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From Industrial Capitalism to Taylorian Late Capitalism

The question of business value in a Knowledge economy?

*Abstract:*This paper introduces the current debate on *productivity in the knowledge economy* between the opposing conceptual positions of 'Peter F. Drucker' and 'Michel Hardt, Antony Negri and Maurizio Lazzarato' and discusses its implications for the so-called 'humanistic turn in economy'. The debate focuses on the nature of knowledge and its role in cultural systems. Drucker's conceptual position rests on the commodification and hence objectification of knowledge - a position which immediately appeals to business. In contrast, Hardt, Negri and Lazzarato analyses knowledge in terms of effects of culturally imbedded activity. The paper then considers two contrasting views on the *processing* and *developing* knowledge resources associated with improved economic performance. While Drucker emphases that economic success is intimately related to the processing and developing of knowledge resources and these again are intimately related to knowledge workers, Drucker objectified and commodified notion of knowledge puts him in a neutral position as to the effects on the knowledge worker being processed and developed into an improved economic resource. In Hardt and Negri's conceptualization of contemporary economy as *Empire,* and in Lazzarato's work, we find rejection of such neutral position of between the produced and the consumed. The implications for claims of identifiable business value and a humanistic turn in contemporary economy are proposed.

Keywords: Knowledge, Difference, Hybrid economy, Late capitalism, Subjectivity production

Conceptual paper.

Introduction:

In this paper, we ask ourselves what theoretical momentum we need to understand in order to see how *productivity* in contemporary economy comes into existence.

The American (*Australian born*) business writer, university professor, and management consultant Peter F. Drucker.[1] has become an iconographic figure within management and business thinking, and his conceptual framework is time and again ranked highly in business magazines, journals and newspapers, as both up-to-date and normative progressive.[2] When trying to understand and explain the radical changes in contemporary economy and society, Drcuker's work and his thinking needs to be addressed. However, we also find that Drucker's radical contemplation of the knowledge economy is not fully conceptualized in terms of what

[1] Also the writings of the American sociologist Daniel Bell in *The Coming of the Post-Industrial Society* from 1973, and the German Marxist Ernest Mandel's *Late Capitalism* from 1972, are important writings..

[2]Drucker conceptual and hence cultural influence in business economics, and beyond, is undisputable. As a management consultant, Drucker worked with some of the largest companies in the world, including General Motors where the resulting "Concept of the corporation popularized GM's multidivisional structure…," Bank of England, where he had "the most decisive influence on these companies' abilities to survive and sustain their competitive advantages." His thirty-nine books have been translated into more than twenty languages, indicating that the interest for his work is not reserved to an American or an immediate Anglo-Saxon business culture. For twenty years, between 1975 and 1995, Drucker was the editorial columnist for the Wall street Journal, a position that admits great authority and influence in terms of being the main commentator on the trends and prospects of capital in the world markets. The prominent Harvard Business Review, owned by the Harvard Business School, a monthly research based magazine written for "business practioners, it claims a high ranking business readership and enjoys the reverence of academics, executives, and management consultant", writes in admission of Drucker; "Father of modern management, social commentator, pre-eminent business philosopher." Indeed, Business Week, another influential business magazine, recognizes Drucker as "The Man Who Invented Management."[2] Also, by a broad spectrum of so-called management gurus, Drucker is recognized for his founding role for management. Tom Peters, the co-author of *In search of Excellence* among others, declares, Drucker "was the creator and inventor of modern management," and further; "In the early 1950s, nobody had a tool kit to mange these incredibly complex organizations that had gone out of control. Drucker was the first person to give us a handbook for that." In *The 50 most influential management writers*, Drucker ranked as number one for several editions. In 2002 Drucker was awarded the Presidential Medal for freedom by the American President George Bush. President Bush "recognized Mr. Drucker for his management expertise and impressive consulting work that has helped non-profit and faith-based institutions, businesses, and universities worldwide." Drucker's influences do not stop at the gates to the business world, he has been a management consultant in non-profit organizations, for the American Government, he was admitted as a management consultant into the US Social Security system, where he inverted its underlying structures, in the public sector, and Drucker worked for American Presidents such as Harry and Ronald Reagan. Also, Drucker's conceptual work, his conceptualization of the *knowledge-worker* in his book *The Landmarks of Tomorrow – A report on the New 'Post-Modern' World* from 1959, his diagnosis of the current social reality as *post-capitalist*, but also his business model *Management by Objective*, resonate strongly all over the world not merely as accidental and cursory aspects in a fragmented social business would, but as organizing principles that have strong political, economical and cultural distributing powers. Drucker, it seems, is not merely a business writer in a classical sense; he writes book, these books are read and their ideas perhaps initiates some inspiration for further reflection, for then to go into the general pool of ideas. Rather, it seems as if Drucker's work initiates far more than *just* that, indeed it seems as if Drucker's influence spreads out and can be apprehended for its general features in a strong cultural influence in business thinking.

happens to the social when processes of *production* and processes of *consumption* fall together in the knowledge economy. Therefore, we propose that further conceptualization is made from the American literary theorist Michel Hardt and the Italian political philosopher Antony Negri, together with and the Italian political thinker Maurizio For the sake of clarity, and to reflect the position of the general economic discourse, the section will begin with a discussion of the general political economy as contemplated by Drucker.

Post-Capitalism

New challenges facing business have been in the centre of attention in Drucker's work since his first book *The End of Economic Man* from 1939, and changes in the basic economic and societal conditions for business have been hold central since the *New Society* published in 1950. In the *Post Capitalist Society*[3] from 1993, Drucker writes; *"[e]very few hundred years in Western history there occurs a sharp transformation"* (1993: 5). These transitions are of such a radical nature that within *"a few short decades, society rearranges itself – its worldview; its basic values; its social and political structure; its arts; its key institutions. Fifty years later, there is a new world"* (Ibid). According to Drucker, fifty years later from the beginning of this transformation will be around 2010 and 2020. In the small section; *From Capitalism to Knowledge Society*, in *Post-Capitalist Society,* Drucker relates the term *Capitalism* to a system that together with a range of technological innovations had the capacity of conquering the globe and creating a new world civilization, that converted capitalism into 'Capitalism' and technical advances into the *"Industrial Revolution"* (1993: 9). The term *post-capitalism*, however, indicates for Drucker that the established capitalist system - that has governed both the general economy as well as the social modes of life - is currently in a state of crisis. For over two centuries economy and society have organized around capital and land, and later labour, as the main economic factors of production. These economic factors of production are

[3] Drucker has written 39 books and numerous articles, papers and documents related to the general economic conditions, with special attention given to the role of management. While Drucker before the writing of the Post-Capitalist Society also wrote about the emergence of a new type of economy, it is primarily in the Post-Capitalist Society that Drucker finds a gathered expression for a new emerging type of general economy. Also in the Post-Capitalist Society, Drucker develops an idea of the conditions for how to make the new economic conditions both productive and competitive. In his later books Drucker keeps returning to this general framework, a general economy based on knowledge, which he developed in the Post-Capitalist Society. Therefore, this chapter will primarily apply the Post-Capitalist Society as a framework for sketching out the conditions for a new general economy based on knowledge as its primarily resource.

absolutely central to Drucker's interpretation of economy and society. The economic factors of production are the factors of which Drucker believes arrange not only economy but also society into different distinct social classes. Therefore, fundamental changes in the prime economic factors of production which currently takes place will also cause a crisis and rearrange the established social structures. Drucker insists that the term *post-capitalist society* represents a valid social diagnosis, in as much as the economic factors of production are changing from capital, land and labour to knowledge which has *"become the key resource for all work"* (Ibid: 74). Indeed, this is what *"makes our society "post-capitalist,""* (Ibid: 45) mainly because Drucker finds that the new resource cannot be owned by capitalists. Instead of capitalists, it is suggested that the change in the basic economic factors already has and will continue to constitute a new elite class in society, and Drucker tends to suggest that the post-capitalist society refers to a change in the ownership for the means of production. The means of production have gone from a smaller number of *"capitalists, who owned and controlled the means of production*" (Ibid: 5) to the larger number of knowledge-workers who now *"collectively…own the means of production"* (Ibid: 67) by owning their knowledge. This view also explains why Drucker calls the new economic and social order for an Employee society. The notion 'Employee society' proclaims a new economic structure as well as a rearrangement in the social classes.

New economic factors of production

Drucker explains that instead of land, capital and labour, the *"main producers of wealth have become information and more importantly knowledge"* (Ibid: 183). Based on these two resources alone, society, over the past forty years, has born witness to the emergence of entirely new industries. The traditional industries that have succeeded to survive and perhaps even grow during this period, have done so as they have succeeded in *"restructuring themselves around information and knowledge"* (Ibid: 182). However he states there has been a *"radical change in the meaning of knowledge that occurred in Europe around the year 1700, or shortly thereafter*" (Ibid: 23) a this is decisive for society's current application of knowledge understood as a *utility* (Ibid: 27). Whilst there are widespread disagreements among the knowledge-based theories as to the exact modalities of knowledge, Drucker

maintains this particular *utilitarian* notion of knowledge intimately related to an economic quantifiable productivity.

Two hundred years later, with an overall stagnation, and social conflicts building up, it was Frederick W. Taylor's application of *"knowledge to the study of work, the analysis of work, and the engineering of work"* (Ibid: 33) that was the platform for a 'Productivity Revolution,' which saved the world from a proletarian revolution, according to Drucker. Now, when Drucker points to the latest shift in the meaning of knowledge, the shift that is currently taking place, he refers to it as "*applying knowledge to knowledge*" (1993: 40), whereas knowledge immediately is intimately related to people, in a fundamental different way than physical working efforts are related to people. Now, in order to become productive the knowledge worker had to be *"achieving to produce at all*" (Ibid: 176). The question then is how this mental ownership of knowledge is related to achievements, productivity and especially of measurements?

Knowledge and Measurable Productivity

In 1973 Drucker believed that *"only self-motivation and self-direction"* (Ibid: 176) could make a knowledge worker achieve and hence productive. The question of *achievements*, however, seems to be causing problems. Twenty years later, Drucker proclaimed that the *"productivity revolution is over*" (1992: 84). The new major challenge for economy and for society will therefore be *"the productivity of knowledge work and the knowledge worker"* (Ibid: 8). Drucker accepts that no new inventions of machines will enable such new increases in productivity, and therefore new increases must come from making otherwise sterile knowledges perform in economic measures. The strength of business, Drucker states, *"is accountability and measurability"* (1994: 278), and he sees that the industrial productivity, its economic progress and its developments in society, were made possible by having an economic theory that gave some indications of clearance and rational choices. Hence, the major challenge for Drucker is that so far, at least, he recognizes that it has not been *"possible to quantify knowledge*" 81993: 185). The logic then is that when knowledge is not quantifiable, it becomes a problem how to plan production, how to organize and manage it, and especially how to control it, as

without measures there is no guaranty that increases in investments or increases in consumptions will lead to increases in the production of knowledge. Rational choices then are not possible without a model that expresses *"economic events in quantitative relationships"* (Ibid: 185).

Therefore, Drucker suggests that one can look at knowledge from a different point of view, an output perspective; productive knowledge is *performing* knowledge. The focus on knowledge, in other words, is put on the *performing* output, rather than on the one who has the immediate ownership. Drucker maintains that the problem however is the ownership in some sense, because knowledge is produced by educated people. These knowledges are in and by themselves sterile, and productive knowledge then, that is to say, knowledge that performs, must be measured by how it *"obtains social and economic results"* (Ibid: 42). Social and economic results, Drucker suggests, as to make economic results today is closely related to social responsibility; *"the demand for social responsibility of organizations will not go away"* (Ibid: 102). This involves that performing knowledge is knowledge that makes a *difference*. *"Knowledge is productive only if it is applied to make a difference"* (Ibid: 190). Now then, in Drucker's terminology what does it mean to make a *difference*? What theoretical movements are needed in order to comprehend the notion of making a *difference*?

In some sense Drucker suggests that it means the *difference* made by the information put into the production. However, Drucker stresses; *"Above all, the amount of knowledge, that is, its quantitative aspect, is not nearly as important as the productivity of knowledge, which is its qualitative impact"* (Ibid: 186). Under these conditions, knowledge that makes a *difference* is not immediately a *quantitative difference* (more of the same), but rather a *qualitative difference* - a difference that differentiates the product or service from other products and services by having a qualitative impact. This involves that applying 'knowledge to knowledge in order to make a difference,' is related to the economic results, which however are conditioned by social impacts, such as *"'political' opinions and emotions, community approval or disapproval, mobilization of community energies and structuring of power relations"* (1994: 279).

These processes then will have put into system. Indeed, *"unless these tasks are systematically carried out, the knowledge-based post-capitalist organization will very soon find itself obsolescent"* (Ibid: 60). Hence, it is clear that Drucker speaks of knowledge, and processes of knowledge creation, in terms of what is already measurable or what can be made measurable, that is to say quantifiable sizes. This means that qualitative features become knowledge, only inasmuch as these can be recognized in terms of a particular and measurable output. *Difference* then is apprehended as the measurable output; it is *difference* on a number of pre-established criteria's; that is to say, difference is difference from what is already. And inasmuch as such difference can be planned in terms of forecasting a particular increase in profits, or lowering costs, improving employee- or customer satisfaction, and so on, input as well becomes a measurable size.

The modern factory…

The first aspect in Drucker's reconstruction to make knowledge work and service work productive is to reconsider the element of *organization* in modern society. Organizations are *"special-purpose institutions. They are effective because they concentrate on one task*" (Ibid: 53). This one task should be submitted to the three presented systematic elements of producing new knowledge. In effect, this single task should be continuously *improved*, *"so it becomes a truly different product or service in two or three years' time"* (Ibid: 60). Second, organizations must learn how to *"exploit, that is, to develop new applications from its own successes"* (Ibid). Third, this task should be submitted to systematic innovation, hence every organization must learn that *"innovation can and should be organized as a systematic process"* (Ibid).

As these processes are heavy on and dependent of human means of production, it is feasible for Drucker to propose that the organization is indeed a modern factory (due to its one task purpose), where the two approaches that *"have always been considered antithesis, indeed, mutually exclusive;"* (1992: 242). the engineering approach pioneered by F. W. Taylor's Scientific Management and the Human Relation (Human Resource) approach will come

together. While Taylor clearly has contributed to the organization and study of processes of work, the human relation tradition becomes valuable in Drucker's framework, because its success was to recognize the *"knowledge and pride of line workers as the greatest resource for controlling and improving quality and productivity*" ((Ibid: 243). In other words, the human relation tradition has contributed with a new means for control and improvement that has become particular important in the new intangible economy.

Without the organization, Drucker claims knowledge workers cannot *"produce or perform"* (Ibid: 65). The challenge is that the knowledge worker cannot be *"'told what to do, how to do it, how fast to do it, and so on. Knowledge workers cannot, in effect be supervised*" (Ibid). However, as it is difficult at the moment to *"distinguish productive activity from busyness"* (1992: 243) in knowledge work and in service work, and as managing the productivity of knowledge work and service work no longer is effective as supervision, Drucker suggests that a *"rigorous, scientific method of identifying the quality and productivity that can be expected from a given production process in its current form, so that control of both attributes can be built into the process itself"* (Ibid: 241). In effect, the modern factory should be organized and managed around a particular stage in the flow which then allows for local standardization and overall factory flexibility. Indeed *"standardization and flexibility are thus no longer an either- or proposition. They are – as indeed they must be – melded together"* (Ibid: 249).

When it is the task and not the people that define the flow, a new team structure should only be changed when or if the information flow changes. This however requires that it has become absolutely necessary, for the first time in history, to define: *"what is the task? What is it that we are trying to achieve? Why should it be carried out in the first place?"* (Ibid: 91). These questions are then set to guide the purpose of the organization, and these questions can provide the individual's work and performance with guidelines as well. Drucker asserts that the new measurement for this task *"has to be time"* (1992: 246). Indeed, the only thing that is *"variable and controllable is how much time a given process takes. And benefit is whatever reduces that time*" (Ibid). Eventually, Drucker states, *"knowledge work and service work may turn out to be like work making and moving things – that is, 'just work', to use an old*

Scientific Management slogan" (Ibid: 88). To Drucker then, reconstructing the overall processes from a knowledge based perspective seems to require even more focus on a systematic process where the task and the purpose of the task is continuously defined, and where human capital is used to secure both quality and quantity.

In this way analytical work is put into the very process of work itself. By means of analytical abstraction, Drucker believes that knowledge work and service work eventually can be organized which makes them subdue to accountability and hence to manageability. This however suggests that not only is the production of *knowledge as difference* conceived of in terms of output, but indeed also in terms of its input; what is improved is measurable by what already *is*. This involves that the production of knowledge as *difference* is produced by processes of scientific and analytical investigations from activities that are already measurable. Indeed, knowledge must be submitted to processes of statistic objectification and systematization (1992: 241) and it is *"often possible to define goals clearly and measurably for specific partial tasks"* (1994: 278).

Drucker's Modern Times

In Drucker's post-capitalist revolution *some* things have changed, but not *all*: the basic economic factors of production have changed from land, labour and capital to information and knowledge; the resources have become reflective in nature. However, the basic principle of organization and management by which these new resources become productive seems to be largely unchanged.

Yet, that the factors of production have changed from land, capital, and labour, to information and knowledge makes little or no difference to Drucker, insofar that knowledge is being redefined as an economic factor on the same level as other economic factors of production. While Drucker agrees that the knowledge based economy is based on uncertainly and change, and these conditions make it difficult to make long lasting prognoses, it is instead by making choices on *performance* and results that it will become possible to define the exact tasks that will ensure that performance; hence difference remains as what can be conceived from a planned organizational and managerial perspective.

The scientific measure serves as the control measure for performance, and *"performance is the end that all activities serve"* (1994: 467). This involves that the principles for organization, for management, and for service- and knowledge work undergo radical changes from the vantage point of being made measurable (1993: 85).

Drucker's suggestion however seems to come unmistakably close to a reintroduction of Taylor's notion of Scientific Management, and to a certain extent Ford's assembly line principles in the factory. While the resource is people's knowledge, the actual conditions for renewal, further exploitation, and innovation, that is to say making knowledge productive, are submitted to piece-work measurability. The main force behind the explosion of productivity since the nineteenth century was brought about by *"Working Smarter whether called the Scientific Management, industrial engineering, human relation, efficiency engineering, or task-study (the modest term Frederic W. Taylor himself favoured)"* (1992: 82). Moreover, Drucker applies Taylor's basic argument, that the scientific approach suggests to apply the best method – out of all possible - for carrying out a particular task, by making continuous observations of work and by studying the time spent on a particular piece of work. Drucker recognizes that Taylor's ideas and system have been exposed to immense criticism also in his own time and have furthermore been used as a model for an instrumental and inhumane view on man ever since. However, Drucker suggests, while there may be differences in recommendations in their basic approach, there is no difference between Taylor and the following 'human relation' tradition. While the human relation method and the schools and traditions following Mayo's experiments at the Westerns Electric factory in Hawthorne have been exclaimed as the beginning of long progress towards a humanization of work, and the worker's liberation and emancipation, the question asked to the investigation still remained on the whole unchanged from Taylor's: Taylor asked *how* can shovelling be carried out in the most efficient way, in the same as Mayo asked *"how can one assemble phones with wires in the best way* (Ibid: 87)*.* It never occurred to any of them to ask *what* is the task, or *why* should it be carried out, Drucker states. While the focus is maintained on productivity, performance, and the achievement of results, the only difference to today is that in relation to each knowledge- and service job one must ask: *"What are we paying for? What increase in value*

should this job involve?" (Ibid: 91). Then, partnership has become the only way as the economic factors knowledge and information are intimately related to the worker's mind, not his body, which means that 'commanding' workers to work no longer is effective. However, this does not mean the abandonment of control. Indeed, control must be exercised with equal stringency, the difference is that control must be installed into the process itself and into the performance of an identified quality and productivity that the currently expected. Fusing the human relations approach that *"sees the knowledge and pride of line workers as the greatest resource for controlling and improving quality and productivity"* (1992: 244) and the *'traditional factory'*, then, provides the capstone for the edifice of twentieth century manufacturing that Taylor and Henry Ford designed and which Drucker prolongs (Ibid).

While Drucker emphasizes that such radical shifts in economy are related to shifts in society as changes in culture, norms, values, ideas, and feeling, Drucker does not explain *how*. Instead, knowledge, ideas, and working efforts remain on the whole an aspect isolated to the process of production, and not related to social processes. As the resources being processed are so intimately related to the social processes in terms of knowledge being developed and progressed, we will turn the inquiry to a different conceptual position, in order to discuss how social processes are affected.

Late Capitalism[1]

In this section we will therefore attempt to address the relation between economy and the social from a different theoretical and analytical framework. This is done by referring to the co-authored manifesto *Empire* from 2000 by the American political philosopher Michael Hardt (1969-) and Italian philosopher and political thinker Antonio Negri (1933-), and the Italian political philosopher thinker Maurizio Lazzarato. *Empire* shares with the *Post-Capitalist Society* a diagnosis of the present state of historical economic developments. However, *Empire* and also Lazzarato give as much attention to the changing forms of governmentality, as to the changing modes of production, of socialization and subjective identity, and of potentials for transformation. The radical changes in the nature of work, recognized by Drucker as a transition to service work and knowledge work, are in *Empire* and in Lazzarato's

contemplation of political economy put at the very centre for the apprehension of the way capital continuously is capable of expanding its own inner territory. As Lewis Mumford shows in his *Myth of the Machine* from 1962,[4] or as Deleuze and Parnet write in *Dialogues; "Tools always presuppose a machine, and the machine is always social before being technical*" (2002: 70).

In Hardt and Negri's *Empire* we find this novel contemplation of the dynamic relation between the technical and the social, and thus between political economy and the social*. Empire* is in the same way as Drucker's *post-capitalist society* a social diagnosis of the economic, political, and cultural influences that constitutes the currents of contemporary society. *Empire* share with *Post-Capitalism* the conviction that contemporary capital has incorporated the entire world into its systems, and in this sense is becoming one global polite. Capitalism is not just a historical epoch among others, on this point Drucker and Hardt and Negri also share their conviction, and like Drucker, Hardt & Negri calls attention to an appearing unravelling and thus declension of the governmental powers traditionally admitted to nation-state based systems, and to capitalists and capital cities as power centres. Capitalism then is not *post*, if anything, it is *Late, Late* as in a new stage in the continuous expansion of capitalist production within capitalism itself. The term *Late Capitalism*, as it was developed by the American political theorist Frederic Jameson in 1991[5], therefore better admits the present linkage to the convictions further outlined in Hardt and Negri's *Empire.* This new stage in capitalism has reached a level where the further and continuous expansions and accumulations of capital cannot be found in places outside those already reached by capital, that is to say, there are no such places outside its already occupied land, where industrial or knowledge capitalism can accumulate new explosive rates in productivity and surpluses. In effect, Hardt & Negri suggests that the capitalist society now looks for an intensification of its own inner territory, what also Drucker calls the accumulation of surplus from the application of knowledge to knowledge that brings about a *difference*. The difference is that in Drucker's political economy *difference* is treated as an output, which then becomes a *difference* from what already **is** in

[4] On Lewis Mumford as *The Myth of the Machine* see above note in this paper.
[5] Jameson 1991.

terms of what can be measured in immediately physical sizes, or as Lazzarato wrote in *New Forms of Production and Circulation of Knowledge*: *"[p]olitical economy is forced to threat truth-values as it does other good"* (Lazzarato: 2005)[6]. Truth-value is a concept that Lazzarato borrows from the French sociologist Gabriel Tarde's (1843-1904) concept for knowledge. Tarde already saw in the end of the eighteenth century that a good's economic value, due to its immaterial nature, no longer could be explained as entirely outside culture, and that the contemporary cultural development had to be viewed as an integrated part of the political economy. This is in part an underscoring of Drucker's view, however, Lazzarato doubles the consequences that Drucker is able to apprehend, that is to say, pose a critique right in the centre of the way in which the general political economy is treating these truth-values as material products, and therefore is not able to see their interrelations to social formations. Lazzarato states that it is not only because political economy does not know any other method, but in addition, because it otherwise would have to *"overturn its theoretical, and especially political, underpinnings"* (2002: 2). That social developments are an integrated part of political economy involves that neither economy nor culture can be seized separately. To explain changes in either one of them therefore requires an elaboration on their relation.

While Drucker suggested that the productive production was a matter of organizing the new production based on knowledge from taylorian principles combined with motivational

[6] These responses are directed at contemporary business management, or indeed the entire modernist conviction of progression, and especially the humanistic progression that is inscribed as naturally accomplishment of the current transition to a knowledge economy, and also to the general social constructionist conviction that currently brings about a shift in the dominant discourse on management consultancy, from the general understanding of management consultants as responsible for their productivity, to an understanding of mutual creative powers and therefore a new distribution of responsibility between management consultants and clients.

[6] The central issue for Lazzarato is that these truth-values are results of a collective process of production, and thus a form of knowledge "that cannot be organized by the market and through exchange without distorting its production and consumption value." (Lazzarato 2005) This involves that our understanding of the processes of valorisation, as a measure of a transaction between the ownership from the producer to the consumer, has become useless according to Lazzarato. This also involves that as long as the idea that goods and services from immaterial processes of work can be owned and kept is maintained, this restrains a more adequate understanding. The logic that maintains the immaterial production as a physical product that can be bought (teaching), kept (knowledge) and transferred (management consultancy services), and thus makes confusions regarding the value of the product, is according to Lazzarato because two separate forms of production are being mixed together: "the modes of production, socialization, and appropriation of knowledge and of culture are different than the modes of production, socialization, and appropriation of wealth." The very conception of wealth in capitalism is defined as ownership, and for this reason logics of immaterial processes are based on the presumption that the immaterial must be able to be represented through materiality.

incitements found to be productive by the human relation tradition. Drucker however do not provide a sufficient theoretical foundation for examining how the relation between the organization of production and the motivational incitements became productive. By suggesting that the production of new knowledge can be apprehended as an instrumental and systematized process, which can be carried through on the basic organizing principles, Taylorian influence to Drucker becomes an externalized relation between the individual that enters into the production and the production itself: Taylor's application of 'knowledge to work' simply becomes a matter of applying the usefulness of one tool or principle in one context to a different context, precisely as Drucker saw the transformation from an individual craft-knowledge to a public-disciplinary knowledge that was easy to transfer. Although Drucker and Hardt and Negri, to a great length, agree on central already visible current changes in political, economical, and cultural influences, they apprehend these changes from two incompatible logics of sense. In contrast to Drucker, the social systems of differentiation are at the very centre for thematizing a new global world order in *Empire.* This admits its authors an altogether different interpretation of such empirical changes and of their consequences. *Empire,* its authors suggest, is the new global structure and logic of governmentality that has developed alongside with the development of the global marketplace and the production's global circulations. This new forming governmentality is an anonymous structure without any political and economic centre, not even identifiable with the powers of the US, but rather it constitutes a network of mechanisms that saturates such reorganizations and redistributions of powers, and thereby forms a new sovereignty consisting of a number of national and supranational organisms united under a single logic. *Empire* Lewis Mumford's *Megamachine*,[7]

[7] In 1962 in *The Myth of the Machine*, Mumford (1962) applied the term the Big Machine for how the general notion of culture works together from various arenas, and sometimes even in opposition to support the developments which recite from the same fundamental principles of organization. This is close to the French philosopher Michel Foucault's notion of *dispositive* as the very net that combined discursive and non-discursive acts together. It is a heterogeneous assemblage of discourses, institutions, architectural designs, rules of administration, laws, scientific statements, philosophical, moral and philanthropically postulates, which generate and organize the spoken; it is the non-spoken in the spoken (Foucault, interview 1977). This is also what Deleuze calls the diagonal in Foucault's work or the abstract machine. I will proceed with the notion of machine in chapter 1. Hence, Mumford applied the concept of *machine*, not just in a mechanical way, but to account for ways in which society assembles and become disciplined thus is makes possible certain social performance (Mumford 1962, p. 12). Mumford went from being a devoted supporter and optimist of technology in his first book, to pronouncing a critical and sinister view of the mechanical world that followed from the industrialization. Drawing from disciplines as different as architecture, geography, sociology, history, psychology, and art, Mumford questioned the assumptions and the predictions upon which society's commitment to the "present forms of technical and scientific

and Hardt & Negri state that *Empire* is the political machine that efficiently regulates global exchanges; it is the sovereign power that governs the world.[8] In Hardt & Negri's *Empire,* Drucker's worries about finding an economic theory that apprehends knowledge resources from a common denominator has already been realized: in *Empire* money is that equivalent which brings not only knowledge but all kinds of values together on one common plan[9], where *"all elements are brought together in quantifiable, comparable sizes"* (Ibid).

While Drucker talks about knowledge as a resource that continuously connects and disconnects across boarders, Hardt and Negri sees capital as the factor capable of creating a *smooth space.*[10] In the *Global Society of Control,* Hardt (2000) exclaims, the smooth space is not completely smooth. Nonetheless, it seems as if it is smooth, because it seems immediately free from the binary classifications constituted in the age of Modernity, that is to say, oppositional categories between self and social, individual and society, autonomy and

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progress, treated as if end in themselves, have been based" (Mumford 1962, p. 12). Mumford sought to understand the intimate relations between the economic system of production based on technical means and social formations, and not just to understand technique and human life as two separate categories. Different machines have different functions; a machine applied to acts of "collective coercion and destruction, deserves the title, used even today, the 'military machine,'" (Mumford 1962, p. 188) a machine "utilized to perform work on highly organized collective enterprises, I shall call it the 'labor machine'" (Mumford 1962, p. 188) All such different machines were components of the "political and economic, military, bureaucratic and royal…'Megamachine'. And all the technical equipments derived from this Megamachine, Mumford suggested become "megatechnics" (Mumford 1962, p. 189). Neither the Megamachine nor its components, however, is gathered in one visible place, moreover Mumford applied the term the 'invisible machine,' for how the machines function " (Mumford 1962, p. 188) as a complete integrated whole" (Mumford 1962, p. 188) even when they were "necessary separate in space."[7] Thus, in contrast to the understanding of technology from the dominating utilitarian perspective, as ways in which man applies mechanical devices as tools to make his tasks easier; what man *is* is separated from what he *does* with a tool, Mumford argues that what man *is* is inseparable from how he understands himself as an immanent condition of the production conditioned by the Megamachine and its separate technical components. What is interesting about Mumford's interpretation of historical events, such as the emergence of the ancient empires such as Egypt, is, that their actualization, Mumford argues was not conditioned by force, but rather from written language. If one single invention was necessary to make this larger mechanism operative for constructive tasks as well as for coercion, Mumford states, "it was properly the invention of writing." (Mumford 1962, p. 190). The invention of writing then; letters and symbols on paper plants is absolutely central to understanding the possibility of the *Megamachine* – the first as well as the present. Writings made it possible to translate speech into graphic record, to pass messages throughout the system and over large territories, and perhaps even more important to "fix accountability when written orders were not carried out." (Mumford 1962, p. 190).

[8] Hardt and Negri 2000, p. xi.

[9] Ibid, p. 347.

[10] Hardt and Negri borrows the term *smooth space* from the French philosophers Gilles Deleuze and Felix Guattari (2002). In this dissertation the smooth space is contemplated in terms of its problematic, the relation between the industrial economy and the knowledge economy, and the comparing and opposing of elementary principles and statements. In *Social Analytical Reflections* in this dissertation, it appears why comparing and opposing principles statements from the relational ontology are fundamentally different from the theoretical perspective presented by Drucker.

control, work-time and spare time, and so on. However, in reality, Hardt writes, the possible relating combinations have multiplied, and the "un-coded flows, flexibility, constant modulations and a tendency to equalizations,"[11] make the space appear as smooth. When knowledge operates in a smooth space it does so only as entangled with capital, and thus there are no exterior laws or powers that control it from the above. The control system of Modernity then becomes defined by its institutions; the school, the home, the university, the office, the prison, etc, which all work by binary classifications in terms of each institution having a set of rules that defines the particular practice of the institution, and to which each individual related must obey. The smooth space, in contrast, operates according to its own inner control mechanisms that work by continuous "codifications, over-codifications and re-codifications."[12] These control mechanisms that until recently have worked with a proportional obligation in such demarcated cultural segments (schools, universities, prisons, and so on), are according to Hardt and Negri now being substituted by a universal (axiomatic) system determined by money as its equivalent[13]. In approach, by conceptualizing capital as the 'political subject' where money works as the all-embracing equivalent, then *Empire* works by an axiomatic system where a *"series of equations and relations, which immediately and equally determine and combine variables and coefficients everywhere in different terrains without reference to prior and fixed definitions or conditions*" (2000: 327). Put in other words, the propositions (that determine good, true, beauty, and so on) that may have worked in certain segments prior to late capitalism, independent of and outside capital, have now been subjugated under capitalism's own inner functionality and work instead still more fluently and flexible by the aid of information technology. The stabilizing institutions (segments) had a visible social regulating power under the disciplinary industrial regime, and while this regulating power has not disappeared, its direct and frontal mechanisms have gradually become less effective in time with the social disengagement processes in the 1960 and 1970.

[11] Hardt & Negri 2000, p. 327.
[12] Ibid. In Deleuze and Guattari, codes (in a social body or assemblage) regulate flows by a marking that indicates a certain quality of the flow. The capitalist axiomatic, as the ontology of the Empire, overtakes coding and over-codings.
[13] On the axiomatic, Hardt and Negri quotes R. Blanche's *Axiomatic* (1962); in an axiomatic system, postulates "are not propositions that can be true or false, since they contain relatively indeterminate *variables*. Only when we give these variables particular values, or in other words, when we substitute constant for them, do the postulates become propositions, true or false, according to the constant chosen. Capital operates through just such an axiomatic of propositional functions." Hardt and Negri 2000, p. 327.

This however marks a decisive difference between Drucker's *Post-Capitalist Society* and *Empire.* While Drucker seems to believe that it was and still is explosive increases in productivity alone that have and still can prevent growing tensions from social revolutions, Hardt and Negri, in contrast, believes that capitalism has been able to incorporate and subjugate social resistance under its own development and expansion.

This involves that the relation between the economy and its mechanisms of control and the social production of wealth changed along with the change in the economic production. While Drucker maintains that the new displacements in power involve a certain class, the knowledge-workers, Hardt & Negri, in contrast, analyses the displacements in the new power mechanisms as immanent regulations on the smooth surface itself. The changes in the dominant processes of production to a knowledge based production, not only involves knowledge in terms of a products informational content. While Drucker maintains that knowledge work and service work are separated by their degree in education, Hardt & Negri suggests that the changes in the nature of work cannot merely be observed by changes in the informational content of a product. Today a product is increasingly related to a particular service, in fact Hardt and Negri would suggest that the *difference* that Drucker mentions increasingly is produced by creating and fixing such consumer needs, tastes, emotions, and opinions towards a particular product. To Drucker, however, the processes of production and the processes of consumption maintain in this way separate.

In contrast, by suggesting that the service or those different types of communications that are involved enable *productivity*, the processes of production and consumption in more and more work increasingly involve the human perception and affection. This suggests that business value, analysed from the functionality of the new immaterial processes of production, increasingly involves life itself. As life has been put into the centre of the new dominant processes of production, Hardt and Negri recognizes that life is regulated by the very same mechanism that regulates the currents of capital. In the conceptual framework outlined by Hardt & Negri *knowledge* becomes *Knowledge* in processes of a direct and often unmediated consumption, and in this unmediated consumption it prevails over other knowledges, which

necessarily means that Knowledge is deeply entangled with *power*. The consumption *value* cannot be measured independently of what affects it produces in the consuming *subject*. When *knowledge* no longer can be conceived of as a mere technical skill, objectified and commodified, something that can be owned, but rather must be apprehended as a cultural phenomenon actualized as different modulations of *subjectivity* in the simultaneous process of production and consumption, then it becomes difficult, if not impossible, to think of the concept *knowledge* as some*thing* someone possesses, and *business value*, as something someone produces for someone else, and *power* as some*thing* that one individual or group of individuals practice over another. *Power* no longer shows itself in assaults or in the foremen's direct control and supervision of the production; instead *power* becomes immanent to the very production of *knowledge* itself. Therefore, *power* only shows itself indirectly, perhaps more as a general *will to knowledge* – a will which lays latent in the will to our own process of self-valorisation. *Power* and *knowledge* thus become possibilities which are immanent related to new forms of knowledges and new forms of subjectivity.

Concluding remarks

Drucker presents a macro-economic or indeed a macro-political perspective, as it is called in classic economic terms. However, Drucker also presents a macro political view in a very different sense. His conception of the social lays within what we could term a classic scientific logic of sense that subscribes a sense making process that relies on basic principles of an identification of resemblances and identities, and therefore naturally conceives of difference and hence productivity as measurable by its numbers. Hence, Drucker apprehends *productivity* in terms of economic- and social processes of what can be identified as the *same* or *sameness*. In effect, it is possible for Drucker to apprehend economic productivity and progress as a form of production *different* from social production. The conceptual framework presented in *Empire*, as well as the political, economic, and social modalities presented by Lazzarato, shares the legacy from a Marxian thinking, and especially the thinking from Deleuze and Guattari, and Foucault's attempts to break up social historical formations that tend to show themselves in taken-for-granted necessities. Instead of pursuing economic and social issues from such molar aggregates that are observable by their already sedimented

logics, *production* as such is social and any unity or technical structure is viewed as a function of the social.

On the formation of the social, we find the relational or the micro-political view as it resonates with Hardt and Negri, and Lazzarato. The relational apprehension of the processes of social formation refers to a kind of logic of sense which advocates for mutual influences that produce and reproduce the productivity of economic production and social production. Macro and micro, then, is not merely a question of scale but rather of one of standpoint, of method, and more important one of consequence. In approach, the difference between Drucker's social diagnosis the post-capitalism society, and Hardt and Negri's *Empire* is that while Drucker describes a certain general logic of sense, Hardt and Negri describes a conceptual diagnosis of the logic of sense immanent to social and economic production, that is, the productive logic of capitalism which increasingly is dependent on making knowledge in terms of brain-power and personality, productive and competitive. In contrast to Drucker, Hardt & Negri does not settle with describing a current state of affair, but rather attempts to follow the constituting dynamics of production and, in approach, the productions and reproductions of social matter that form into certain prevailing social orders. Their sense for relationality is a matter of explaining how such incorporeal flows of information, tastes, norms, images, and communication forms into such corporeal aggregates that Drucker observes. *Empire* for Hardt and Negri is also a rearrangement of power as for Drucker, but not a power related to a different group, as the knowledge-worker, but rather a power that becomes immanent to the processes of production and consumption which themselves melt together in the new forms of work. While Drucker underscores the necessity for accountability and measurability of the intangible process, which Drucker then merely can be apprehended by their quantitative aggregates, Hardt and Negri examines the micro-political or molecular processes of social formation. This also means that the factors of production no longer can be conceived of as entirely individual, or rather personal, as the logic of sense, in which the individual can make sense of his/her reality, always already is culturally conditioned, hence the individual or the *subject* becomes a collective enunciation – that is the individual before it is singular, is *social*, subjects becomes first and foremost *subjectivity*, where neither the individual *subjects* nor the

collective in terms of *subjectivity* is outside the production flow of commodities and services, but rather becomes that very end towards which production continuously fixates its optimization and differentiation.

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