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## Future Trends of the Kibbutz - An Assessment of Recent Changes

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Following a severe economic crisis starting in the 1980s and the introduction of far-reaching institutional changes in the 1990s, questions have been asked about the future of the kibbutz, as a unique form of life. Such questions have been asked both by outside observers and by kibbutz members. (Leviatan U. et al., 1998)

### **Doubts about the future.**

Kibbutz members were always aware of the problems encountered by alternative forms of life and organizations in the framework of capitalist economies and societies. Martin Buber (1949) presented the kibbutz fifty years ago as a "singular non-failure", in contrast to the failures of many attempts to develop communal societies in different parts of the world. Recently several scholars tried to explain this non-failure by special circumstances that existed in the past, but do not exist today. Y. Don (1996:17-26) states that the communal constitution of the kibbutz leads to "Intrinsically inefficient performance". This was not so in the past owing to the strong altruistic orientation of members. The weakening of this orientation is, in his opinion, the main reason for the decline of kibbutz economy since the mid-1980s.

H. Barkai (1996:17-63) cites the prediction of the well known economist Franz Oppenheimer in 1926 of the "immediate, inevitable demise" of kibbutzim. He explains the failure of this prediction and the economic success of kibbutzim, until the recent crisis, by two factors: (a) the special conditions of the pioneer era and the central role of kibbutzim during this period; (b) the fact that kibbutz membership is voluntary and that kibbutz members were a self-selected minority with behavioral traits that differed from those of the general population. On the basis of the economic decline since the crisis, he concludes that Oppenheimer's main error was "in timing". He did not take into consideration the special historical conditions and the behavioral traits of kibbutz members.

We can add to those special conditions the fact that the kibbutz was always part of a large labour economy, made up also of moshav cooperative settlements, urban cooperatives and enterprises owned by the Histadrut, the Israeli general trade union. The economic crisis of the 1980s and prior social,

economic, and political changes resulted in the dismantling of the labour economy and in the deviation from cooperative principles by the majority of cooperative settlements and organizations.

These developments and arguments underlie the questions about the future of the kibbutz and the possibility of its demise.

During the almost 15 years that have passed since the beginning of the crisis almost all kibbutzim have continued to function as communal communities. Most of them have had to face economic hardship and demographic imbalance, more members leaving than joining. Only recently a comprehensive financial recovery plan was implemented to deal with the large debts of many kibbutzim. A minority of communities have continued to grow, economically and demographically. Much larger inequalities than in the past have therefore arisen between communities. These developments have also led to a weakening of the role and the authority of the kibbutz federations, which in the past were a major factor in the development of kibbutz communities. (Rosolio D. 1994: 63-78)

Doubts about the future of the kibbutz are also related to the institutional changes discussed and introduced in many communities. We can distinguish two stages of the change process that started in the late 1980s. The first stage, presented as a transition to a "new kibbutz" (Harel Y. 1993), was conceptualized as the introduction of market and hierarchical principles and mechanisms in the kibbutz (Rosner M. and S. Getz 1994: 41-62). The proponents of these changes assumed that they would enhance the economic efficiency of the kibbutz, increase the autonomy of members, and attract new members from the outside. These proposals have been partially implemented in three areas, with high variance among communities in degree of implementation.

a. The first area is partial privatization of the communal household, through transition from direct supply of commodities and services to a system of allocation of monetary budgets to members, who can buy inside or outside the kibbutz. In almost all communities monetary budgets have replaced direct supply of commodities and services such as electricity, bus tickets, travel abroad, etc. Monetary budgets for clothing and furniture were already introduced at preliminary stage. In almost half of the communities, members receive money to pay for meals in the dining room.

b. The second area is introduction of a quasi-market system of work allocation, based on free choice of work places by members. On the other hand, managers of kibbutz branches are free to decide whom they want to employ and whom not. While in the conventional labour market the balance between offer and demand is realized - at least theoretically - through the mechanism of differential wages, the proponents of this change opposed such inequalities and favored equal wages. This basic inconsistency has created problems in the implementation of changes in this area.

Free choice of workplace has been adopted by many kibbutzim and it has resulted in many cases in a sharp increase in the number of members working outside the kibbutz. A parallel development is a significant increase in the number of hired workers employed in almost all parts of the economy and community. (The percentage of hired workers in the overall workforce of kibbutz industry increased from 29% in 1990 to 60% in 1997.) On the other hand it is difficult to implement a labour market system without wages. It is

especially difficult to create a fit between the demand for labour in the existing work branches and the work preferences of members.

To overcome this difficulty some kibbutzim have introduced payment for specific types of work, e.g., overtime and nightshifts and monetary sanctions for not fulfilling work duties.

c. Third is the separation between community and economy. The rationale for this change was to "liberate" kibbutz economic organizations from restrictions due to kibbutz values or social considerations. The assumption was that the separation would lead to an opening of the economic branches to the Israel labour and capital markets, employing hired workers, and developing partnerships with private capital. Another related aspect of this separation is the introduction of more hierarchical forms of organization such as boards of directors and the enhancement of managerial authority, as part of a general trend toward deviation from kibbutz self-management principles (Tannenbaum A. and al. 1994) and conformity with conventional patterns.

One third of the kibbutzim have wholly adopted the concept of separation between economy and community, but more have introduced specific changes belonging to this concept. Among these are an increase in the employment of hired labour, creation of boards of directors, and a decrease in members' participation in decision making.

### **The second stage of changes and the choice between options.**

The first stage of changes has been conceptualized as the development of "hybridity", of co-existence between the kibbutz communal principles and the opposed principles of market and hierarchy. (Rosner M. 1993).

Recent developments in the kibbutz movement show that there is a growing awareness of the need to choose between two options.

In a small number of kibbutzim far-reaching changes have been introduced that deviate from the communal principles of the kibbutz.

On the other hand in a majority of communities these changes have been applied in a way that can be perceived as a re-institutionalization of the basic principles. We will analyze these contradictory developments in the three above-mentioned areas of change.

### **Abolition of communal household or co-existence.**

A minority of kibbutzim move toward a complete privatization of the communal household, abolishing mutual responsibility for health care, education, and higher studies also. The majority allocate monetary budgets, taking into consideration individual needs, related to family status, and to the number and age of children. In the areas of health care, care for the elderly, and higher education the community continues to be directly responsible for need satisfaction and there are no individual monetary budgets.

The first direction leads from a communal household to members' economic independence and sovereignty. The second direction applies the communal principle of distribution according to needs in a new framework of partial monetary budgets, which increases individual autonomy but retains mutual responsibility. An important difference between this new framework and the previous one is that in the past the distribution according to needs was based on individual differences. The new conception is based on differences between categories of age, family size, etc., and it better fits the social

structure of multi-generational and more heterogeneous communities. The means for the satisfaction of other needs continue to be distributed according to individual needs.

### **Differential salaries versus sanctions for deviations.**

As mentioned, the inconsistencies of a labour market system without wages eventually led few kibbutzim - seven out of 270 in 1997 - to the introduction of differential salaries, approaching the situation of a conventional labour market. In many other kibbutzim, where such proposals have been presented, the majority of members voted against them, assuming that such a change would have a negative impact on their material situation and would favor a minority of managers and professionals. In 25 of these kibbutzim compromises were reached and proposals for change, called an "integrated budget", were accepted. Usually these budgets have three components: (a) the major component, based on the previous monetary budget; (b) a differential monetary allocation based on the member's seniority; (c) a differential allocation based on the market value of the member's occupation that is perceived as a partial differential salary. There are differences between kibbutzim in the proportion of the differential wage component, varying from 3% to 30%. Since the integrated budget formula was introduced only two years ago disagreements and conflicts still persist in several communities about the size of this proportion.

There are also disagreements about the meaning of this compromise solution. Some members and observers conceive it only as a temporary compromise, eventually leading to the full introduction of differential wages. Others perceive it as a limited deviation from kibbutz principles that is necessary to assure the economic survival of the kibbutz. Their assumption is that only when members are at least partially personally responsible for their income will "free rider" behavior disappear. The communities that introduced partial or full differential wages also moved generally toward a more complete privatization of the communal household, privatizing, at least partially, health care and education too.

In the majority of kibbutzim there is opposition to this deviation from the kibbutz principle of material equality, but there is more readiness than in the past to use monetary sanctions against members who do not fulfill their work duties. The introduction of sanctions is a change from the basic assumptions of mutual trust and each member's identification with the community, but it is not based on unequal wages.

### **Abolition of communal ownership versus change of its patterns.**

As a part of the second stage of changes we also observe proposals for privatization of the assets owned collectively by the kibbutz. The unique features of kibbutz ownership have been defined as "communal and social" (Rosner M. 1991). The concept of communal ownership is based on the definition of the kibbutz as a communal society. Communal ownership is comprehensive, including both the means of production and the means needed for consumption and for other activities. Ownership is by the community and is indivisible among the members. There are no shares in the kibbutz and members have no claim on kibbutz assets. According to the kibbutz bylaws the property of a kibbutz cannot be divided among the

members, either during the existence of a kibbutz or after its liquidation. The concept of communal ownership refers therefore only to the usufruct component of ownership rights: the community is almost autonomous in deciding on the use of assets, and kibbutz members can decide collectively how to divide the net income between investments and consumption. The right to sell or to transfer the assets belongs to Nir, the legal entity representing the Israeli working class organized in the Histadrut, in coordination with the kibbutz federations. In case of liquidation the property of the kibbutz is transferred to "Nir" that shall use the assets in coordination with the kibbutz federation to which the kibbutz belongs to create, develop, and consolidate other kibbutzim. This component of ownership rights has been defined as social ownership.

A series of developments since the economic crisis of the 1980s, has led to several proposals of change in the conceptions of kibbutz ownership:

a) In some kibbutzim, which suffered from both huge debts and demographic depletion, the question arose of how to assure the economic future of older member in case of dismantling of the kibbutz. These communities were not able to pay for old-age pensions and the suggestions were to transfer the ownership of apartments to members.

b) Following the collapse of the Histadrut economic sector, formal ownership by "Nir" lost its meaning and its rights were practically transferred to the federations. On the other hand, a weakening in the role and authority of the federations led to demands to transfer all the ownership rights to the individual communities.

c) In the 1990s the dismantling of some kibbutzim became a real possibility and the kibbutz federations searched for ways to assure members rights in such situations. These developments ultimately led to two different directions of change.

One direction was to maintain the communal component of kibbutz ownership as long as the kibbutz is functioning normally, but in case of liquidation to divide the assets - after payment of debts - equally among its members.

The second direction of change means the abolition of communal and social ownership through privatization of consumption assets such as housing, and transition towards cooperative ownership of economic enterprises. This transition should be implemented through distribution of shares among members according to seniority and other agreed criteria. Such changes have been suggested since the early 1990s, but up to now none has been implemented.

Serious legal difficulties do not obstruct execution of such changes, nor will it probably be easy to reach consensus about the criteria for distribution of shares. The issue of distribution of shares became relevant only after the implementation of the debt consolidation plan starting in 1997. The state official managing the implementation of this plan is among the promoters of the distribution of shares proposal.

The historic experience of the dismantling of communal societies is full of examples how the distribution of individual shares leads eventually to privatization of ownership and to unequal concentration of ownership rights (Oved Y. 1986).

To summarize, Table 1 presents an overall comparison among three institutional patterns:

- a) The conventional pattern of almost all kibbutzim until the 1990s;
- b) The attempt to preserve the communal identity of the kibbutz, through re-institutionalization, increasing personal choice and individual autonomy;
- c) De-communalization, through the partial or complete abolition of communal institutions, maintaining only limited mutual aid and cooperative ownership of economic assets.

	<b>The Conventional Kibbutz (Until the 1990s)</b>	<b>Communal Re-institutionalization</b>	<b>De-communalization</b>
<b>Consumption</b>	Overall communal household, Mutual responsibility Equal distribution of commodities and services, partly according to personal needs.	Coexistence of communal and Private household. Mutual responsibility. Distribution of money considering needs mainly based on categories of family size and age.	Privatization of Communal household. Limited mutual aid. Economic independence of individuals.
<b>Work</b>	Work place allocation based on collective needs and individual preferences. Kibbutz work institutions have decision-making authority	Individual autonomy of work place choice, also outside the kibbutz. Kibbutz work institutions have advisory role. Monetary sanctions for deviations.	Individual work place choice. Differential salaries based on labour-market value or partial differential component
<b>Ownership</b>	Communal and social.	Communal ownership during normal functioning. Privatization in case of dismantling.	Privatization of ownership of consumption assets. Distribution of shares of economic assets

The debate about the need to choose between two directions was not confined to theoretical discussions.

One of the major kibbutz federations, Kibbutz Artzi, decided at a recent conference on a series of institutional conditions for continuing membership of the federation by kibbutzim. A major condition was: "There will be no distribution of resources based on different valuation of members work, such as managerial role, profession, skill, education, etc.", referring to the introduction of differential salaries. Most of the other conditions refer to other aspects of decommunalisation.

Proposals for similar conditions - distinguishing kibbutz from non-kibbutz - were submitted last year to the conference of the largest federation, Takam, but did not win a majority. The position of the smaller federation of religious kibbutzim is close to that of Kibbutz Artzi. The difference between Takam and the other federations is that almost all communities that have introduced full or partially differential salaries belong to Takam, which also has a more pluralistic tradition.

On the other hand, it was resolved that kibbutzim that opposed the trend towards decommunalisation could organize within Takam and cooperate with other kibbutzim to preserve the communal identity.

We presented above re-institutionalization as an alternative to decommunalization. but there are arguments that it might be only a transitory stage. In comparison with the conventional type there are several inconsistencies in the re-institutionalization type. The introduction of market and quasi-market mechanisms and of monetary sanctions is deviations from the overall communal conception, based on total mutual trust and on members' identification. On the other hand such compromises do not deviate from the kibbutz principles of equality and mutual responsibility and facilitate the functioning of the kibbutz in changing conditions.

Up to now we have dealt with the institutional aspect of the future of the kibbutz as a communal society. Only minorities of kibbutzim have introduced differential components, and it is not certain that all of them will develop toward decommunalisation. Almost all kibbutzim of Kibbutz Artzi have accepted the conditions and have renewed their membership of the federation. The main open questions are the economic future of kibbutzim and the commitment of the younger generations to kibbutz values and institutions.

### **A look at the future**

From the foregoing analysis we may conclude that a number of kibbutzim that have advanced in the process of de-communalization will deviate from the legal definition of a kibbutz stated in the kibbutz bylaws. The registrar of cooperative societies, who is the official legal authority for kibbutzim, has already stated that introduction of differential salaries is contrary to the bylaws.

Kibbutzim that have taken this step will therefore have to change their legal definition. Kibbutzim that have introduced "integrated budgets" are seeking legal ways to maintain their kibbutz status, which offers some financial advantages and has traditional symbolic meaning.

At the same time internal conflicts have started in many of these kibbutzim over the size of the differential wage component. Other kibbutzim are also discussing proposals on "integrated budgets" and it is difficult to predict the outcome since in many communities such proposals do not have the required majority. The number of communities that in a foreseeable future will cease to be kibbutzim cannot be estimated therefore. In the first stage of changes only small and single-generation kibbutzim introduced differential salaries. Trends of de-communalization are appearing now also in large and old multigenerational communities. The common denominator of all kibbutzim introducing far-reaching changes is their difficult economic situation. This is the result of past debts, and also of a lack of current sources of income, thus creating cash flow problems.

Another question related to this group of kibbutzim is if in their future development they will institutionalize a cooperative form of ownership and may therefore be considered producer cooperatives. Academic observers (Liegle L. and T. Bergmann 1994) have also mentioned the possible transformation of kibbutzim into producer cooperatives. Other factors make such a development less plausible.

Recently it was stated that "the formal and legal forms of cooperation never played a significant role in kibbutz life" (Levi Y. 1996:47-67). A formal cooperative pattern will probably not be so attractive either in a situation where most producer cooperatives in Israel rural and urban - passed through a crisis that was even worse than that of the kibbutzim and ceased to function as cooperatives.

Recently even some of the more successful cooperatives have began to consider the transition from a cooperative form of ownership to that of conventional shareholding companies. Nor does the situation in the de-communalizing kibbutzim correspond to the basic requirement of producer-cooperatives, that all the member-owners work inside the cooperative. As mentioned, many kibbutz members work outside the kibbutz and many non members work in the kibbutz. In the long run it seems more plausible that privatization of ownership of economic enterprises will occur, and these kibbutzim will become ordinary rural communities. Such a development will be a rather long process, since there are many legal and social difficulties to overcome, but it seems to correspond to the aspirations of supporters of the more far-reaching changes.

The majorities of kibbutzim, which are trying to re- institutionalize the basic tenets of the kibbutz, will have to solve two major problems:

(a) How to assure their economic future,  
(b) How to maintain and to develop the "utopian" and "altruistic" components of kibbutz ideology and to strengthen the commitment to these values by kibbutz members. Many observers have used the term utopian when dealing with kibbutzim, referring both to their attempts to create a just and equal "good society" and to their aspiration to fulfill a role in the larger society. (e.g., Buber M. 1949; Russell R.1995). Many have also referred to kibbutz utopianism as realistic and pragmatic, explaining thereby its economic achievements in particular.

a) The economic success of the kibbutz peaked during the 1970s and early 1980s. The sudden transition to a severe economic crisis was also a blow to morale, and raised doubts among members about the future of the kibbutz.

Survey data show that members see economic success as the major factor on which the future of the kibbutz depends.

Around fifty kibbutzim have not suffered from the economic crisis and most of them continue to prosper. Most of the others are covered by the recently implemented financial recovery plan and will be able to get credit for new investments. Many of them will have to introduce changes in their economic and occupational structure.

The sharp decrease in the profitability of agriculture was a major cause of the crisis. Many kibbutz factories, which in the past introduced advanced technologies, were not able to continue to invest and are in branches that are declining.

The process of economic restructuring has already started in most kibbutzim. Many have begun tourist-oriented and commercial activities. Other new activities are professional services such as computer programming, architecture, law firms, etc. The aim is to develop a more diversified economic structure that do not depend on single major source of income and meet the occupational aspirations of professional trained prospective younger members.

The problem is how to overcome the transition period, when factories are still the major source of income. One direction is to develop partnership with other kibbutzim or outside capital, thereby diminishing economic risk.

b) The maintenance and further development of the "utopian" elements of kibbutz ideology is an even more difficult task. The kibbutz ideological crisis is part of a world-wide Zeitgeist of individualistic egoism and "utopian malnutrition". In Israel there is internal questioning about the meaning and the relevance of the Zionist ideology. As part of a search for a new role for the kibbutz in Israeli society two new types of kibbutzim have evolved in recent years: urban kibbutzim and education-oriented kibbutzim. The urban kibbutzim are located in concentrations of poorer and deprived populations and conduct social and educational activities. Their members live and work in the framework of the larger community, but maintain their communal household and social life.

The young education-oriented kibbutzim aim to develop conventional rural kibbutz communities, but want to replace the usual economic enterprises by educational institutions such as schools and study centers, and to be active in this field in the surrounding communities. The common denominator of these new types of kibbutzim is the aim to replace the traditional pioneering role of the kibbutz in economic development by a contribution to narrowing the gaps between different parts of the now very heterogeneous Israeli society. Up to now there are only few kibbutzim of these new types, but they seem to have a potential of expansion in the future.

The future of the kibbutz utopia is very much connected also to developments outside Israel. In spite of the egotistic Zeitgeist, there are signs in different parts of the world of a renewed search - in theory (Bellah R. 1991) and practice - for a "good society", combining individual self-realization with commitment to larger social goals. The recent fast development of the communitarian movement, as a reaction to the growing alienation in western societies, is an example of this search (Etzioni A. 1996). The conditions of post- industrialism and post-modernism are very different

from those of developing and organized capitalism, which caused the failure of past communal societies. There is growing legitimating of non-conventional ways of life and development of a non-profit-oriented third sector.

No non-religious communal society in the past has ever reached the size of the kibbutz population, its continuity for four generations, and its role and importance in the surrounding society. The framework of the kibbutz movement can therefore be the basis - even in a period of ideological crisis - for new directions and orientations. The above-mentioned transition from organized capitalism to more decentralization, more participatory democracy, and growing importance of non-material incentives and of community might create new historical conditions more favorable for the future of the kibbutz movement. The kibbutzim continue to be self-selected minority groups; this self-selection is now taking place in kibbutz-born younger generations and not only in those coming from outside. Barkai was right in stating that the behavioral traits of small fractions of the population might differ from the mean or the median. But the kibbutz was in the past and might be in the future not just a deviant case. It also functions as a social laboratory. In addition to the impact of the kibbutz on communal experiences in different parts of the world, kibbutz innovations in many areas such as education, agricultural and industrial management, and community life have served as sources of inspiration. During the nation building stage, agriculture and industry were at the centre of the kibbutz occupational structure and created limitations to members' occupational choice. A more diversified occupational structure might be more attractive for prospective younger members. Survey studies show that opportunities for self-realization are more valued by younger members than material standards of living. Ideological reorientation might lead to a shift towards "social pioneering", like that of the new types of kibbutzim mentioned above.

The future of the kibbutz cannot be predicted. Several kibbutzim will probably lose their communal identity. But ideological reorientation and communal re-institutionalization are a distinct possibility.

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