JOURNAL OF RURAL COOPERATION

25th Anniversary Issue

Centre international de recherches sur les communautés coopératives rurales
International Research Centre on Rural Cooperative Communities
המרכז הבין-לאומי לחקר קהילות כפריות שיתופיות

CIRCOM

VOLUME 26 Nos. 1-2 1998

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ISSN 0377-7480

JOURNAL OF RURAL COOPERATION

Vol. 26 Nos. 1–2 1998

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Rural Cooperatives Towards the Next Century: From Traditional Roles to New Local and Global Challenges

Kibbutz Issues

Typesetting and layout by Laser Press, Rehovot
Printing by H. Abudalo, Jerusalem

The Kibbutz: Issues of Existence and Models of Survival

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Abstract

As of the mid 1980s, many kibbutzim became deeply indebted and went into grave economic troubles, which affected adversely both their competitiveness and the spiritual resilience of the kibbutz society. The combination of economic and ideological crises led to a crossroad from which the kibbutz may emerge as a reformed kibbutz, with a variety of new ideas as to the direction of the reform. It could also become, however, a disintegrated kibbutz with various options how to continue life in an ex-kibbutz village. Finally, kibbutz members may refrain from taking redressing initiatives and kibbutzim may enter a stage of gradual languor and demographic decline. This paper examines some of the more specific reasons which led to the arrival of the kibbutzim to the present crossroad, and the various options on the agenda for the future of the kibbutz today.

Introduction

The Israeli kibbutz, which "has so deeply impressed itself into the life of the country that it has become common for Israel to be called 'the Land of the Kibbutz' " (Cohen, 1972:7), has been struggling during the last fifteen years with its most crucial crisis. This crisis is a rather compound phenomenon. Its most difficult aspect is that of a profound sense of perplexity. For at least two generations kibbutz members grew up with a deep conviction that they were the ideologically leading elite of the Israeli society. This feeling was reinforced with a historically unique political clout and a singular position as the principal representatives of the dominant value system of the country. The prototype of the young kibbutz member was the customary role model of the Israeli youth. The Israeli teenager received his informal after school education in youth movements which were almost exclusively led and directed by emmissaries of the kibbutz. It was, therefore, considered appropriate that the education towards adulthood was deposited into the guardianship of kibbutz values. Furthermore, "...the kibbutz has had an above-average educational level throughout its history" (Barkai, 1977:99). This superiority in the average level of human capital was maintained until the late 1980s. Consequently, the position of the

 ISSN 0377-7480

kibbutz in the Jewish and later (after 1948) the Israeli society was valued like that of a "Public Good" meaning that the utility the public was presumed to have derived from the kibbutz was way above the value of the product obtained from its agriculture and manufacture.

Historically, the kibbutz was not conceived by its forefathers as the most efficient organizational model to optimize routine economic objectives in the production of agricultural produce. This thesis was eloquently worded by J. Baratz, a prominent founding father of the first kibbutz, Degania. "A kvutza (an early term for the first kibbutzim) ...is a life lived together" (Baratz, 1957:114). Later kibbutz scholars, such as the Polish sociologist Galeski, specifically stressed that the kibbutz was founded by "...believers in an ideology which puts a higher value on non-economic than on economic goals" (Galeski, 1977:17). Such a value system implies, by nature, a level of economic inefficiencies. The price paid for the obtainment of such "non-economic goals" had to be the surrender of some efficiency. Indeed, a part of the actual price of the intrinsical kibbutz inefficiency was paid by society at large through open or disguised subsidies to the kibbutzim, which were actually due to them for their "public goods" function.[1] Another part of the kibbutz inefficiency was overcome through the high level of altruistic behavior of most kibbutz members towards their kibbutz. Altruistic behavior in work increased the productivity of the individual worker, who succeeded to close some of the inefficiency gaps caused by the organizational model of the kibbutz.[2] These two forces countervailed quite successfully, for two generations and more, the intrinsic structural inefficiencies of the kibbutz.[3] In due course these countervailing instruments became less and less effective.

Ideology and contradictions

As indicated, the kibbutz constitution contains several elements which are intrinsically contradictory, under routine behavioral assumptions, to what is called by economists "Pareto Optimum".[4]

1. Among the most cherished elements is the principle of direct democracy, expressed in the "plebiscite technique of the general assembly of all members" (Don, 1988:21). The General Assembly, as an oversized Board of Directors,

[1] An alternative expression for the term "Public Good" is "externalities", as used by Kroll and Polovin: "In the past the 'externalities' produced by the kibbutz included the geographical dispersion of the Israeli population, the location of settlements along the borders, the absorption of immigration, and the spirit of voluntarism in servicing national goals" (Kroll and Polovin, 1997:22).

[2] For a detailed discussion of the impact of altruism on labor productivity see Don (1996:17-25).

[3] For a brief discussion of the economically inefficient institutions of the kibbutz see Don (1988:21-29).

[4] Pareto optimality is "A situation in which it is impossible, by reallocating production or consumption activities, to make at least one person better off without making anyone worse off" (Lipsey and Chrystal, 1995:893).

may have functioned efficiently in the past, when the economic and community decisions to be made were simple and kibbutz membership homogeneous. The principle of "one man–one vote" by the rank and file membership ceases to be efficient when the technical complexity of the issues dealt by the assembly increases, and the divergence of interest between groups of different generations and different aspirations may either lead to "strategic votes" by different "coalitions" or to the discrimination of minority groups with special needs.

2. Ideology as an economic constraint may lead to inefficiencies. The classical kibbutz principle of "self labor" considers labor not merely as a factor of production, the optimum utilization of which is subject to given economic principles.[5] Human labor, in accordance with the classical socialist theories, adopted by the kibbutz in its heydays, refuses "to accept the view that labour is a commodity, to be priced in the market like any other at what it will fetch" (Cole, 1950:149). It is believed in the socialist labor theory that though "...there is a point beyond which even pleasurable productive activities become irksome..." and it depends on "... the condition under which the work is done, the sense of worthwhileness in the mind of the doer, and the opportunity for the exercise of skill and display of prowess..." (Cole, 1950:56). "Self Labor" was also connected with the acceptance of the Marxist labor theory of value, with its major component, the Surplus Value Theory, which claims that the hired worker is inevitably driven to a status of "...exploitation, oppression and misery" (Roll, 1952:265). However, the kibbutz insistence on refraining from hiring workers, even when its economy grows beyond the capacity of its own labor force, leads to a state in which the marginal productivity of the kibbutz worker is higher than that of the non-kibbutz labor force. This state of affairs means a net loss of productivity and a level of capital utilization which is above the warranted under the economic conditions of the country.[6] The availability of such unwarranted excess capital was possible in the past due to the treatment of the Kibbutz by the authorities as a Public Good. The result was that when the era of subsidized credit came to an end, particularly after 1985, the burden of excess capital led to deterioration in the financial situation of many kibbutzim. Financial crisis preceded the overall hardship of the kibbutz movement, although the origins of the ideological crisis go back to the mid seventies.

3. "The kibbutz distribution technique is that of 'free goods' that is, members

[5]The efficient price of labor must be equated to the value of its marginal product in each particular employment. Since we assume complete mobility for all factors of production, including labor, there can be only one wage rate, for a given quality of labor, in all working places in the economy.

[6]For an analytical proof of this statement see Don (1995:187-192).

acquire 'consumption goods' ...according to their 'needs' without paying for it" (Don, 1995:193). Such a system is loaded with potential conflicts. Economic theory claims that the individual, in consuming a commodity, equates its diminishing marginal utility to its price. Since the price for members is zero, members continue to consume a commodity until the utility from its last unit becomes zero. However, the price of that commodity for the kibbutz community is above zero. Thus, a conflict comes about between the kibbutz price and the price perceived by the individual member. Unless the members behave altruistically, the consumption is economically inefficient and wasteful.

4. The fundamental maxim of the kibbutz economy has been: from everyone according to his/her abilities and to everyone according to his/her needs. This aphorism is the kibbutz variation to the "socialist principle in the Soviet Union: from everyone according to his abilities and to everyone according to his social usefulness" (Shatil, 1955:166). The difference between the two versions points at the heart of the difference between the kibbutz and Communism. This difference was, though unintentionally, articulated by Shatil: "The kibbutz is based on the similarity of goals of the individual with those of the community ...when this faith weakens in the community, it is deprived of its vital basis for communal life." Communism was based on coercion.[7]

The employment policy of the kibbutz was based on the above mentioned principle, though "ability" included mental ability, *i.e.* the willingness to voluntarily cooperate with the kibbutz production goals. This idea was eloquently expressed by Bettelheim who was overtaken by his observation of the kibbutz of the late 1960s. "The kibbutz succeeds because of the incredibly high devotion to duty, the incredibly high work morality, the incredibly high degree of cooperation between all members".[8] Thus, to preserve motivation for high productivity working performance, there was no need to remunerate the worker according to his shadow wages in the economy. Furthermore, this very attitude of members enabled to discard expensive controlling devices of reward and punishment to the diligent and the indolent, respectively. Once, however, the faith in the community weakened, the cost benefit equilibrium of running the kibbutz economy under the assumptions of

[7] Shatil (1955) wrote the first modern economic survey on the kibbutz. It was written in the early fifties when the confidence in the magics of the Soviet economic system was still untarnished. Indeed, the book which was published in 1955, displayed a rather sharp pro- Soviet bias. Nevertheless, Shatil was more aware than many of his later followers of the inevitability of altruistic behavior towards the kibbutz as a pre-condition for its successful functioning.

[8] This was another way for Bruno Bettelheim to state that the kibbutz had no " Free Rider" problem. The idea was reconfirmed in a rather colorful way in the passage: "The kibbutz has no policemen...there is no criminality, there is no drug addiction, there are no dropouts, there is no homosexuality". See Bettelheim (1973:99).

"incredibly high devotion to duty" worked against economic efficiency and made kibbutz production uncompetitive on the market place.

The crisis: exogenous and endogenous factors

This study claims that the crisis experienced by the kibbutz as of the 1980s, which found expression in grave financial difficulties and in depressed economic activities, was of ideological nature. The reasons of these crises should be attributed to both exogeneous and endogenous factors.

The endogenous factors emanate from the inner life of the kibbutz. They are connected either to the temporary feature of some of the initial constitutional foundations of the kibbutz, regarded in the early days as of permanent applicability, or are results of certain irrational presumptions of the founding fathers as to the human qualities of the individuals for whom the kibbutz was designed. Although the more visible signs of the crisis were perceived only in the 1970s, experienced observers, such as Spiro, noticed their existence much earlier. He wrote, in the early 1960s, about "a spirit of disillusionment which seems to have entered kibbutz life. . . .which many feel about their new society – the kibbutz" (Spiro, 1963:236-237). Probably the principal reason for disillusionments was that the principal end for which the "kibbutz . . .was originally conceived,. . .the creation of the new man, . . .has not been achieved" (*ibid.*). Spiro rightly emphasized that the ideal kibbutz was compounded of the "romantic vision of the Youth Movement" and "the 'scientific' predictions of Marxism, according to which human brotherhood could be attained if capitalist exploitation were abolished" (*ibid.*:238-239).

The exogenous factors should be sought in developments of national and even global dimensions. Kibbutzim, as rural communities, had been, in a way, isolated from their spatial, social and economic surroundings. This was the case with their immediate geographic neighborhood, as well as the social milieu of the country. Their sense of mission as the ideological avant-garde vindicated elitistic policies of isolationism in matters such as education, cultural taste and economic principles in running the relationships with the rest of society. This policy of segregation was enhanced, up to the 1950s, by the sparse means of transportation and communication in Palestine and later in Israel. It was further enhanced by the fact that most kibbutzim have been located, in the peripheral regions of the country, away from the congested urban centers.[9] This self-imposed isolation enabled a self-regulated path of social and ideological development, relatively free from influences of the mainstream Israeli society.

These trends gradually evaporated in the course of the last forty years. "First, the glamour of the kibbutz as the ideal vehicle for the obtainment of national objectives has dimmed" (Don, 1988:117). Later, much of the "public goods image" of the

[9]On this issue see Don (1988:34-35).

kibbutz faded, together with the subjective sense of superiority of kibbutz members as the pioneers of the national objectives. In parallel, there occurred fundamental compositional changes in the Israeli society, which produced rather unfriendly results towards the kibbutz. First, the massive influx of immigrants of Asian and North African origin and forty years later an equally massive immigration from the former Soviet Union further reduced the public appeal of the kibbutz.

The Israeli society itself has gone through a thorough transformation of norms and priorities. The changes have been in line with global evolvements, emphasizing norms such as competition, individualism, instant gratification, etc., all maledictory to the kibbutz value system. On the other hand, the extent of personal interactions between kibbutz members and the extra-kibbutz society has massively grown, primarily due to the constant intermingling between the eighteen years old offsprings of the kibbutz and the rest of the young soldiers during their three years of compulsory military service. One must add, of course, the impact of the global communication revolution, which has brought the television and the internet into each kibbutz family's home. This exposure to the national and global value systems and role models which has promoted a way of life that is a diametric anathema to all which the kibbutz stood for, has unavoidably hurt the kibbutz as it was designed in its early, formative years.

One more, equally unavoidable, process should supplement this analysis. A major source of strength of the first generation kibbutzim was their careful screening system. Admission to membership required the endurance of a long period of temporary status, during which candidates were exposed to scrutiny, followed by a personal referendum about his/her admission to membership. Such screening methods guaranteed, fairly reliably, a level of homogeneity in comradeship and labor ethics and reduced major risks of "Free Ridership". However, when the second generation, of kibbutz born children, came to membership age, even if formal procedures were not altered, the effectiveness of the referendum was greatly jeopardized, as people voted for their own children. Thus, as expected in normal family loving societies, the classical screening system of the kibbutz was unrepairably damaged. The original quality criteria for admission were, in reality, substituted by kinship. Productivity implications have obviously been detrimental to the kibbutz economy.[10]

The interaction of these (and other) endogenous and exogenous factors led to the present crisis of the classical kibbutz organization. The essence of the crisis was ideological and social, yet the eruption was triggered by a series of financial breakdowns, which proved members' helplessness or the reluctance to withstand

[10] "The kibbutz was slow in adjusting its productive systems to the changing environment. Moreover, for a long period its youngsters failed to acquire technical and professional education in preferred economic areas." See Kroll and Polovin (1997: 30-31).

financial difficulties.

Most kibbutz movements relinquished their traditional roles as mutual debt guarantors for their kibbutzim. Consequently, each kibbutz was bound to face alone its creditors. After 1985 the majority of the 270 kibbutzim declared insolvency and only a massive intervention of the State prevented a large scale bankruptcy, which could have led to a social crisis of immense magnitude. It was avoided at the price of massive joint efforts, financed by the State and the banking network. It also required painful sacrifices by the indebted kibbutzim in forsaking economic independence and in reducing living standard.[11]

The immediate financial future of most kibbutzim seems, at this stage, rather safe. Their future structure, however, is the subject of discussions among all institutions involved.

Possible solutions

Of the numerous ideas raised in the course of endless debates of kibbutz members and kibbutz scholars, three general models of solutions seem to crystallize.

1. The preservation of the "Classical Kibbutz", with unsubstantial structural modifications. The essence of this model is the conservation of the most fundamental elements of horizontal egalitarianism in distribution, particularly in consumption, which implies the continuation of the severance between contribution and remuneration. There stands, of course, the danger of inherent inefficiencies, due to the possibility of wasteful utilization of the available human capital and due to the spread of "free ridership". Inefficiency means lack of competitiveness, which re-invites those very causes which have triggered the present crisis. Therefore, the feasibility of this model depends absolutely on the capability and the willingness of most members to develop and perpetuate a network of altruistic relationships by displaying mutual tolerance in matters of production, understanding in matters of consumption and total mutual confidence in the existence of a large measure of goodwill behind the behavior of all other members.

2. The "New Kibbutz" is a rather amorphous concept. There are numerous variations of organizational reforms which are expected to bridge between the fin de siècle reality and cherished kibbutz values. "Brain Trusts" debate the pro's and the con's of different models,[12] and at the same time individual kibbutzim experiment with various innovative ideas. The two major issues

[11] For a brief survey of the financial convulsion of the indebted kibbutz system and its financial arrangements with the banking network under the benevolent umbrella of the State, see Ben-Rafael (1997:40-41).

[12] See, for instance the report on the deliberations of the "Brain Trust" on the kibbutz, Yad-Yaari, Giv'at Haviva, in Collection of Papers (*Leket Ma'amarim*) No. 24, Seminar Ef'al, February-April (1998:8-11).

seem to be: 1) the abolition of food supply along the rule of "take as you wish" at zero cost; 2) the abolition of the principle of severance between contribution and remuneration.

Revoking the "Free Food" rule will obviously repeal the great kibbutz maxim of "to everybody according to his/her needs" , while, at the same time it will terminate a major source of inefficiency. It does not necessarily ruin egalitarianism, though it defines the term differently. Indeed, about one half of all kibbutzim have already privatized food supply, meaning that they maintain some form of registration of the food "purchased" by the member of the kibbutz. Regarding the issue of reward by contribution, the kibbutzim are in a difficult state of perplexity. On the one hand the phenomenon of "Free Ridership" has become quite widespread, and one major tool to reduce its damage is to remunerate according to efforts. On the other hand, however, differentiated remunerations hurt one of the dearest ideas of the kibbutz. Differentiated rewards imply that the kibbutz has admitted that the sweeping confidence in the collective goodwill of the members to do their utmost for the promotion of kibbutz production, has gone. Therefore, less than one third of the kibbutzim have experimented with some sort of wage differentiation (mostly in payment for overtime), and only a few of them have introduced outrightly differentiated wage systems. The "New Kibbutz" is still an unclear, amorphous vision. In the future it may adopt various mid-course models, such as "integrated budgets" which are comprised of a basic egalitarian component, supplemented by differentiated supplements, according to differentiated contributions, with different weights of each component in different kibbutzim. The new kibbutz may even go along with ideas of different levels of collectivism for different groups of members.[13]

3. The third model is the most radical vision which predicts the eventual abolition of the kibbutz, along with the many other utopian collective colonies mostly in America.[14] Such abolition could take different shapes. The kibbutz may be converted into a residential rural town, in which former members become residents with basically municipal ties between them. It may evolve into a residential town in which the formerly collectively owned and operated economic facilities may become cooperative establishments. In any case all these solutions may involve immense legal and other transition costs, which will have to be borne by the remaining members-residents.

In a comprehensive study on the economic raison d'être of living in a kibbutz it has been suggested that "One of the explanations to the existence of the kibbutz is

[13]This is the case today in Kibbutz Snir. see *ibid.*:9.

[14]For a comprehensive survey of the American collective colonies see: Oved (1996).

the 'inequality aversion' of its members" (Davidovitz and Kroll, 1998:153). Most historical evidence seem to support this hypothesis for what Davidovitz calls the "classical kibbutz". However, global ideological trends in the late twentieth century tend to discourage egalitarian tendencies. This is true not only for the Israeli kibbutz but also for the post World War II Welfare State and other egalitarian experiments. In other words, the Kibbutz crisis should be perceived as a part of the overall collapse of Socialist philosophies in the developed world. The disintegration of the Soviet Empire has been one more overwhelming illustration of these global trends.

Therefore, it was appropriate, in a symposium, to ask some prominent social scientists "what are the kibbutz chances to survive in the Israeli society of tomorrow?"

The reply of the prominent sociologist S.N. Eisenstadt could wind up this study: "...it seems to me that there are fair chances that colonies which were called and will be called 'Kibbutzim'...will continue to survive in one way or another in the Israeli Society" (Ben-Rafael and Abrahami, 1994:306). The answer was rather ambivalent and so is the issue itself. It is the hope of many social scientists in Israel that a positive *modus vivendi* will be found for the survival of the kibbutz.

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