Introduction

Chapter 23 of Peter Drucker’s book deals with the transformation of society in the 20th century. In this paper we will shortly summarize the main steps of this radical transformation and its consequences.

1 Social Transformation in the 20th Century

1.1 Farmers and Domestic Servants

Farmers formed the single largest group in all countries over the world at the beginning of the 20th century. The production of enough food was generally believed to be impossible in developed countries (except North America, which had a rather low population density).

Today less than 5 percent of the workforce is farmers and food production has multiplied.

Domestic servants were the second largest group at that time. Until World War I this group was still growing, but today it has disappeared.
1.2 The Rise and Fall of the Blue-collar Worker

The blue-collar works, the "social question" of the 19th century, became the socially dominant group at the beginning of the 20th century. At that time, there existed no pensions, no paid vacation. There was no unemployment insurance (except in Germany) and no health insurance. In 1913 industrial workers worked 3000 hours a year at minimum and the union was officially proscribed of barely tolerated.

By 1950 blue-collar workers have become the largest single group in every developed country and formed a "middle class" in the free-market countries. They had extensive social protection (pensions, etc.) and, above all, they have achieved political power (labor union).

Since 1980, there has been a constant decline of the blue-collar worker. They have become marginal in number and were superseded by the knowledge worker. Only one-fifth of the workforce in the early 1990s was blue-collar workers - as much as at the beginning of the 20th century. In 2010 they will probably be only 10 percent of the workforce.

The rise of the blue-collar worker was a peaceful shift because for farmers and domestic-servants industrial work was an opportunity and increased productivity finally led to rising wealth for them.

1.3 The Rise of the Knowledge Worker

Since 1990 at least a third of the workforce in the USA is knowledge-workers. Generally, they are better paid than blue-collar workers and the new jobs offer greater opportunities to the individual.

But new qualifications are required for the employees, especially formal education and theoretical and analytical knowledge. There is no simple move from industrial work to knowledge work - a different approach to work, a different mindset is required. Peter Drucker lays emphasis on the need of lifelong learning.

For the blue-collar worker this new arising class of the knowledge worker is not an opportunity because he does not posses the required qualifications. Nevertheless, the shift from industrial work to knowledge work has been successful in the USA: Even in highly industrialized cities unemployment rates (at least for adult, non-black men and women) fell within a few years to levels barely higher than the US average, after important factories have been closed.

The reason for this successful shift is that people were not unprepared because the US government has offered and demanded college education in an early stage. For example the GI Bill of Rights after World War II offered a college education to every returning veteran. Advanced education is now generally considered as "norm".

In other developed countries (e.g. Europe) the shift has not been accomplished yet. There is a belief that "industrial work rather than knowledge work is the creator of wealth". Peter Drucker raises the question whether the shift will be as peaceful and quick as in the USA. The answer will be given within the next decade.
2 The Knowledge Society

2.1 The Emerging Knowledge Society

In knowledge society education will be the key to work and social position. Education will become the center of the knowledge society and schooling its key institution.

Because of their qualifications, knowledge workers may not be the "ruling" class, but they will be the "leading" class. Knowledge workers will not be the majority, but they will give society its characteristics.

Because knowledge is universally available there will be no excuse for non-performance. Thus knowledge society will be far more competitive than any other society before.

Another characteristic of knowledge society is that it will be much more specialized. Knowledge in application is only effective if it is specialized. But specialized knowledge needs an organization to be effective. "It is the organization that performs" says Peter Drucker.

2.2 The Employee Society

Because knowledge workers work in organizations, knowledge society will be a society of employees. Most knowledge workers will spend most of their working life as "employees" of organizations.

But the knowledge worker will not be a traditional "employee" who has a "boss" as the blue-collar worker. He will at the same time be a "boss" who has employees.

In the industrial age, the blue-collar workers did not own the tools of production. They were highly dependent on the capitalists. In knowledge society, on the other hand, the knowledge workers again own the tools of production (their brains).

Thus there will be a mutual dependency of knowledge workers and the organization.

Another conclusion is that because the knowledge society perforce has to be a society of organizations, its central and distinctive organ is management.

2.3 The Social Sector

According the Peter Drucker, in the knowledge society the old communities like family, village or parish disappear and the organization takes their place. Because membership in an organization needs flexibility there will be a "loss of roots". And knowledge workers will be highly mobile.

When the traditional communities can no longer take care of social tasks, the major question is "who takes care of social tasks?"

A possible answer is the government. But government has proved to be incompetent at running socials services because of bureaucracy. Government is important for making policies, setting standards and the role as paymaster. But it should definitely not run the social services.

Another candidate is the organization the knowledge worker works for. In Japan, the large employer has indeed become a successor of yesterday’s family or village, with lifetime employment, company housing, etc., but this has
not worked: The relationship "organization-employee" needs flexibility or the organizations will fail in competition.

The right answer, according to Peter Drucker, is a new social sector consisting of new and independent organizations.

2.4 The New Pluralism

Our social and political theories still assume that the government is the only power center in society. But in knowledge society, all tasks (social and others) are increasingly being done by individual organizations.

Formerly, government was responsible for social tasks such as education, health care or street cleaning. But in knowledge society each social task is done by individual organizations and each organization is concerned with only one mission and does not assume responsibility for anything else.

A central problem, which has never been solved in earlier pluralism (e.g. the feudalism of Europe’s Middle Ages), is "Who is concerned with the common good?"

Again the social sector plays an important role to answer this question. The social will be crucial to the performance, if not the cohesion, of the knowledge society.

Another question is "What are the functions that government and only government can discharge and that government must discharge?" Peter Drucker claims that moral issues become more important than economic ones. The problem here is that moral issues (e.g. "the right to live of an embryo") cannot be compromised and thus answers to moral questions are very difficult, especially in a pluralistic society. So many challenges remain for government in knowledge society.