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THE KIBBUTZ THAT WAS – WHAT IS LEFT FROM THE ORIGINAL CONCEPT

Empirical
study

Keywords

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Abstract

The aim of this article is to analyze the meaning of the ideological, social and financial crises undergone by the Kibbutz Movement in Israel, which has existed for the past one hundred years. The paper will discuss in detail the values of cooperation, democracy and equality that were the guiding principles of the Kibbutz Movement for dozens of years. The difficult economic reality forced upon the entire State of Israel during the 1980s did not pass over the Kibbutz Movement, which consists approximately 1.7% of the population of the State of Israel and approximately 2.2% of the Jewish population in Israel. This crisis compelled the Kibbutz Movement to make internal administrative and organizational changes in order to survive it. The paper will describe the measures taken in the mechanism that was sealed and preserved for dozens of years on many levels – administrative, social and economic; a mechanism that required a drastic transition from being based on agriculture to industry and production, all while preserving the Kibbutz way of life and core values.

Introduction

In Hebrew, the word “Kibbutz” means gathering or clustering. It is a collective community. Presently there are 256 kibbutzim in Israel, including 16 religious kibbutzim. Most of the kibbutzim are located in peripheral areas, from the most northern tip of the state all the way to the southernmost part (Arava). The total registered population of kibbutzim in Israel is approximately 106,000, with 20,000 of them being children under the age of 18. (Figure 1)

After nearly two decades of an economic and social crisis in most sections of the kibbutzim movement resulting, among other things, in a sharp decline in the population in kibbutzim, the past few years have indicated a fresh new trend of a growing number of youngsters, unmarried people and families seeking to join a kibbutz either as permanent members or as non-member residents. One of the reasons for this trend is the rising cost of living and real estate in the central cities, making it impossible for young people to build a life there.

Over the past forty years approximately 400,000 youngsters from all five continents have spent some of the most memorable days of their lives in a kibbutz in Israel. Hundreds of them have stayed on at the kibbutz and are now members.

The kibbutzim were traditionally based on agriculture. The first kibbutz, established in 1909, was Degania. Today, farming has been partially supplanted by other economic branches, including industrial plants and hi-tech enterprises.

The kibbutzim began as utopian communities, a combination of socialism and Zionism.

Kantor (2007) claims that one of the more interesting paradoxes in the history of the kibbutz is that for dozens of years the Kibbutzim Movement, which espoused the centrality of man, avoided any reference to the realization of personal desires or the utilization to the fullest of an individual’s abilities in the workplace. Quite the contrary, in order to survive the kibbutz demanded the members to adopt the demands of the society completely and to submit to it. During the past two decades the kibbutzim have undergone a deep economic and social crisis. This caused the weight and responsibility to gradually shift to the member, at the expense of weakening the central system; the management of the work schedule was transferred from the “work committee”, which was a centralized entity that dictated where each member would work and with whom, to a relatively new office – human resources. The role of this entity is to navigate and arbitrate between the needs and interests of the general system and the individual’s desires. The kibbutz society was founded on the principles of cooperation, democracy and equality. These values and the conditions in Israel when the Kibbutz Movement were founded and determined its lifestyle and organization in many ways. The extreme changes that took place in it, the move from agriculture to industry, created a difference in the economic and social perception, mainly among the founding generation. During the 1960s the rate of industrialization was increased. If we examine the 320 Kibbutz industrial plants active in 1981 we see that only 34% of them were founded prior to 1960. The changing economic and demographic conditions that impeded further agriculture development and promoted industrial development were:

- a. Agricultural product starvation in the market
- b. A lack of resources such as land and water
- c. Government policy, which supported industrialization, providing benefits such as long term loans, grants, etc.
- d. The older members of the kibbutz could not handle the physical work demanded by agriculture and searched for alternative employment (Palgi, 1993)
- e. The youngsters and other kibbutz members with technological tendencies looked for workplaces where they could realize those tendencies.

The kibbutzim’s success in developing an industry quickly is attributed to two contributing factors:

- a. Social-moral characteristics: the Kibbutzim Movement emphasizes future orientations on change in lifestyles and employment and the enduring attempt to deal with the changing reality in light of its values. The founding generation came to the kibbutz from these trends. This moral characteristic, according to Rosner (1971), has by far a greater importance regarding the ability to absorb industry, which includes changing the entire work system in the kibbutz. Another characteristic is the ideological emphasis put on productive labor. This was a source of social remuneration, such as respect and status, which are considered central in a society with no personal or financial recompense. Despite the fact that productive labor was perceived as agricultural labor, there was no great difficulty in expanding this conception to the field of industrial labor (Rosner, 1971).
- b. Structural characteristics: The farm structure of the kibbutz was based on small agriculture branches. During busy seasons there was worker mobility from branch to branch in order to provide assistance. During their lifetimes, members of the kibbutz adapted to changes in their workplace. The introduction of industry into the kibbutz was just another branch with no special difficulty involved in mobility. The establishment of a factory involves large investments, and

during the test-run period not only are there no profits, but it often includes losses., the very fact of the industrial branch being one of many allowed the kibbutz to invest in it and absorb losses during the trial-run period without any real damage to the members' quality of life.

The kibbutz runs an extensive education and enrichment network which allows anyone interested to acquire knowledge and advance. This enabled quick development and direction change for all the industry workers. Rosner (1971, p. 5) notes: "The main condition for success in the test of modernization in general, not only industrialization, exists in the kibbutz: the foundation of mobility, the solvency of human resources which enables directing them to varying goals, when the demand for a change in the place of employment is not met with resistance on the part of the individual because it is considered part of the normal course of life."

In light of the many analyses of the kibbutz society which underwent an acute economic crisis, this paper will discuss the question of whether after the economic crises and organizational failures, the same social-moral characteristics and structural characteristics conceptualized by the founding generation still remain in the kibbutzim today.

Characteristics of Individuals in the Kibbutz Experience and Education

Most of the senior kibbutz members arrived at the kibbutz from cities either in Israel or abroad in order to fulfill the Zionist idea and change the professional structure of the Jewish people from a nation of merchants to an agricultural nation. They received their high-school, and often even further education, before their arrival at the kibbutz and it was implemented in developing the agriculture as well as the quick adaptation to industry (Talmon-Gerber, 1972). Kibbutz members educated in the kibbutz also received advanced agricultural training and a relatively high proficiency in technology because of its use in the kibbutz. Their ability to adapt to industrial technology and rational calculations of economic viability grew in light of their previous experience (Palgi, 1993).

Managerial Skills

The democratic management patterns in the kibbutz develop managerial skills in many of its members. Each year a large number of members are appointed to managerial positions at the workplace and in committees. They attend courses to acquire skills for the various managerial positions. According to Palgi (1993), it seems that the education, the option for further education, the acquisition of experience in various workplaces and the managerial skills of the kibbutz members aided them in their attempt to build factories. However, there were also impeding factors in the kibbutz lifestyle that offset these contributing factors.

Moral, cultural and human impeding factors delaying the development of industry in the kibbutz

There are several factors which counteracted the factors contributed to the ease in which the kibbutzim adapted to the production industry:

- a. One of the limitations of the kibbutz industrialization has to do with the size of the industrial factories. The relatively small number of members in each kibbutz (ranging from 50 to 1,000 members, where the mode is between 300 and 400) prevented the development of large industries. This limitation was exacerbated in light of the socialist ideology of self-employment (a policy of not hiring workers from outside the kibbutz). However, there are kibbutz industries in which outside workers were employed right from the start of the industrialization period after WWII. This happened when the industries developed in fields beyond the personnel capabilities of the kibbutz. During the 1950s, when there was a large wave of immigration to Israel, a moral problem of the first degree arose: should the kibbutzim stick to the values of self-employment on which the principles of kibbutz lifestyle were founded, or should they agree to the government's humanist calls? There were kibbutzim that preserved their principles and there were those that opened up to accept the immigrants as salaried employees. Over the course of the years changes occurred as a result in the decline in the average number of workers in each factory as a result of the sale of factories or parts of them and the development of newer, smaller factories.
- b. Amongst many of the senior kibbutz members, agriculture was considered a way of life: the connection of man and nature as opposed to the disconnectedness and feeling of alienation created while working with a machine, the fragmentation of work, impersonal relationships that contradict the essence of the kibbutz, etc... all these were ideological reasons for the opposition to industrialization. In order for a kibbutz to enter an industrial field, there was a need for discussions and arguments until a balance was reached that operating an industry can be consistent with the kibbutz way of life. Shapira (2013) claims that the kibbutz's inability to innovate is one of the main factors for the failure I will discuss in the next part of this paper. The collective structure, according to Shapira, created an inability and unwillingness to devote new personnel that does not recycle itself in various jobs both from within the ranks of the members as well as openness to what is happening outside of

them. Stratification was created in the kibbutz of leaders, functionaries from among the kibbutz members. This structure mainly served the heads of the kibbutz. Socialist, social and national principles were a result of egocentrism and considerations of preserving the hegemony of leaders from the founding generation, so claims Shapira.

- c. There is also a hidden factor concerning the welfare of the individual in the kibbutz. Positions in the kibbutz industry were discussed and defined in various places until they were formalized (Leviatan & Rosner, 1980). The goals of the kibbutz industry can be divided into four main fields: individual welfare, profitability, preserving the principle of the kibbutz, and national goals. In the decision of the industry council of HaKibbutz HaArtzi (the national kibbutz, one of the four kibbutz movements) the first goal mentioned is “the factory which is part of the Kibbutz home where the member is given a setting in which he can express his creative abilities, satisfaction of his natural needs for employment and occupation, of belonging to a team and the satisfaction of his aspiration for achievement” etc. (HaKibbutz HaArtzi, 1976). Today, as in the past, the kibbutz industry is a means of establishing economic continuity for the kibbutz. However, profits are not the only goal. “The factory is meant to contribute to the profitability of the kibbutz to the utmost degree within the limitations and principles of the kibbutz. Maximal profit is not the exclusive goal of the factory but only one of several...” (HaKibbutz HaArtzi, 1976). One of the goals, and according to Palgi (1993) one of the constraints facing the kibbutz industry, is preserving the principles of the kibbutz such as dealing with a hierarchical structure – managers and managed in a democratic society that indicates the afore mentioned principle of self-employment and the principle of reaching decisions via direct democracy (Palgi, 1984).

The Economic Crisis of the Mid-1980s in Israel That Caused the Kibbutz Crisis

The Kibbutz Crisis is the term used for an acute economic crisis that many of the kibbutzim underwent (and in some cases, are still undergoing). The crisis started at the beginning of the 1980s and intensified following the economic stabilization plan of 1985 which stopped the inflation, and was characterized by the accumulation of large debts on the part of kibbutzim and limited repayment capacity. Interest rates reached dizzying heights, a condition that continued for nearly a decade and in the wake of which several of the decisions that embroiled the kibbutzim in difficulties from 1985 onwards (Shapira, 1998). In some kibbutzim the economic crisis was accompanied by social and demographic crises that will be described below. In 1989 and 1996 the Israeli government, the banks and the kibbutz movements signed the Kibbutzim Arrangements. These are two debt arrangements meant to assist in solving the crisis. The financial and demographic crisis was the main catalyst for the change processes many of the kibbutzim have been going through since the 1990s.

However, alongside the kibbutzim that found themselves caught in the crisis, there was a substantial number of kibbutzim that seemed to be unaffected by the crisis. These kibbutzim mostly remained faithful to the traditional values and ways of the kibbutz and many of them have been helping the weaker kibbutzim repay their debts to this very day. Shapira (1987) claims that, in addition to the economic crisis, the main damaging factor weakening the status of the kibbutz in Israeli society is the loss of leadership potential. Functionaries who were educated in economics had vast experience and valuable knowledge and who filled leadership capacities were pushed into horizontal rotation and into the search for advancement in a system that was foreign to them. The principle of rotation means that a person serves in a managerial position for a certain period of time, and at the end of that term, he is transferred to another position. Because of this, instead of workers being able to get with the work and instilling a system that ensures that less successful functionaries are replaced and more successful ones continue with their jobs, an absurd situation was created. At the start of each term new managers arrived who didn't necessarily have the appropriate skills, and in many cases failed at managing an area which they were incapable of managing.

In the long term, the loss of innovation caused damage which was at times economic and at times social. Social conflict caused a large number of the younger generation to leave, seeking self-realization via more normative routes. Innovations introduced by people who were not in managerial positions were not implemented during their time and caused price drops and a vacuum in the production methods and output. The “automatic” rotation system and the destructive conflicts that came with it were a failure, from a managerial viewpoint (Shapira, 1998). The rotation in the inter-kibbutz organizations began mainly for subordinate positions, staffed by youngsters who had held central managerial positions in their kibbutzim. The success of the youngsters in managing organizations outside the kibbutz fell short of that of the older generation because they were “dropped” into the positions, and had to deal with managing large, sophisticated, complicated and knowledge-intensive organizations. This may be the reason for their rising tendency to return to their original kibbutz after a single term (Shapira, 1987). In the past, when the old leadership founded organizations and industrial plants, they were small and simple and it was easier for them to establish high-ranking positions for themselves within them.

Economic Solutions to the Crisis Situation

Between 1982 and 1989 the debt owed the kibbutzim that were members of the two largest kibbutz movements to the banking system stood at NIS 2 billion. At the end of 1989 an arrangement was agreed upon, the main points of which were:

- 1) The banks erase NIS 2 billion of the kibbutzim's debts
- 2) Another NIS 1.3 billion were erased by the banks, this part funded by the government
- 3) Raising NIS 1.7 billion for bank debt repayment in the form of realizing belonging to the movement (the sale of lands, houses, etc.)
- 4) Long-term restructuring of NIS 6.7 billion of the debt at 4.5% yearly index-linked interest rate against government deposits transferred to the banks
- 5) Cancelling the mutual guarantees between the kibbutzim
- 6) A "repayment capacity" was determined for each kibbutz to be paid as debt repayment yearly in accordance with its means of production.
- 7) The banks founded a system for overseeing the yearly plans of the kibbutzim, including criteria the kibbutz should fulfill such as a living expense level, investments, taking new loans, etc.
- 8) Establishing an oversight organization for the kibbutzim to ensure the execution of the arrangement.

The Results of the First Agreement and the Complementary Agreement

In practice, not all the debts agreed upon in the arrangement were erased. The interest on the remaining debt was higher than that determined in the arrangement. A large number of kibbutzim could not meet the repayment capacity set for them and their debt kept increasing.

In 1996 a complementary arrangement was signed, the main points of which were:

- 1) The kibbutzim were divided into real-estate kibbutzim and rural kibbutzim.
- 2) The debt of all the kibbutzim was redefined so that it would be paid off in accordance with their previously determined repayment capacity over a period of twenty years. The remainder of the debt for each kibbutz was defined as a "balloon" (a debt the kibbutz had no capacity to repay with its existing means of production, not to be repaid in the meantime, but would still be held against the kibbutz until a future time until it would be decided how to treat it).
- 3) The "balloon" debt of the rural kibbutzim was to be erased. The "balloon" debt of the real-estate kibbutzim would be repaid by returning the real-estate to Israel Land Administration, for which the kibbutz would be compensated.
- 4) The kibbutzim would transfer 25% of their shares in Tnuva (a co-op specializing in dairy products) to the government to be incorporated.

The Results of the Complementary Agreement

According to Dagan (2008) and Kurtz (2012), the results of the complementary agreement were as follows:

- The government, which owned the banks after their nationalization, benefited from the debt regulation and made them an attractive asset.
- The banks' financial situation was improved by receiving the government deposits.
- During the period between 1996 and 2003, the majority of the kibbutzim joined the complementary agreement.

The Metamorphosis - From the Original Zionist Ideal to Economic Viability

The government, banks and kibbutz federations hammered out two major agreements for cancelling and restructuring kibbutz debts. The price was heavy: some kibbutzim had to sell agricultural land to pay off debts; others had to slash operating costs, find new sources of income and raise productivity. Often this required cutbacks in spending on basics like food, non-essential medical care, education and travel, as well as abandoning certain long-held ideological beliefs, particularly in the realm of equality.

Rental of homes on kibbutzim evolved into a highly lucrative industry over the past two decades. While the practice existed on a small scale for decades, it gained momentum as a result of the economic crisis that hit the kibbutzim in the 1980s, leading many members to leave and creating a reserve of empty homes. Kibbutzim began renting out the homes as well as communal buildings, especially former children's houses, after converting them into apartments.

The rentals are very profitable, as the construction costs for the properties were paid off decades ago. The buildings require little or no expense to maintain, and business costs are low. The profitability of the sector led some kibbutzim to build apartments as rental properties.

Kibbutz Dorot, in the south periphery, is a good example for the changes in the kibbutzim movement. It was established in 1941 by a group of farmers, and eventually became a success story by all standards. Today, the Dorot Farms Agricultural Cooperative Ltd. is an agricultural corporation that cultivates approximately 3,700 acres of vegetables and is one of Israel's largest suppliers of carrots. The company earns \$20 million a year, and employs 80 workers.

Another example is Kibbutz Ein Gedi. It is located on the western shore of the Dead Sea, on the edge of the Judean desert, at the site of historic Ein Gedi. The kibbutz was founded in 1953 by graduates of Zionist youth movements. Located on the edge of the Green Line separating Israel from the then Jordanian-held West Bank, the kibbutz was completely isolated in the desert, with the nearest Israeli settlement several hours away via a dirt road. After the Six-Day War in 1967 and Israel's capture of the West Bank, a road was paved from Jerusalem via Jericho and along the shore of the Dead Sea. This essentially ended the kibbutz's isolation and opened the door to its development. Today, Ein Gedi is home to 650 people, 240 of whom are actual kibbutz members.

The kibbutz runs a highly successful hotel service, and also runs a medicinal waters spa where thousands of people from around the world come to cure skin ailments.

Kibbutz Ma'agan Michael was founded on August 25th, 1949, by a group consisting of 154 members and 44 children who had banded together in 1942, most of whom were members of the Hebrew Scouts. The initial group was joined by a larger group of younger immigrants who came from Germany and Austria without their parents.

During its early years the kibbutz took in many disadvantaged youngsters and youth groups (youth aliyah). An ulpan was opened, and many ulpan graduates later joined the ranks of the kibbutz membership. The ulpan became popular and successful, and has completed more than one hundred 5-month long courses with thousands of graduates.

Most of the kibbutz's agricultural land was reclaimed from the Kabarra swampland, which was drained during the 1920s with money from Baron Rothschild and labor of Jewish pioneers and local Bedouin residents. Ma'agan Michael's agricultural endeavors include field crops and orchards. Field crops are grown on 1.6 square km of the Kabarra. Fodder is grown for the dairy cows. For many years the main crop of the kibbutz was cotton.

Several varieties of avocado are grown there, most of which is exported to Europe. The kibbutz produces 1,200 tons of bananas per year, solely for the local market. Papaya and other exotic fruits are grown in greenhouses (organic crops) from 80 types of fruit trees.

The kibbutz also runs a plastics factory, Plasson. It was founded in 1963 and is the main source of income and employment for the kibbutz. Annual sales reach about \$100 million, with some 85% of the products exported worldwide. The main Plasson factory at Ma'agan Michael employs over 400 workers, half of them members of the kibbutz.

Another of the kibbutz's agricultural enterprises is Madan, an aquaculture fish farming branch. The aquaculture ranches include about 1.6 square km of fish ponds, where edible fish such as carp, gray mullet, St. Peter's fish and silver carp are raised. There is also an area for intensive fish production in concrete ponds, which are used to raise almost 300 tons of striped bass, Musar and Lavrak. The kibbutz sells over 1,000 tons of edible fish per year. The kibbutz also raises saltwater fish, as well as decorative fish for ponds and aquaria such as Koi and goldfish.

As for other kibbutzim, many of them decided to go into the tourist and hotel business, mostly with great success.

Conclusion and Discussion

The kibbutz of the 21st century has been undergoing extreme changes. These changes have a great effect on its organizational culture. If, in the past, equality in work relations and equal appreciation for all types of work were emphasized, it seems that nowadays appreciation is given more to personal achievement and organizational efficiency.

Figures 2-4 prove that the organizational culture had not undergone an extreme change. In the argument regarding whether a contradiction exists in the kibbutz between progress and communality, it seems that those who claimed that such a contradiction exists were right. It is possible that under other economic and social conditions than those described in this paper such an acute contradiction would not have existed. Rosenthal (2012) mentions that the Kibbutzim Movement, which used to be considered the crowning glory of settlement in Israel, has disappeared from the political, ideological and cultural map of the State of Israel. By all indications on the date of writing his article, there had been a reasonable chance that then next Knesset would not include any representation of the Kibbutzim Movement. In the past the movement had a respectable measure of representation in the main and influential parties in the Knesset. In Rosenthal's opinion, the main reason for

the disappearance of the kibbutzim from the political and social landscape in Israel is the disintegration of the communal format of approximately 80% of all the kibbutzim in Israel. He claims that this disintegration weakens the kibbutzim as a political power and in fact causes them to disappear. The Knesset is, among other things, a showcase of the mosaic of ideas, values and lifestyles in Israeli society. It seems that the Kibbutzim Movement has been slowly pushed to the edges of this showcase. The kibbutzim's absence from the showcase means exclusion from a certain, unique lifestyle in Israeli society. As an Israeli who has lived most her life in major cities I have an understanding and empathy to the loss described by Rosenthal and other researchers. However, the examples of successful kibbutzim presented in this paper show that the kibbutz is headed in the direction of progress, while indeed abandoning, in a large and significant part, the principle of communality. This process causes changes in the organizational culture which is becoming more similar to that customary in the traditional industrial plant. Kibbutzim that have abandoned the principle of "automatic" rotation and organizational conservatism have managed to preserve a kibbutz way of life that is appropriate for the 21st century in Israeli society. They have managed to develop enterprises that match the orders of the day and time while instilling managerial innovation that brings with it economic profitability for the population of the kibbutz.

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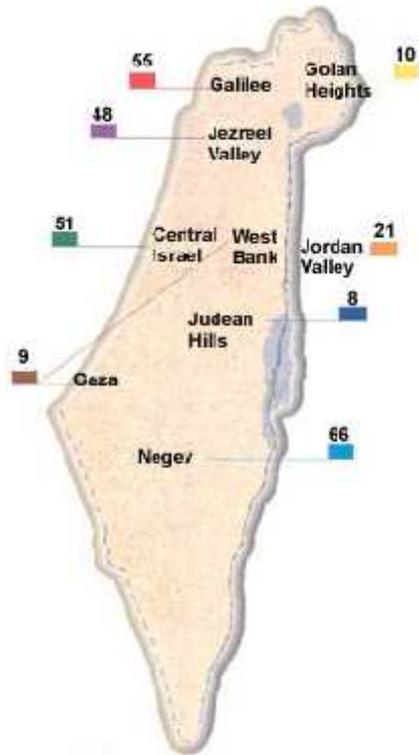


Figure 1
 Geographical dist... External work... butzim. Source: <http://mfa.gov.il/>

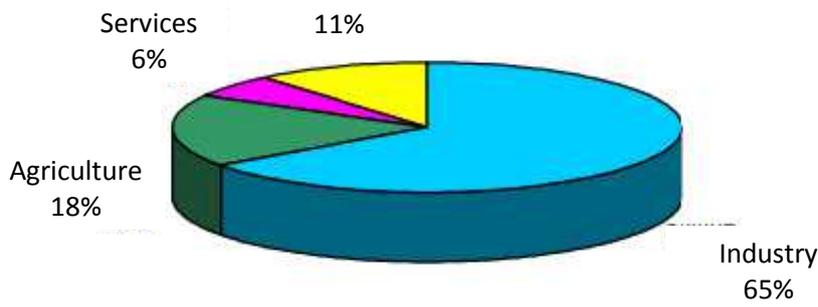
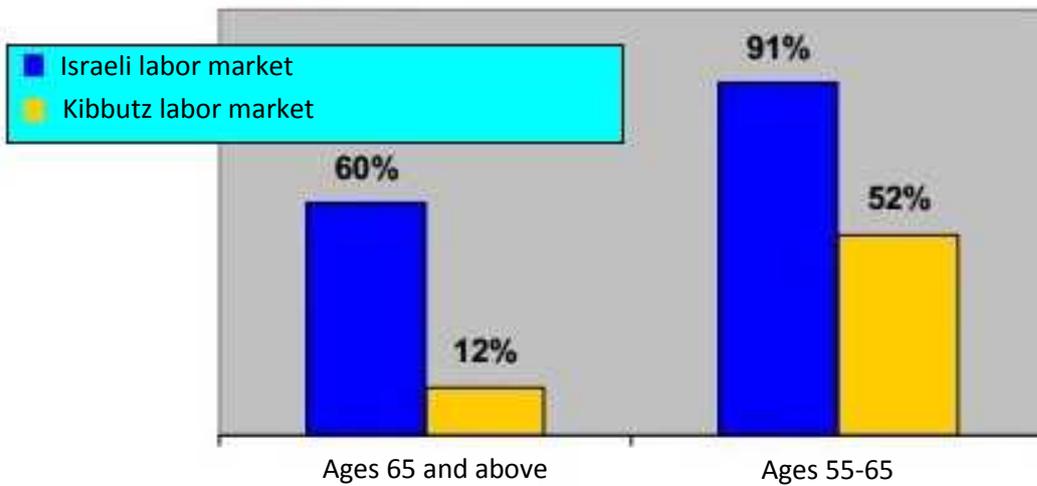


Figure 2
 Income source distribution (by total income). Source: Kantor (2007)



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Rate of participation in the workforce by age group – comparison between kibbutzim and the entire country. Source: Kantor (2007)

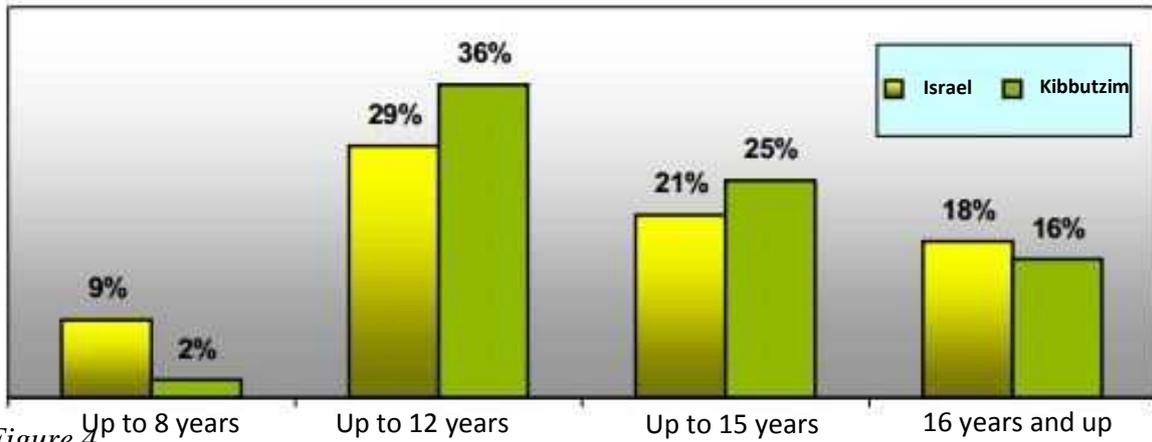


Figure 4 Distribution of education in kibbutzim compared to the entire country. Source: Kantor (2007)

