

The Kibbutz Movement Adapts to a Capitalist Israel

The Jewish state and its famed communal farming movement are both moving away from their socialist roots to become more entrepreneurial

<https://www.wsj.com/articles/the-kibbutz-movement-adapts-to-a-capitalist-israel-1507908175>

By Rory Jones



Tsvia Barnea, 64, holds a medical marijuana plant outside greenhouses on Kibbutz Beit HaEmek, Israel, Oct. 12.

Growing up in Israel in the 1950s on Kibbutz Beit HaEmek, Tsvia Barnea used to receive dresses in the mail from family abroad. But she had to share them with other girls on the communal farm.

The kibbutz was responsible for raising children, so Ms. Barnea lived in a separate house from her parents. When she was a teenager, she ate meals in the communal dining hall and helped out with the farming that supported the largely self-sufficient community.

Today, in a break with that communal past, Ms. Barnea's kibbutz is farming for profit, and its main cash crop is medical marijuana. She recently retired from managing the greenhouse that grows the drug.

The shift at Kibbutz Beit HaEmek is just the latest sign of how much Israel's kibbutzim are changing, as both Israel and the kibbutz movement move away from their socialist roots to become more entrepreneurial and profit-driven.

"We have to survive," said Ms. Barnea, now 64, walking around the greenhouse as the smell of marijuana wafted past. "It's different now than it was when I was a child. Today I think: How did we do it?"

'Kibbutzniks now make up less than 2% of Israel's population.'

The kibbutz movement was always small, but it came to symbolize the idealism of Israel's founding era. The kibbutzim became Israel's breadbasket, and their members played outsized roles in the newly founded Jewish state's military and in the left-leaning Labor Party governments that dominated the country's first decades. In 1948, when Israel declared its independence, more than 5% of the population were kibbutzniks; today, they make up less than 2% of Israel's population of 8.3 million. There are roughly 165,000 of them, living in roughly 270 kibbutzim.

The collectives also promoted the idea of a new type of Jew. Israelis proudly compared the kibbutzniks—brawny, sun-kissed from work in the fields and ready to fight for their nation—with the images of the pallid, defenseless Diaspora Jews who fell prey to the horrors of the Holocaust.

Israeli and Jewish identity has always been more complex than those aging stereotypes, of course, but today, the image of the pioneering kibbutznik is fading. So are the country's socialist roots. Fewer than 13% of Israelis now consider themselves left-wing, according to the Israel Democracy Institute, a Jerusalem think tank. The country's politics are dominated by a staunchly capitalist prime minister, Benjamin Netanyahu, whose right-wing Likud Party has long shunned the kibbutzim and aligned itself with the burgeoning settlement movement in the West Bank.

Meanwhile, Israel's economy has grown less dependent on agricultural kibbutzim and more open to global imports. Tech entrepreneurs and millionaires are more widely celebrated than the collective success of any kibbutz. Israel now exports roughly \$22.5 billion a year of high-tech related goods, compared with \$1.2 billion in agriculture, according to 2015 figures from Israel's economy ministry.

Ms. Barnea has lived these changes. She was born on Kibbutz Beit HaEmek a few years after it was founded in 1949 and remembers that her parents had to seek permission from their fellow members to travel abroad, a privilege allowed only every seven years. Members were given small allowances to buy things outside the kibbutz.

As Israel developed, many kibbutzim branched out from farming into low-tech businesses, hoping that the money they earned could be reinvested to provide jobs for kibbutz members. Some kibbutzim took out bank loans to build factories for plastics, tiling and clothing. They thrived, in part, because successive Labor-led governments helped to subsidize such costs as water and land. By 1977, some 75% of kibbutzim had at least one industrial enterprise unrelated to agriculture.

That year, the Likud came to power for the first time, ushering in a new era of free-market capitalism. The governments that followed—including national-unity governments that contained both Labor and the Likud—“broke the socialist” system with policies that opened up Israel’s economy to imports, says Nir Meir, the head of the Kibbutz Movement, an umbrella group for the communities

A financial crisis in the 1980s sharpened the budget difficulties facing many overstretched kibbutzim. Israel’s central bank increased interest rates to fight triple-digit inflation, leaving many kibbutzim struggling to pay their loans. The kibbutzim’s collective debt reached some \$5 billion, or more than 10% of Israel’s 1989 GDP, according to the Kibbutz Movement. That year, the kibbutzim signed an agreement to restructure their arrears.



Israeli kindergarten children at play on Kibbutz Degania Alef, Israel, Feb. 8. Degania was the first kibbutz, founded in 1909. PHOTO: HEIDI LEVINE/SIPA PRESS

Facing a bleak financial future, young people abandoned the kibbutzim in the 1990s. Meanwhile, Israel’s vibrant technology sector took off, providing an additional pull away from the communes.

To reverse the exodus, Israel’s kibbutzim dismantled much of their socialist model. In 1995, Kibbutz Merom HaGolan became the first to go through a so-called privatization process, paying members salaries on a scale.

Today, most kibbutzim have undergone some form of privatization. Many members now earn salaries outside the kibbutz but pay taxes for the community’s upkeep. New members can take out mortgages with banks and buy land on the kibbutz for their homes.

Kibbutzim remain a communal enterprise, with unusual social benefits for pensions and education. Members whose jobs prove redundant or who fall on hard times can rely on the kibbutz for an allowance. And everyone knows each other’s name.

Some young Israelis are now again drawn to the kibbutzim—some to secure cheaper housing outside hot markets like Tel Aviv and Jerusalem, others to find a sense of community that can feel absent in impersonal cities. The population of the kibbutzim has increased by nearly 50,000 over the past 10 years, according to the Kibbutz Movement, and the average age of the movement’s members has started falling.

Only about 40 kibbutzim still share resources and give equal allowances as envisioned in the original model. Most of these communities had created successful businesses that helped them maintain the communal way of living.

One such community is Kibbutz Sdot Yam, on Israel’s central coast between Tel Aviv and Haifa. In the 1980s, the kibbutz opened a factory that constructed quartz surfaces for tables and floors. Despite that venture’s success, the kibbutz is now considering whether to allow members—most of whom work outside the community—to earn their own salaries, rather than sharing them with the commune, said Doron Stansill, a 47-year-old member.

Mr. Stansill is also leading a project encouraging his community to join others in the budding field of medical marijuana. Some 40 kibbutzim have applied for licenses to research, grow or distribute the drug medically, according to Israel’s health ministry. Israeli firms and kibbutzim hope to make inroads into the nascent market for regulated and mass-produced medical cannabis products.

Kibbutz Beit HaEmek is one of eight farms that already have licenses for such activities, in a joint venture with Canndoc Ltd. It's a shift, yet Ms. Barnea retains a sense of optimism about the kibbutz movement's prospects. Three of her four children have returned to Kibbutz Beit HaEmek in recent years, attracted to the prospect of living close to family and leading a quasi-socialist lifestyle, she said.

"People changed," Ms. Barnea said. "The world changed."

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