



*The Production and
Distribution of
Knowledge in the
United States*

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Fritz Machlup

The Production and Distribution of Knowledge in the United States marked the beginning of the study of our post-industrial information society. Austrian-born economist Fritz Machlup had focused his research on the patent system, but he came to realize that

patents were simply one part of a much bigger “knowledge economy.” He then expanded the scope of his work to evaluate everything from stationery and typewriters to advertising to presidential addresses—anything that involved the activity of telling anyone anything. *The Production and Distribution of Knowledge in the United States* then revealed the new and startling shape of the U.S. economy.

Machlup’s cool appraisal of the data showed that the knowledge industry accounted for nearly 29 percent of the U.S. gross national product, and that 43 percent of the civilian labor force consisted of knowledge transmitters or full-time knowledge receivers. Indeed, the proportion of the labor force involved in the knowledge economy increased from 11 to 32 percent between 1900 and 1959—a monumental shift.

Beyond documenting this revolution, Machlup founded the wholly new field of information economics. The transformation to a knowledge economy has resonated throughout the rest of the century, especially with the rise of the Internet. As two recent observers noted, “Information goods—from movies and music to software code and stock quotes—have supplanted industrial goods as the key drivers of world markets.” Continued study of this change and its effects is testament to Fritz Machlup’s pioneering work.