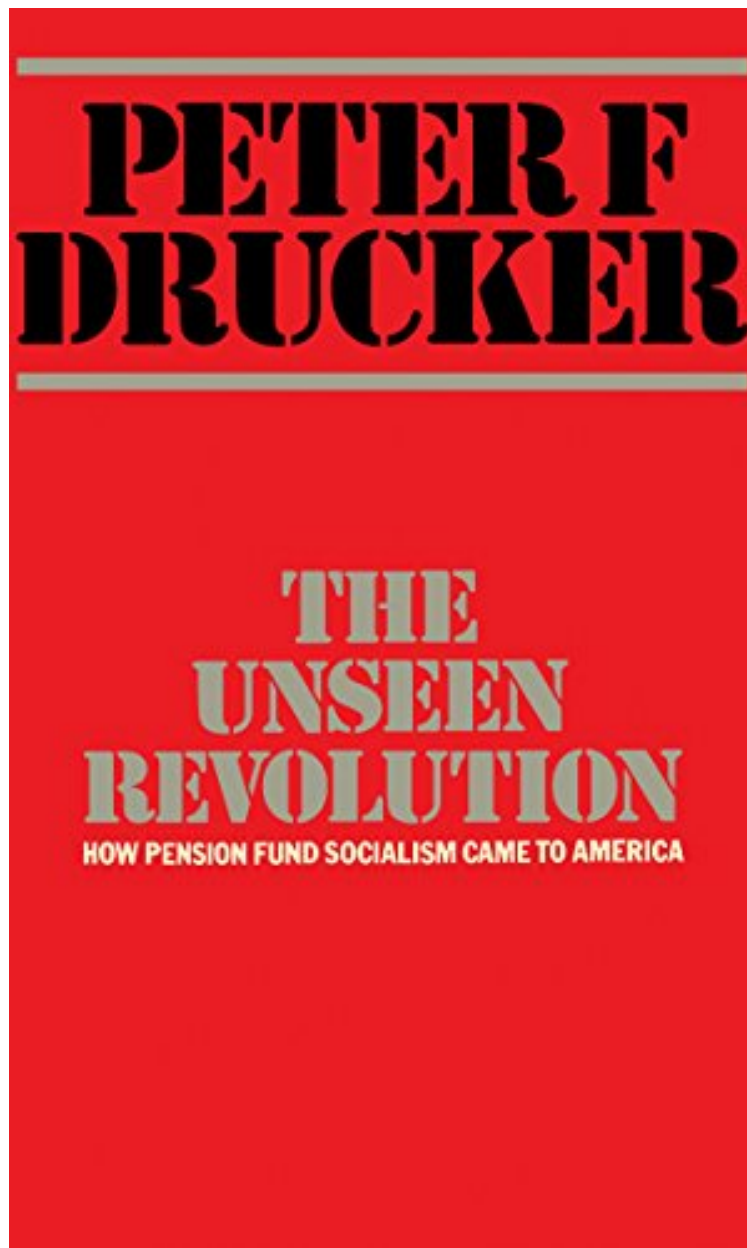


[Mobile book] The Unseen Revolution: How Pension Fund Socialism Came to America

# The Unseen Revolution: How Pension Fund Socialism Came to America

*Von Peter F. Drucker*

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## Pension Fund Socialism Came to America:

KundenrezensionenHilfreichste Kundenrezensionen0 von 0 Kunden fanden die folgende Rezension hilfreich. Peter Drucker: The Unseen Revolution first published in 1976 - revisited in 2015Von Peter de Toma sen.Peter Drucker's Unseen Revolution published in 1976 is one of the few books less well known than most of Drucker's books.As part of an in-depth study of all books by and about Peter Drucker this book raised my full attention when I read it in 2007.Despite the time that passed since its first publication I want to highlight some parts of this book which are still very interesting and relevant.It starts with the subtitle: How Pension Fund Socialism Came to America.Chapter 1: The Revolution No One Noticed.If socialism is defined as ownership of the means of production by the workers and this is both the orthodox and the only rigorous definition then the United States is the first truly Socialist country. Through their pension funds, employees of American business today own at least 25 percent of its equity capital, which is more than enough for control. Pg. 1.My comment (MC): I assume this is still unknown to citizens in USA and Europe.To understand control I refer to Peter Drucker's book Post-Capitalist Society published in 1993: One of the most influential American books of this century was published in 1933: The Modern Corporation and Private Property, by Adolph A. Berle and Gardner Means. Pg. 71.Berle and Means explain clearly that ownership is not necessarily identical with control and vice versa, which opens wide space for interpretation of USA as a socialist country. I am pretty sure that Americans have seen this quite differently.Peter Drucker was fully aware of this discrepancy see Chapter 2 Pension Fund Socialism: the Problem of Success, Page 82:The emergence of the pension fund makes final the divorce of traditional ownership from control, which has been a favorite topic of writers on the industrial and postindustrial economy since Berle and Means's pioneering book, written forty-five years ago. The pension funds are not owners, they are investors. They do not want control; indeed, they are disqualified from exercising it. The pension funds are trustees.However, Thomas J. Watson, Jr., the son of the founder of IBM, intended to transform IBM employees into shareholding employees. He did not succeed with his humanistic concept; employees did not follow this invitation on a large scale.Peter Drucker on Page 40:Ironically, both Sik [Ota Sik (11 September 1919 22 August 2004) was a Czech economist and politician. He was the man behind the New Economic Model (economy liberalization plan) and was one of the key figures in the Prague Spring.] and the Scandinavians present their plans as Europe's answer to capitalist America. And when someone tells them of the American development (as I did at a congress in Malm, Sweden, several years back), no one believes it:We would have heard of it if it were true.Indeed, no one seems to have heard of it in the United States. The worker knows that there is a pension fund, and workers over forty-five or fifty years of age are vitally interested in it. But not one in a thousand seems to realize that through his pension plan he actually owns American business.MC: it confirms to me that we have to be very careful when we comment on other countries systems, especially when we talk about USA from a European perspective and vice versa.Chapter 3. Social Institutions and Social Issues Under Pension Fund Socialism A hundred years ago, Karl Marx based his prediction of the inevitable and imminent collapse of what we now call capitalism or the free-enterprise system (both terms were, of course, not coined until after Marx's death) on the law of the diminishing productivity of capital.What has happened instead is that for a century after the 1860s the productivity of capital in the developed countries or rather, in developed countries with a market economy kept going up, except during the most severe depression years. This was one of the major achievements of modern business. The achievement was in part entrepreneurial: a result of the steady shifting of capital from old and rapidly less productive areas of investment into the new, more highly productive areas of technical or social innovation which, as Joseph Schumpeter [8 February 1883 8 January 1950) was an Austrian-American economist and political scientist. He briefly served as Finance Minister of Austria in 1919. In 1932 he became a professor at Harvard University where he remained until the end of his career. One of the most influential economists of the 20th century, Schumpeter popularized the term creative destruction in economics] convincingly demonstrated sixty years ago, are the true free capital of a modern economy. According to such figures as are available, the same increment of capital investment produces five to eight times as much additional output in a free-enterprise, market-based economy as it does in the Soviet-Union or the Soviet-Union's European satellites.MC: today, we all know, that the Soviet Union was declared as dissolved on December 8, 1991.Russia, Ukraine and Belarus established the Commonwealth of Independent States (CIS) in its place. Today CIS has nine full member states Ukraine is no member state anymore.However, these negative experiences should not be forgotten when capitalism is criticized in an undifferentiated way.On Page 139 Drucker wrote asked Can the Labor Union Survive Pension Fund Socialism?MC: in the communist countries there were no Labor Unions what explains the fundamental differences compared with the democratic and pluralist Western World.Chapter 4. The Political Lessons and Political Issues of Pension Fund Socialism The crucial moment in the disintegration of socialism as the alternative to the system was probably August 1, 1914, when the proletariat, despite its highly organized and disciplined Socialist parties the dominant parties in France, Germany, Austria, and Italy enthusiastically joined an imperialist war rather than make common cause with its working-class brethren across national boundaries.But the decisive event, the event that destroys the intellectual foundations of socialism as a creed, is surely American pension fund socialism. For if the American experience proves anything it is that the fundamental conflict in the developed

countries for all that it invokes the old battle cries and waves the old banners is not about capitalism and socialism at all; it is about power. It is a conflict between a decentralization of power, in which a substantial number of pluralist power centers make decisions, thus leaving a meaningful sphere of freedom for the individual; and a monopoly power by a small clique one might call the military-intellectual complex which likes to usurp for its own use the term socialism, and which keeps itself in power by buying, through transfer payments, the support of the less productive or non-productive groups. Marx would have called it a cabal of the lumpen intellectuals and the lumpen proletariat. The isms will of course continue to be invoked; nothing dies more slowly than an old slogan. But policies can no longer be based on them. The socialism of Marxist theory has indeed been realized, and for the first time, on American soil. But in realizing genuine pension fund socialism, the American development has invalidated and made meaningless the nineteenth century ism. MC: Druckers book written in 1976 confirms his timelessness. As the twentieth century is over now since 15 years Druckers findings can be extended to the isms of the last century. The risks of developing into a socialist system are still alive. Therefore it is important to keep in mind this book as well as Druckers first book *The End of Economic Man* published in 1939, *The Road to Serfdom* by Sir Friedrich August von Hayek (May 8, 1899 in Vienna, Austria - March 23, 1992 in Freiburg im Breisgau, Germany, Nobel Memorial Prize 1974 in Economic Sciences with Gunnar Myrdal) published in 1944, and *The Open Society and its Enemies* by Sir Karl Raimund Popper (28 July 1902 in Vienna, Austria 17 September 1994 in London, UK, an Austrian-British philosopher and professor. He is generally regarded as one of the greatest philosophers of science of the 20th century). Drucker continues on Page 172: And we know today that it is not true that there is one right educational system or philosophy for every youngster. But there is no reason today why we should not have choice and competition and indeed every reason for both. MC: many policy makers today have not read and should read Druckers books including "The Unseen Revolution." It is never too late, where is life, there is hope.

**Kurzbeschreibung** *The Unseen Revolution: How Pension Fund Socialism Came to America* covers the principles and concepts of the American pension fund socialism. This book is composed of five chapters, and begins with the history and developments of pension fund socialism in the United States. The next chapter deals with the fundamental problems of economic structure, policy, and, as well as the problems of authority, legitimacy, and control of the so-called Social Security. The discussion then shifts to involved social institutions and issues, along with the political lessons and issues of pension fund socialism. The last chapter considers the American politics realignments and readjustments. **Kurzbeschreibung** *The Unseen Revolution: How Pension Fund Socialism Came to America* covers the principles and concepts of the American pension fund socialism. This book is composed of five chapters, and begins with the history and developments of pension fund socialism in the United States. The next chapter deals with the fundamental problems of economic structure, policy, and, as well as the problems of authority, legitimacy, and control of the so-called Social Security. The discussion then shifts to involved social institutions and issues, along with the political lessons and issues of pension fund socialism. The last chapter considers the American politics realignments and readjustments.