With political theory I was equally unconventional for the same reason.
- 177 I've never been interested in the answers of political philosophers, or in answers altogether, but in the questions.
- 178 At one time I played with the idea of writing a textbook on political thought that would organize the political thinkers by the questions they considered important.
- 179 ... Philosophy has no history.
- 180 The same question recurs again and again.
- 181 You don't solve them ever; you move to a different question.

182 But even in political theory my interests have been in the institutions.

183 And in that sense, it's been a very logical career, and add to this that the only thing I'm any good at is writing.

184 The only thing I'm any good at. ...

185 **CR:** What are you writing now? ...

186 **PD:** A book entitled tentatively *Entrepreneurship and Innovation*.

187 I hope to have it finished by the early Fall.

188 But first, this coming April, my second – and I think, last – novel will be published.

189 It's entitled *The Temptation To Do Good*, and takes place in an American Catholic University in 1980. ...

## 190 *Japanese Art*

191 **CR:** Well, why are you teaching a course on Japanese Art? ...

192 **PD:** Because the good Lord was kind to me and made me fall into an instant addiction in 1934 when I walked off the street in London as a young banker.

193 There's nothing more beautiful than a good summer June day in London.

194 And then the rain came, and so I ducked into the first enclosed place, which was Burlington Arcades, the Royal Society place.

195 I was expecting the usual June exhibition of academicians, and there was the first traveling Japanese

painting exhibition sent to the West, and I became an instant addict.

- 196 I've never learned anything unless I teach it.
- 197 I decided on my seventieth birthday, after forty years of being an amateur, I had better learn.
- 198 And my Japanese art course (as any of the students will tell you) uses Japanese art to teach what is really Oriental culture, to put the Orient into perspective.
- 199 I'm an old journalist, and all journalists know an infinite number of trivia. ...
- 200 **CR:** It sounds like it's not trivia though; I mean, what do you learn about the Orient from studying Japanese art? ...
- 201 **PD:** Well, Japan is the one country where there is no other access.
- 202 I've tried to get to Japan, except Japan is a visual country.
- 203 Ed Reischauer, Mr. Kennedy's Ambassador and by far the best Western expert on Japan, wrote *The Japanese*, which offended the Japanese terribly because he points out that Japan has no first-rate philosopher, no theorizing, no systems.
- 204 Now Reischauer meant it as a great compliment, and I would have considered it to be a great compliment, but the Japanese considered it stinging criticism.
- 205 Now, the Japanese are perceptual people – and don't blame it on the script because the Chinese have the same script but the Chinese are not visual people.
- 206 If you want to give it a name, the great Japanese quality is design, which is the organization of space which is very different from the Chinese or from the Westerner.



- 207 And I'm very much a perceptual person – not an intellectual, not a conceptual one, because I have to hear myself talk before I know what I am saying.
- 208 I have to write it, and writing is tactile.
- 209 I write longhand, then I know what I'm working with because I think there's more to memory that is not conceptual.
- 210 That's very typical of writers. ...
- 211 **CR:** Students of business and management are not the sort of person you describe yourself to be.
- 212 You speak of the liberal arts: the study of God, man, and those things below man, including the devil.
- 213 That's amazing.
- 214 I mean, what business student would describe himself - ...
- 215 **PD:** He needs a job, and so he becomes an accountant.
- 216 Will you accept the fact that accounting ought to be taught in the fifth grade? ...
- 217 **CR:** Yes.
- 218 Sure. ...
- 219 **PD:** And because in this modern world if you don't know a little accounting, the accountants can make a monkey out of you – and do, and will.
- 220 I'd certainly say that in fifth grade you have the manipulative ability, and you need it.
- 221 It's a sure way of organizing material.

- 222 Its mathematical, and its logical requirements are very elementary.
- 223 Its operational impact is very high, and it really belongs in fifth or sixth grade together with the computer. ...

224 ***Management As A Discipline***

225 **CR:**

- 226 Do you think that your writings on management lend themselves to misuse? ...
- 227 **PD:** Most people, most laymen, when they hear management hear business management, but that is *their* mishearing.
- 228 And from the beginning, even though my first books dealt with business simply because it was the only experimental area available, my public has been, especially in this country, at least as much nonbusiness as business.
- 229 And you have a very peculiar situation because in this country by merely, believe me, pure historical accident: The study of organizations is located in the business school largely because the political scientists in the late nineteenth and early twentieth century focused on constitutionalism and thus failed to see the emergence of the civil service and of government as an institution. ...
- 230 American political science was partly Germanic philosophy and partly constitutionalism, if only because of the tremendous central importance of the constitutional law and of the Supreme Court.
- 231 Leonard Levy is *the* last of the great traditional American political scientists with an exclusive interest in the Constitution and its interpretation of the Supreme Court, and that has been the focus of the American political

science except for that tolerated man on every faculty: the one political philosopher.

232 Hans Kelsen, the Berkeley legal philosopher, was a typical political scientist.

233 And while Kelsen wrote the Austrian Republican Constitution, his concern with anything you would consider government was nil.

234 He was an abstract philosopher concerned with the nature of the law and the nature of punishment and so on.

235 And you had those two strands; one was an American constitutionalist strand, and the other one was a Germanic Kantian philosopher's strand.

236 Concern with the working of government came out with the New Deal.

237 Actually, Herbert Hoover was the first one with an interest in it, but no one picked it up until the New Deal.

238 Very late.

239 And then it was organized as a separate discipline and called "public administration," which is probably one of the most boring things we ever created; it deals only with procedures. ...

240 And so we had no focus where one could look at the new reality of an institution after this.

241 Even now your liberal arts tradition considers organizations to be abnormal.

242 Here is Ken Galbraith, who writes a book which argues that there exists two institutions: first the government and then business.

243 It never occurred to Ken that Harvard University is a very powerful institution.

244 I once said to Ken, an old friend, at dinner, "Your last book is a *tour de force* but, you know, from a Harvard professor, no mention of the university as an institution is a little funny."

245 And he looked at me and said, "My God, I never thought of that."

246 And he doesn't know that the labor union and the hospital are institutions. ...

247 That we have become a society of organizations has barely dawned on traditional academia.

248 Well, it's only one hundred years, but academia takes three hundred years to learn.

249 One of the great strengths of academia is being so utterly reactionary.

250 Its great strength is that it preserves; it doesn't move.

251 Yet, it's very susceptible to fads.

252 But in its basic view of the world, modern academia has just barely noticed the creation of Gutenberg, the printed book, which very largely destroyed the old medieval universities, and since the Jesuits created the modern university around 1600, 1580, it hasn't really changed.

253 It has added departments, but the world it sees is very much the liberal world of the seventeenth century. ...

254 **CR:** The scholars, in the long run, don't do a great deal of harm, but they don't do much good either. ...

255 **PD:** The university does do a great deal of good, precisely because it does not have to be *engage*; it can give the outsider a place, and does for the people who then can do their own work.

- 256 Don't underrate the importance of the monastery.
- 257 The very fact that the monk or the academician doesn't have to worry where the next meal is coming from; it's very important – as long as you don't overpay him, then it becomes dangerous.
- 258 And the danger is not very great.
- 259 And it gives you the opportunity – not to very many, but one doesn't need very many – to do their own thinking. ...
- 260 Graduate students are problematic simply because they are so competent.
- 261 There are no surprises.
- 262 Freshmen are full of surprises.
- 263 I love teaching undergraduates.
- 264 There is always in that group one kid who reaches out and grabs something – he has no idea, it's far beyond him – and that's so wonderful.
- 265 That's almost totally lacking in graduate students.
- 266 By that time they are brainwashed.
- 267 They know exactly what is expected, and they give it to you.
- 268 And there's an old European peasant proverb, "All you can expect of an ox is beef."
- 269 All you can expect of a graduate student is competence.
- 270 He knows that he can't afford anything else.
- 271 The advice one gives graduate students is, "For goodness sake, don't try to make a contribution in your Ph.D. thesis.
- 272 Keep that for when you can do what you want to do."

- 273 And not cynically ...
- 274 and, of course, the other advice is "Get it over with fast!" ...
- 275 **CR:** Let's hope for the time when your broad conception of political and moral science is once again at the forefront. ...
- 276 **PD:** I have been a very happy man.
- 277 No one interfered with the things I wanted to do, so I don't interfere with what other people are doing, never.
- 278 No, I'm an old conservative.
- 279 I have a very simple rule: As long as it's neither completely insane nor immoral, I'm willing to help you accomplish it. ...
- 280 [\*\*Vintage CRB - Volume III, No. 1 - Spring 1984\*\*](#)
- 281 *Reviving the "Moral Sciences": A Conversation with Peter F. Drucker*
- 282 *CLAREMONT REVIEW OF BOOKS*