

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. m

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? m

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 [The Poverty of Economic Theory](#)

79 That's much earlier, that's 1920.

80 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.

- 81 Because in everything else, logical positivism is gone.
- 82 And you know I was born into it.
- 83 Logical positivism is the result of the marriage of America and Vienna.
- 84 Do I have to explain that now? ...
- 85 There was a fellow by the name of Otto Neurath, an Austrian, who came to this country in 1900.
- 86 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.
- 87 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.
- 88 He went back to Vienna with an American government pension in 1920 and founded the Vienna school of logical positivism.
- 89 That's how Vienna became the focus of logical positivism, and it was basically while I was a child.
- 90 I knew all of them, and my mother was actually very close to some of them.
- 91 And when I grew up, while very young I realized that the tool is beautiful and the application is madness.
- 92 The exclusion of the basic concepts, that what you cannot organize with logical rigor or quantify is meaningless, that they are non-problems, that's madness.

- 93 And that's modern American economics.
- 94 That's very much still the governing principle.
- 95 In every other discipline, it's over.
- 96 Yes, where you can quantify you do, and where you can't quantify you don't. ...
- 97 I like the old term, "the [moral sciences](#)," basically which deals with human beings. ...
- 98 **CR** Which in the realm of practice would be politics? ...
- 99 **PD**: And in the realm of practice would be politics and political theory, and these are all, I think, fingers of one hand.
- 100 And you know you can play "Mary Had a Little Lamb" with one finger, but you can't play much more than that.
- 101 Economics always tries to play Beethoven with one finger, and it doesn't really come off. ...

102 *Is Management a Moral Science?*

103 **CR**: Where does [management](#) fit it?

104 Is it a [moral science](#)? ...

105 **PD**: Look.

106 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.

107 It was new, an invention.

- 108 And I went to management because it was the one discipline in which I could apply all the liberal arts basically.
- 109 Management deals with the nature of God, the nature of man, the nature of the devil.
- 110 Not necessarily in that order always.
- 111 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.
- 112 That's what makes a writer.
- 113 He writes books because he needs to.
- 114 They didn't know what to do with me.
- 115 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.
- 116 Not that I was terribly interested; I'm not an association man.
- 117 The old gentleman who reviewed me in the *American Political Science Review* had been a kind of sponsor of mine in the discipline.
- 118 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."
- 119 The political scientist didn't know what to do with management.
- 120 Yet it was almost impossible to study any other institution in those days.
- 121 You couldn't get in.
- 122 Just try to study a university.

- 123 Just try to study a government agency.
- 124 Very hard.
- 125 No documents.
- 126 But business always publishes in annual reports.
- 127 The only reason I studied business was that I managed to get in at GM (General Motors).
- 128 And for economists, my book also made no sense.
- 129 It was about a business but it did not talk about prices and supply and demand, and costs, but rather about management. ...
- 130 My publisher published my book just because my first two books had been successful.
- 131 He felt he had to publish me.
- 132 But he published the minimum number and the minimum number of copies.
- 133 Absolutely no interest whatever.
- 134 And the people at General Motors were absolutely sure that nobody, but nobody, would read a book on this topic.
- 135 It's still selling very well.
- 136 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.
- 137 Economists and political scientists won't have anything to do with you."
- 138 And he was absolutely right. ...

- 139 But even business schools didn't want to have much to do with me.
- 140 Harvard wanted me to teach Human Relations.
- 141 NYU was the one place that said, "We want you," that I could talk them into management in the late '40s, 1949.
- 142 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. ...
- 143 [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.
- 144 You know?
- 145 They won't be in a position to use it for another five to ten years, and by that time things evaporate.
- 146 It never gets into the long memory if you don't use it.
- 147 And in those days that was the one reason why it fit NYU – because it was an evening school and fundamentally 70 percent mid-career students.
- 148 And so you talk to people to whom this has an operational meaning.
- 149 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.
- 150 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.

151 [What executives should remember](#)

152 So why don't you come in and teach human relations."

153 So I had to teach management in the executive program,
not with 22, 23-year-olds. ...

154 *Political Science as Moral Science*

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

156 Or does it? ...

157 **PD:** Yes.

158 First, you're asking in what sense is anatomy different
from biology.

159 For most people, politics has a very narrow meaning, and
that's why I like that old term "moral sciences" or political
sciences.

160 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.

161 They do not, with you, call politics the discipline or the
concern with people in institutional relationships.

162 Well, yes, then management is the anatomy of politics in a
way, as against the pathology, physiology, biochemistry; it
deals with the structure.

163 It deals with the integrating and activating agent in an
institution which converts a mob into an organization,
that's management.

164 But that's only one function, in that sense, if you look.

165 Now my interests are much wider than management, as
you undoubtedly know. ...

166 **CR:** Your interests seem to range everywhere, and one
question is, how are these interests organized? ...

- 167 **PD:** You make an assumption that I'm organized, which totally lacks any evidence. ...
- 168 **CR:** You mean your career doesn't unfold in a logical manner from the interests of- ...
- 169 **PD:** Oh yes, very.
- 170 Absolutely logical, yet not in the conventional manner.
- 171 When I was very small, I had an interest in people and organizations and institutions.
- 172 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. ...
- 173 **CR:** That answered a question, good. ...
- 174 **PD:** But, no, I've been interested in organizations, if you want to call it institutions, of any kind.
- 175 Least of all in government, even though I have a background in teaching government.
- 176 I always found government one of the more boring institutions.
- 177 Not political philosophy, which I used to love.
- 178 With political theory I was equally unconventional for the same reason.
- 179 I've never been interested in the answers of political philosophers, or in answers altogether, but in the questions.

180 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.

181 ... Philosophy has no history.

182 The same question recurs again and again.

183 You don't solve them ever; you move to a different question.

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

185 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.

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

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

188 **PD:** A book entitled tentatively [Entrepreneurship and Innovation](#).

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

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

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

192 **Japanese Art**

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

194 **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.

- 195 There's nothing more beautiful than a good summer June day in London.
- 196 And then the rain came, and so I ducked into the first enclosed place, which was Burlington Arcades, the Royal Society place.
- 197 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.
- 198 I've never learned anything unless I teach it.
- 199 I decided on my seventieth birthday, after forty years of being an amateur, I had better learn.
- 200 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.
- 201 I'm an old journalist, and all journalists know an infinite number of trivia. ...
- 202 **CR:** It sounds like it's not trivia though; I mean, what do you learn about the Orient from studying Japanese art? ...
- 203 **PD:** Well, Japan is the one country where there is no other access.
- 204 I've tried to get to Japan, except Japan is a visual country.
- 205 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.
- 206 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.

207 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.

208 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.

209 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.

210 I have to write it, and writing is tactile.

211 I write longhand, then I know what I'm working with because I think there's [more to memory that is not conceptual](#).

212 [Outer World – Inner World](#)

213 That's very typical of writers. ...

214 **CR:** Students of business and management are not the sort of person you describe yourself to be.

215 You speak of the liberal arts: the study of God, man, and those things below man, including the devil.

216 That's amazing.

217 I mean, what business student would describe himself - ...

218 **PD:** He needs a job, and so he becomes an accountant.

219 Will you accept the fact that accounting ought to be taught in the fifth grade? ...

220 **CR:** Yes.

221 Sure. ...

- 222 **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.
- 223 I'd certainly say that in fifth grade you have the manipulative ability, and you need it.
- 224 It's a sure way of organizing material.
- 225 Its mathematical, and its logical requirements are very elementary.
- 226 Its operational impact is very high, and it really belongs in fifth or sixth grade together with the computer. ...

227 ***Management As A Discipline***

228 **CR:**

- 229 Do you think that your writings on management lend themselves to misuse? ...
- 230 **PD:** Most people, most laymen, when they hear management hear business management, but that is *their* mishearing.
- 231 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.
- 232 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. ...

- 233 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.
- 234 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.
- 235 Hans Kelsen, the Berkeley legal philosopher, was a typical political scientist.
- 236 And while Kelsen wrote the Austrian Republican Constitution, his concern with anything you would consider government was nil.
- 237 He was an abstract philosopher concerned with the nature of the law and the nature of punishment and so on.
- 238 And you had those two strands; one was an American constitutionalist strand, and the other one was a Germanic Kantian philosopher's strand.
- 239 Concern with the working of government came out with the New Deal.
- 240 Actually, Herbert Hoover was the first one with an interest in it, but no one picked it up until the New Deal.
- 241 Very late.
- 242 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. ...
- 243 And so we had no focus where one could look at the new reality of an institution after this.
- 244 Even now your liberal arts tradition considers organizations to be abnormal.

- 245 Here is Ken Galbraith, who writes a book which argues that there exists two institutions: first the government and then business.
- 246 It never occurred to Ken that Harvard University is a very powerful institution.
- 247 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."
- 248 And he looked at me and said, "My God, I never thought of that."
- 249 And he doesn't know that the labor union and the hospital are institutions. ...
- 250 That we have become a society of organizations has barely dawned on traditional academia.
- 251 Well, it's only one hundred years, but academia takes three hundred years to learn.
- 252 One of the great strengths of academia is being so utterly reactionary.
- 253 Its great strength is that it preserves; it doesn't move.
- 254 Yet, it's very susceptible to fads.
- 255 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.
- 256 It has added departments, but the world it sees is very much the liberal world of the seventeenth century. ...
- 257 **CR:** The scholars, in the long run, don't do a great deal of harm, but they don't do much good either. ...

- 258 **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.
- 259 Don't underrate the importance of the monastery.
- 260 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.
- 261 And the danger is not very great.
- 262 And it gives you the opportunity – not to very many, but one doesn't need very many – to do their own thinking. ...
- 263 Graduate students are problematic simply because they are so competent.
- 264 There are no surprises.
- 265 Freshmen are full of surprises.
- 266 I love teaching undergraduates.
- 267 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.
- 268 That's almost totally lacking in graduate students.
- 269 By that time they are brainwashed.
- 270 They know exactly what is expected, and they give it to you.
- 271 And there's an old European peasant proverb, "All you can expect of an ox is beef."
- 272 All you can expect of a graduate student is competence.
- 273 He knows that he can't afford anything else.

274 The advice one gives graduate students is, "For goodness sake, don't try to make a contribution in your Ph.D. thesis.

275 Keep that for when you can do what you want to do."

276 And not cynically ...

277 and, of course, the other advice is "Get it over with fast!" ...

278 **CR:** Let's hope for the time when your broad conception of political and moral science is once again at the forefront. ...

279 **PD:** I have been a very happy man.

280 No one interfered with the things I wanted to do, so I don't interfere with what other people are doing, never.

281 No, I'm an old conservative.

282 I have a very simple rule: As long as it's neither completely insane nor immoral, I'm willing to help you accomplish it. ...

283 [Vintage CRB - Volume III, No. 1 - Spring 1984](#)

284 *Reviving the "Moral Sciences": A Conversation with Peter F. Drucker*

285 *CLAREMONT REVIEW OF BOOKS*