



*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

**Give to AgEcon Search**

AgEcon Search

<http://ageconsearch.umn.edu>

[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

*No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.*

# Agrekon

VOL. 15 No. 3

July 1976

## EDITORIAL COMMITTEE

Mr S.J. van N. du Toit (Chairman),  
Mr H.J. van Rensburg, Dr J.J. Gregory and Prof J.A. Groenewald,  
Mr G.J. Wissing (Editor), Mr Q. Momberg (Technical editing)

## REQUIREMENTS FOR CONTRIBUTIONS

Articles in the field of agricultural economics, suitable for publication in the journal, will be welcomed.

Articles should have a maximum length of 10 folio pages (including tables, graphs, etc.) typed in double spacing. Contributions, in the language preferred by the writer, should be submitted in triplicate to the Editor, c/o Department of Agricultural Economics and Marketing, Private Bag X250, Pretoria, 0001, and should reach him at least one month prior to date of publication.

The Journal is obtainable from the distributors: "AGREKON", Private Bag X144, Pretoria.

The price is 25 cents per copy or R1 per annum, post free.

The dates of publication are January, April, July and October.

"AGREKON" is also published in Afrikaans.

# Contents

|   | Page |
|---|------|
| S.J.J. DE SWART AGREKON PRIZE .....                       | 1    |
| I. ARTICLES   |      |
| 1. Expectation models in farm business Management .....   | 2    |
| 2. The economic selling weight of pigs .....              | 8    |
| 3. Socialist enterprise forms in agriculture              |      |
| III: Planning and Reform in the communist countries ..... | 11   |
| 4. Socialist enterprise forms in Agriculture              |      |
| IV: Israel .....  | 16   |
| II. STATISTICS .....                                      | 19   |

# SOCIALIST ENTERPRISE FORMS IN AGRICULTURE . IV: ISRAEL\*

by  
T.I. FÉNYES  
University of the North

and

J.A. GROENEWALD  
University of Pretoria

## 1. INTRODUCTION

Israel is a non-communist country in which the development of new forms of co-operation and integration in agricultural production played a very important role and still does.

In view of the fact that these developments in Israel took place under a system of government that differs radically from that in the countries of Eastern Europe and the fact that Israeli experts play an important part in helping development in many developing countries - both in the fields of resettlement and of co-operation - the experience of Israel deserves considerable attention.

The most important forms of land tenure in Israel are the kibbutz, the moshav and the moshav shitufi.

The first kibbutz was founded in 1910 and to-day nearly 50 per cent of the 2 000 co-operatives are kibbutzim.

The basis of the kibbutz is integral co-operation, that is to say co-operation in all respects. According to the kibbutz regulations, the kibbutz is a voluntary association of people for the purpose of establishment, absorption and maintenance of a co-operative community, based on collective ownership of property, personal labour, equality and co-operation in all the aspects of production, consumption and education.<sup>1</sup>

The moshav has the following characteristics:

- (a) Collective sales of agricultural products, purchases of production agents and purchases of a considerable amount of household articles;
- (b) financing and credit provision to members of the moshav by the collective institutions of the moshav;

- (c) joint and organised action in many fields of provision of services, such as water works, tractor stations, etc.;
- (d) communal assistance as a general principle for the provision of financial help;
- (e) the members' land is equal in size and quality and each member is responsible for maintaining the integrity of his land; he is prohibited from dividing it among family members and from letting it and cultivating additional land (when the owner dies, the family decide among themselves who is to inherit the land and if such a voluntary decision is not taken by the family, the moshav takes the decision);
- (f) the ultimate right of ownership of the land rests with the national organisations (the moshav leases the land from national institutions);
- (g) the principle of personal labour.

The moshav shitufi<sup>2</sup> is essentially a form of agricultural settlement in which the members share the right of ownership of resources, administration, labour, mutual assistance and responsibilities on a collective basis. At the same time they retain the family units in individual houses.

The following principles hold:

- (a) Joint ownership of land.
- (b) Personal labour.
- (c) Collective ownership of the profits and of public assets.
- (d) Co-operation in all fields of production, marketing, services and education, culture, health and local authorities.
- (e) Equality in consumption, leasing of private properties and individual houses.

The differences between the above-mentioned three co-operative forms are shown in the following comparative table: (see Table 1).

All three forms are characterised by a high standard of technology and big capital investments.

The farms may be divided according to the

\* Based on an M.Sc.(Agric.) thesis by T.I. Fényes, University of Pretoria.

**TABLE 1 - Comparison between kibbutz, moshav shitufi and moshav**

| Field of activities    | Kibbutz              | Moshav Shitufi | Moshav       |
|------------------------|----------------------|----------------|--------------|
| Work                   | Collective           | Collective:    | Family       |
| Consumption            | Collective           | Individual     | Individual   |
| Farming requirements   | Collective           | Collective     | Co-operative |
| Marketing              | Collective           | Collective     | Co-operative |
| Housing                | Individual: adults   | Family         | Family       |
|                        | Collective: children |                |              |
| Education (pre-school) | Collective:          | Family         | Family       |

Source: Daniel, A., Changes in the Israel agricultural co-operative, in McCready (Ed.) Yearbook of agricultural co-operation, 1972, B. Blackwell, Oxford, 1972, p. 73.

direction of specialisation into six categories, namely:

1. Non-irrigated (mainly among the older moshavim);
2. mixed farms (many farm enterprises);
3. citrus;
4. citrus and poultry;
5. vegetables and orchards;
6. poultry.

A high degree of specialisation is one of the advantages of the moshav over the kibbutz, which tends more towards diversified farming in which not all branches of production necessarily function profitably, although it does in general give more attention to the non-profitable aspect such as child care, education, etc.

## 2. EFFICIENCY OF THE KIBBUTZIM

The kibbutzim have in the course of time built up the reputation that they function very efficiently. Their rate of growth in agricultural production is higher than in the agricultural sector of Israel as a whole.

The labour productivity of the kibbutzim is among the highest in the world; it compares well with Western European standards and in the case of dairies even with those of the USA.<sup>3</sup>

The average net income of kibbutz members is about 20 per cent higher than in the agricultural sector as a whole.<sup>4</sup>

This significant economic efficiency of the kibbutzim is ascribed by Loveh<sup>5</sup> to the following factors.

- (a) The human element - maximum identification with the general effort (work teams, farm enterprises), strong motivation for increasing the output.
- (b) The economic-technological factor - collective capital facilitates the purchase of durable assets and their effective functioning, so that the kibbutzim were among the first

agricultural organisations to apply modern mechanisation.

- (c) Possibilities for specialisation by work teams and farm enterprises.
- (d) The possibility of training and absorbing new members - even people who have had no previous agricultural experience.
- (e) The possibility of using work-units in outlying areas.

All income is pooled and no one is allowed to make private savings. The kibbutz provides its members according to its ability with all the necessities of life.

An annual domestic budget is drawn up by each kibbutz. It includes all expenditure items to do with the cost of living and all types of cultural activities such as housing, education of the children, etc.

Each kibbutz has a communal dining hall and the food is prepared in highly mechanised kitchens. Social and recreational facilities are in general very well developed, for example, libraries, parks, swimming baths, cinemas and television facilities are available everywhere.<sup>6</sup>

The kibbutz is managed by elected committees, among which the committee for work distribution plays an important part.

In general the kibbutzim fill the place in Israel that is filled in other countries by other types of large-scale agricultural enterprises.<sup>7</sup>

It is difficult, however, to compare the efficiency of the kibbutzim with the large-scale agricultural enterprises in other countries because the kibbutzim do not carry out only agricultural activities, but also a good many industrial activities. In addition, many of their members work outside the settlements and their salaries or wages are paid into the income pools.

There is no doubt that an efficient individual farmer can make greater profits than the income of a member of an efficient kibbutz, but an inefficient individual farmer can, on the other hand, suffer much bigger losses than an inefficient kibbutz member.

A very important point is that in the kibbutz the less efficient members do not have to concern themselves with managerial matters, that is to say, they can still be efficient in a collective farm as long as other members are responsible for the management.

Apart from the type of settlement, the most important question in any collective type of farming enterprise remains that of efficient management.

The choice between the various types of collective farm units is never based on economic reasons in Israel, but rather on the individual inclination for a specific type of life.

## 3. EFFICIENCY OF THE MOSHAVIM

The moshav consists of two parts: the co-operative of the town as a whole and individual farms.

Each farmer is a member of the town co-operative, which is managed by elected members.

The main characteristic of the moshav is individual farms on which free initiative is practised in planning and management. Moshav members are therefore, as a result of natural selection, usually people with a farming background and managerial skill. Less capable farmers feel safer in the kibbutzim where the authority and responsibilities can be carried by someone else.<sup>8</sup>

The co-operative recovers the cost of providing services in three ways:

- (a) By the deduction of a certain percentage of the selling price of products;
- (b) by adding a certain percentage to the purchase price of inputs; and
- (c) by levying direct tax.<sup>9</sup>

Lowe points out that the greater the absolute expenditure for services is, the lower is the percentage turnover. This shows that efficient moshavim can afford expensive services if they result in increased production capacity.

The great variety of directions of production makes direct comparisons between kibbutzim and moshavim unrealistic. Nevertheless, the moshavim are regarded as exceptionally efficient, particularly in the production of specialised agricultural products.

#### 4. EFFICIENCY OF THE MOSHAV SHITUFI

As in the case of the kibbutz and the moshav, the moshav shitufi is a co-operative community.

The biggest single factor that distinguishes the moshav shitufi from the other settlements is the pattern of ownership. Whereas in the kibbutzim total communal ownership is the rule and the moshav retains private right of ownership, the moshav shitufi takes the middle course: communal ownership, as in the kibbutz, but limited to productive and public assets, that is to say the farming and manufacturing branches of kibbutzim with their public institutions and services, on one hand, and private ownership as in the moshav (private family home with all its requirements), on the other hand.<sup>10</sup>

The moshav shitufiim are less numerous than the other types of settlement in Israel, as shown in Table 2.

TABLE 2 - Co-operative agricultural communities in Israel: Comparative statistics, 1963-64-65-70

|           | 1963 | 1964 | 1965 | 1970 |
|-----------|------|------|------|------|
| Kibbutzim | 228  | 226  | 226  | 233  |
| Moshavim  | 298  | 298  | 300  | 315  |
| Moshavim  |      |      |      |      |
| Shitufiim | 20   | 20   | 20   | 27   |

Source: Daniel, A., Changes in the Israel agricultural co-operative, *op cit.*, p. 77.

The figures in the table show a slow but sustained increase in the numbers of all three types of settlement.

As regards economic results, the moshav shitufi is usually grouped with the moshav because no reliable basis for comparison exists.

#### REFERENCES

1. Fekete, I Israel mazogardasagarol Gazdalkodas, Vol. X No. 2, Budapest, April 1966, p. 83.
2. "Kibbutz + Moshav Ovdim = Moshav Shitufi". See: Yearbook of Agricultural Co-operation. Blackwell, Oxford, 1967, p. 200.
3. Kanovsky, E., The economy of the Israeli Kibbutz. Harvard University Press, Cambridge, 1966, p. 37.
4. Nemzetkozi Statistikai Evkonyv, K.H.S., Budapest, 1972, p. 114.
5. Loveh, Y., The agricultural (farm) economy and its economic analysis. Tel-Aviv, 1963, p. 209-11.
6. Lowe, Y., Kibbutz and Moshav in Israel: An economic study, in Dixey, R.N., (Ed.), International explorations of agricultural economics. Iowa University Press, Ames, 1964, p. 131.
7. *Ibid*, p. 131.
8. Fekete, I., *op. cit.*, p. 85.
9. Lowe, Y., Kibbutz and Moshav in Israel: An economic study, in Dixey, R.N., (Ed.), International explorations of agric. economics, *op. cit.*, p. 133.
10. Yearbook of agricultural co-operation 1967, *op. cit.*, p. 201.