



State of Israel  
Ministry of Labour and Social Affairs  
Registrar of Cooperative Societies  
and  
Department of International Relations

# COOPERATION IN ISRAEL

Jerusalem

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# **Israel in Brief 1996**

## **Location**

Israel is located in the Middle East, along the eastern coastline of the Mediterranean Sea, bordered by Lebanon, Syria, Jordan and Egypt. It lies at the junction of three continents: Europe, Asia and Africa.

## **Geography**

Long and narrow in shape, the country is about 290 miles (470 km.) in length and 85 miles (135 km.) in width at its widest point.

Although small in size, Israel encompasses the varied topographical features of an entire continent, ranging from forested highlands and fertile green valleys to mountainous deserts and from the coastal plain to the semitropical Jordan Valley and the Dead Sea, the lowest point on earth. Approximately half of the country's land area is semi-arid.

## **Climate**

Israel's climate is characterized by much sunshine, with a rainy season from November to April. Total annual precipitation ranges from 20-25 inches (50-125 cm.) in the north to less than an inch (2.5 cm.) in the far south. Regional climatic conditions vary considerably: hot, humid summers and mild, wet winters on the coastal plain; dry, warm summers and moderately cold winters, with rain and occasional light snow, in the hill regions; hot, dry summers and pleasant winters in the Jordan Valley; and semi-arid conditions, with warm to hot days and cool nights, in the south.

## **Flora and Fauna**

The rich variety of Israel's plant and animal life reflects its geographical location as well as its varied topography and climate. Over 380 kinds of birds, some 150 mammal and reptile species and nearly 3,000 plant types (150 of which are native to Israel) are found within its borders. About 120 nature reserves, encompassing nearly 400 square miles (almost 1,000 sq. km.) have been established throughout the country.

## **Water**

The scarcity of water in the region has generated intense efforts to maximize use of the available supply and to seek new resources. In the 1960s, Israel's freshwater sources were joined in an integrated grid whose main artery, the National Water Carrier, brings

water from the north and center to the semi-arid south. Ongoing projects for utilizing new sources include cloud seeding, recycling of sewage water and the desalination of seawater.

## **Population**

Israel is a country of immigrants. Since its inception in 1948, Israel's population has grown seven-fold. Its approximately 5.5 million citizens comprise a mosaic of people with various ethnic backgrounds, lifestyles, religions, cultures and traditions. Today Jews comprise some 81% of the country's population, while the country's non-Jewish citizens, mostly Arabs, number about 19%.

## **Lifestyle**

About 90% of Israel's inhabitants live in over 100 urban centers, some of which are located on ancient historical sites. About 6% are members of unique rural cooperative settlements - the kibbutz and the moshav.

## **Main Cities**

**Jerusalem**, Israel's capital (population 579,000), has stood at the center of the Jewish people's national and spiritual life since King David made it the capital of his Kingdom some 3000 years ago. Today it is a flourishing, vibrant metropolis, the seat of the government and Israel's largest city.

**Tel Aviv** (population 355,000) which was founded in 1909 as the first Jewish city in modern times, is today the center of the country's industrial, commercial, financial and cultural life.

**Haifa** (population 247,000), a known coastal town since ancient times, is a major Mediterranean port and the industrial and commercial center of northern Israel.

**Be'er Sheva** (population 148,000), named in the Bible as an encampment of the patriarchs, is today the largest urban center in the south. It provides administrative, economic, health, education and cultural services for the entire southern region.

## **System of Government**

Israel is a parliamentary democracy with legislative, executive and judicial branches. The head of the state is the president, whose duties are mostly ceremonial and formal; the office symbolizes the unity and sovereignty of the state. The Knesset, Israel's legislative authority, is a 120-member unicameral parliament which operates in plenary session and through the standing committees.

Its members are elected every four years in universal, nationwide elections. The Government (cabinet of ministers) is charged with administering internal and foreign affairs. It is headed by a prime minister and is collectively responsible to the Knesset. *In the last elections (1996) the prime minister was elected for the first time by popular vote.*

## **Education and Science**

School attendance is mandatory from age five and free through age 18. Almost all three- and four-year-olds attend some kind of preschool program. The population's median years of schooling is 11.8.

Israel's institutions of higher education include **universities**, offering a wide range of subjects in science and humanities, and serving as research institutions of worldwide repute, **colleges** offering academic courses and **vocational schools**. The country's high level of scientific research and development and its application compensate for the country's lack of natural resources.

## **Health**

The National Health Insurance Law, in effect from January 1995, provides for a standardized basket of medical services, including hospitalization, for all residents of Israel. All medical services continue to be supplied by the country's four health care organizations.

Life expectancy is 78.4 years for women and 75 years for men; the infant mortality rate is 7.5 per 1,000 live births. The ratio of physicians to population and the number of specialists compare favorably with those in most developed countries.

## **Social Welfare**

The social service system is based on legislation which provides for workers' protection and a broad range of national and community services, including care of the elderly, assistance for single parents, programs for children and youth, adoption agencies, as well as prevention and treatment of alcoholism and drug abuse.

The National Insurance Institute provides all permanent residents (including non-citizen) with a broad range of benefits, including unemployment insurance, old-age pensions, maternity grants and insurances, child allowances, income support payments and more.

## **Economy**

GNP	\$ 74.1 billion (\$ 13,908 per capita)
Exports, goods and services	\$ 24.5 billion
Imports, goods and services	\$ 33.9 billion

## **Industry**

Israel's industry concentrates on manufacturing products with a high added value that are primarily based on technological innovation. These include medical electronics, agrotechnology, telecommunications, computer hardware and software, solar energy, food processing and fine chemicals.

## **Agriculture**

Israel's agriculture is an outcome of a long struggle against harsh, adverse conditions and of making maximum use of scarce water and arable land. Today, agriculture represents some 5% of GNP and 5.6% of exports. Israel produces 95% of its own food requirements, supplemented by imports of grain, oil seeds, meat, coffee, cocoa and sugar, which are more than offset by the wide range of agricultural products for export.

## **Foreign Trade**

Trade is conducted with countries on six continents. Some 63% of imports and 35% of exports are with Europe, boosted by Israel's free trade agreement with the EU (concluded in 1975). A similar agreement was signed with the United States (1985), whose trade with Israel accounts for 18% of Israel's imports and 31% of its exports.

## **Culture**

Thousands of years of history, the ingathering of the Jews from over 70 countries, a society of multi-ethnic communities living side by side, and an unending flow of international input via satellite and cable have contributed to the development of an Israeli culture which reflects worldwide elements while striving for an identity of its own. Cultural expression through the arts is as varied as the people themselves, with literature, theater, concerts, radio and television programming, entertainment, museums and galleries for every interest and taste.



The official languages of the country are Hebrew and Arabic, but in the country's streets many other languages can be heard. Hebrew, the language of the Bible, long restricted to liturgy and literature, was revived a century ago, accompanying the renewal of Jewish life in the Land.

## **The Division of Cooperative Societies**

The activities of the Division of Cooperative Societies and the Registrar of Cooperative Societies are based on a British mandate ruling of 1933 into which a few changes have been introduced. However, according to this law, specifically paragraphs 55 and 65, the Minister of Labour and Social Affairs is given the authority to issue rulings covering a wide scope of topics and even to override certain directives of the law itself. The Law includes a mechanism which enables it to accommodate itself to the present day situation in the cooperatives. Legal experts from both the Ministry of Labour and Social Affairs and the Cooperative Societies Department, with the assistance of the Ministry of Justice, assist in accommodation additional modifications to various regulations needed for changes currently taking place in the kibbutzim and moshavim. They are also preparing a centralized, applicable, and up-to-date codex of the various regulations. This new codex will be arranged by subject and will greatly improve the current situation in which regulations pertaining to various subjects are all mixed up one with another.

In order to overcome the work burden placed on the Registrar's office, a few assistants to the Registrar were appointed and given authority similar to that of the Registrar.

### **Assistants to the Registrar in Matters of Arbitration**

The majority of the cooperatives adopted the provisions of paragraph 52(2) of the Cooperative Societies Ordinance. This paragraph is concerned with the swift and efficient settling of disputes by means of the Registrar's office. The decisions of the Registrar and his assistants are given the validity of those of a district court and cannot be appealed. All of the lawyers in the Registrar's office were therefore appointed assistants to the Registrar. Their decisions concur with those of the Registrar and are equally valid.

### **Assistants to the Registrar in Matters of Liquidations**

The crises that took place over the past few years in Israeli Cooperatives are the result of the general economic crisis. This has caused 121 Cooperatives, including some large ones, to disband. The Registrar serves as liquidations court for these disbandments. A lawyer has been appointed as the head of the Liquidations division and serves as an assistant to the Registrar with parallel authority to that of the Registrar in order to assist in the legal processes of liquidation. Three civil servants were also appointed as liquidators. They are subject to the authority of the director of the Liquidations Division and thereby lessen the cost of liquidation.

## **Assistants to the Registrar in Registration**

When the Registrar's office registers a cooperative they must first approve the statutes of each cooperative society. Since the law provides for no "model constitution" this activity is extremely time-consuming. In order to assist the Registrar a lawyer has been appointed to assist the Registrar in matters concerning the registration and inspection of the suggested statutes and amendments.

## **Assistant to the Registrar for Matters of Supervision**

The Director of the Supervisory Department is responsible for all the supervisors who inspect cooperative societies throughout the country. In order to streamline supervision, supervisory units were formed in Nahariya, Nazereth, Haifa, Tel-Aviv, Jerusalem, Ashdod, and Beersheba.

The authority of the assistant to the Registrar in matters of supervision includes the ability to appoint investigators in the cooperatives and, in consultation with the Registrar, to appoint external managing boards when deemed necessary.

## **Auditing of Cooperative Balance Sheets**

According to law, every cooperative must submit a yearly balance sheet prepared by a certified accountant or by the Audit Union. This balance sheet must be approved at a general meeting held annually, within 8 months from the end of the fiscal year. Any cooperative (i.e. the cooperative and its managers) failing to submit a balance sheet is subject to prosecution under criminal law by the legal division of the Registrar's office, who is given the authority to prosecute by the Legal Advisor to the Government.

The balance sheets are inspected by employees of the division who feel free to comment to the cooperatives and to demand changes when necessary.

## **General Meetings**

According to law, the cooperatives must hold a general meeting of its members at least once a year in which the financial balance sheet must be approved, a general report is received from the management, the budget is debated, etc. A cooperative (i.e. the cooperative and its managers) which does not convene this general meeting can be prosecuted under criminal law by the legal division of the Registrar's office.

## **Control Supervision, Investigations, and Inspections**

The Registrar and his assistants maintain constant supervision over the cooperatives,

and from time to time decide, according to their discretion or by request of the cooperative or of the central cooperatives, to instigate an inspection or investigation.

As a result of this inspection or investigation the cooperative may receive practical instructions. Anyone not following or implementing these instructions in subject to prosecution under criminal law by the Legal Division. In exceptional cases an external managerial board may be appointed composed either entirely of external governors or partially external governors and partially members of the cooperative.

During the tenure of the managerial board the cooperative may not convene a general meeting without the approval of the Registrar. The managerial board is subject to the authority of the Registrar and his assistant. In those cases when it becomes evident that the cooperative is no longer solvent the Registrar may decide to liquidate the said cooperative society. From the moment that the Registrar appoints a liquidator, the matter becomes a legal process in which the Registrar functions as a liquidations court.

## **Registration of Mortgages**

All debts, loans, and mortgages of the cooperative are registered with the Registrar's office. Only registration with the Registrar's office is legally recognized as legal proof or documentation.

## **Computerization**

All information is computerized in a central computer. Every employee has a computer terminal enabling him or her to obtain up-to-date information on all pertinent matters, such as date of the general meeting, arbitration, balance sheets, and records of every letter sent to the registrar of each individual cooperative.

## **Guidance and Education**

Under the authority of the Registrar is the Department for Social and Economic Encouragement and Consultation. The director of this department is responsible for educational and informational activities that are undertaken by his initiative, or by the common initiative of the cooperative movements. The director of this department is also the director of the Cooperative College.

## Situation of the Cooperative Societies at the end of 1996

Type	Total at end of 1993	Total at end of 1996
Kibbutzim	284	279
Moshav Ovdim	351	353
Moshavim Shitufiyim	44	43
Cooperative Villages	75	78
General Agricultural Societies	302	363
Agric. Marketing and Supply Section	60	58
Water Supply Societies	264	280
Agricultural Insurance Societies	6	7
Rural Community Settlement Soc.	144	176
<b>Total Agric. Soc.</b>	<b>1530</b>	<b>1637</b>
Producers	48	44
Services	60	59
Transport	20	22
<b>Total Producers Soc.</b>	<b>128</b>	<b>125</b>
Consumers	12	12
Housing	180	168
Housing Services	8	8
<b>Total Housing Soc.</b>	<b>188</b>	<b>176</b>
Credit and Mutual Aid	37	30
School Saving	2	
<b>Total Credit</b>	<b>39</b>	<b>30</b>

### *Situation of the Cooperative Societies at the end of 1996 (cont.)*

Type	Total at end - of 1993	Total at end of 1996
Provident and Pension Funds	37	32
Audit Unions	9	8
Assistance Unions	16	16
Miscellaneous	5	4
General Total	1970	2040

## **The General Council for Cooperation**

The General Council for Cooperation which is composed of representatives of the government, of the cooperation movement, and of public institutions, did not meet in 1993. Even so, preparations were made by the Minister of Labour and Welfare to appoint new council members in the very near future. In it's first meeting the new council will create the following committees:

1. The Subcommittee for Laws and Regulations, which will deal with adjusting the legal frameworks to the ongoing developments taking place in the movements, and with working out ways and means to simplify auditing procedures.
2. The Subcommittee for Education and Information which will deal with organizing seminars and one-day seminars about economics and cooperative law and procedures, in conjunction with the Cooperatives College.
3. The Subcommittee for International Relations which will deal with ties to international institutions in the area of cooperatives.

## **The Cooperatives' College**

In 1996 the activities of the Cooperatives College were reduced due to lack of funding. Even so, one-day seminars were conducted in the various cooperatives that were funded by the central institutions of the Cooperatives and the Jewish Agency.

An abridged version of "Yeda ha-cooperatzia" (Knowing the Cooperative) was published during 1996 and edited by Yakov Lapidot in response to demand of the cooperative societies. The difficult socio-economic situation in the cooperative societies

also created the need to schedule a series of one-day seminars in order to encourage young leadership in these communities. Unfortunately, lack of funding does not enable the college to be as effective as it might be.

## **The Cooperative Press**

During the year of the report the following periodicals were published by the various cooperative movements:

"Yahad" - Kibbutz and Moshav Movement (Takam) magazine

"Hashavua Bakibutz Ha'artzi" - weekly of the Kibbutz Artzi

"Hedim" - monthly on social problems

"Hahinuch Hameshutaf" - Hakibutz Ha'artzi monthly

"Mibifnim" - Kibbutz Hameuchad movement quarterly

"Amudim" - Hakibbutz Ha'artzi magazine

"Telamim" - Moshav movement

"Ma'anit" - Moshav movement

"Yediot Bachan" - Middle Class Agricultural Yearbook

"Hameshek Hakhaklai" - Middle Class Agricultural monthly

"Shituf" - Cooperation Centre

"Hameshek Hashitufi" - Hamashbir Hamerkazi

"Gesher" - Religious Industrial Nachal Quarterly

## **Explanatory Information for a new proposed legislation of a new Co-operative Society Law in Israel in 1997**

The concept of a cooperative union embodies a unique world view. This concept is not a simple variant of a type of capital-based union which characterizes a company type of conglomerate. It rather encompasses a holistic world view which offers an alternative to a capitalist economy by forming unions which are based on equalitarian cooperation.

The implementation of the principles of cooperation is not limited to the "micro economy" of the single cooperative (hereon "primary cooperative"). Inherent in the principles of cooperation is a "macro economy" world view of the cooperative economy. This includes the activities of mutually supportive primary cooperative unions, each of which deals in different fields. They are assisted by unique cooperative unions whose purpose is to supply central services to the primary unions (hereon "central cooperative union" or "central cooperative"). Thus a cooperative economy is formed in which the worker functions independently and is not dependant on the rest of the economy. This creates a type of economic "microcosm" which operates according to the principals of cooperation.

The proposed legislation, which is based on cooperative principles, contains the legal tools which coincide with this holistic world view. It does not suffice with providing a legal form for the primary cooperative alone, but rather explicitly recognizes the total cooperative economy.

The proposed legislation aims to replace the mandatory cooperative union law which was passed in 1933. Over the years, only a few alterations have been made in the law. Central issues such as cooperative companies, cooperative authorities, and dissolutions, which should have been part and parcel of the law, were not. They were rather dealt with by ad hoc regulations and stipulations.

Many of the law's injunctions are dated and do not meet the needs of the cooperative population or the changes that have occurred in cooperative unions over the past few years.

In the preparation of the legislation we based ourselves on both the universal principles of the cooperative as they have developed in the world together with the specific cooperative theory which is unique to Israeli society. It also preserves the fundamental principles of freedom of union, individual rights, and the submission of the administration to legal criticism while adopting basic principles which have become part of company law insofar as they are appropriate for cooperative unions.

General principles which developed through legal rulings such as the injunction against any damage to a member's property ownership privileges, unless such damage was done with the member's consent, were also adopted as statutory rulings in the law.



The law developed from three sources:

1. Relevant parts were taken from the proposed cooperative union law which was presented by the government in July 1965, and was again presented in October 1971.
2. The principles of the new company law which was recently publicized, after being accommodated to the special character and needs of the cooperative unions.
3. The many years of experience which have been amassed in the Department for Cooperative Unions and in the legal office of the Ministry of Labour and Social Services.

The proposed legislation deals with the entire range of the cooperative life style starting from the creation of the cooperative union, the registering of the code of regulations, and the different types of capital shares. It also includes special sections that relate to the different types of working settlements, to resolving disputes, and to dissolutions.

The following are the main points of the proposed legislation:

## **Part One - The Foundations of the Cooperative Union**

**The Cooperative Union Council:** The proposed legislation gives legal status to the cooperative union council, which already exists without any legal status. It also defines its authority and compositions. The minister is authorized to determine the councils' work agendas and discussion's procedure through regulations. The council is authorized to appoint committees for different matters under its jurisdiction, including committees for different types of cooperatives

**Types of Cooperatives:** The proposed legislation stipulates two types of cooperative unions, primary and central. Classification of the cooperatives will be done by the registrar according to the types stipulated for the cooperatives, in addition to the law.

**The Right to Form a Union:** The proposed legislation restates the basic principle of the right to form a union. This right is forfeited if the purpose of the union is an activity which is prohibited by law or against the moral or public code.

**Legal Body:** The principle was stipulated whereby the cooperative is a legal body for all extents and purposes, including all rights, power, legal protection and freedom which define its character and nature as a legal body which is not a human being.

**Screenlifting:** The doctrine of "screen lifting" which prevents the misuse of the independent nature of the cooperative was adopted in section 23 of the legislation. The doctrine works in both directions, that is, in relation to the both the rights and obligations of the cooperative towards a member and vice versa, and can be activated either by the registrar or the court.

**The Establishment of a Cooperative and its Registration:** The central document

which must be presented upon registration is the cooperative's procedural code which serves as a contract between the cooperative and its members and between each other, and in the central cooperative between the cooperative and the central cooperative. The legislation does not restrict the contents of the procedural code and does not obligate the inclusion of details or specific principles in the code other than those specified in section 42 of the law.

**Activities Performed for the Cooperative Prior to its Corporation:** For the first time the legal relationships which arise as a result of initiatives between a third party and the cooperative and between the entrepreneur and a third party are legally defined. The principle was established according to which the entrepreneur is obligated to act in good faith and in a considered manner towards the cooperative.

**The Procedural Code:** The code stipulates the activities of the cooperative. The procedural code represents the constitution of the cooperative, and is subject to the general law and the cogent instructions which were stipulated in this law. Any alteration in the procedural code will be done by way of a special decision which will preserve the rights of the minority, and under the condition that the purchasing privileges of the member will not be adversely affected without his agreement.

**Registration:** On this matter two important principles were established. One is that there are some activities whose validity necessitates registration (article 77). The second is that authorized copies presented for registration constitute definite proof of their presentation and registration by the registrar. Article 80 negates in effect related (constructive) knowledge. The article states that the mere fact of registration of the document does not constitute proof of knowledge of its contents. This stipulation is in adherence with the current worldwide trend to do away with this outdated doctrine. At the same time, reasons other than registration in the registry which is administered over by the registrar may be the cause of said knowledge to a certain person.

This part of the legislation determines the registration of mortgages of properties of the cooperative union along with the authority of the registrar to determine them. The fundamental right of the public to have access to all the data administered by the registrar is guaranteed. The registrar is given permission to administratively erase the cooperative.

## **Part Two: The Structure of the Cooperative**

**Organs:** Legal rulings until now tend to apply the "organ theory" to cooperative unions thereby giving the cooperative direct responsibility for the actions of its subsidiaries (organs). The proposed legislation applies these regulations to the cooperative unions. Likewise the legislation adopts a fundamental principle of company law whereby companies bear direct responsibility for individuals, as they are the people who function in the cooperative in administrative roles concerning the cooperative's properties.

The division of authority between the major organs of the cooperative was stipulated thereby establishing checks and balances between the various authorities.

Relations between the cooperative and a third party as a result of an activity which deviates from the goals of the company or an activity which deviates from the jurisdiction of an organ functioning in the cooperative's name is also related to.

The legislation stipulates the right of the cooperative to make use of solutions available to it in case of violation of an obligation towards it in cases in which someone deviates from the goals stipulated in the procedural code.

**The General Meeting:** In larger cooperatives a meeting of trustees can take the place of the general meeting if it is so stated in the procedural code. The legislation preserves the principle according to which there is no possibility to diversify the voting rights of the members in the general meeting. The right to vote is not determined by the value of the shares and every member has one vote in the general meeting. The distinction between regular decisions which require a regular majority and special decisions that need a majority of at least three fourths of the votes counted was preserved. This is in accordance with the regulations of the procedural code which determine that a special decision needs a larger majority. For the first time, the possibility is suggested of holding a special meeting of owners of certain types of shares or types of members (type meetings) in the cooperative union. At such a meeting each member will have the right to vote as is stipulated in the procedural code.

**Administration:** Members of the administration are chosen from amongst the members of the cooperative or representatives of member organizations that are corporations. In this way the principle of "self administration", which is characteristic of cooperative unions, is preserved. However, the registrar is given the authority to appoint an appointed administration, if it happens that the administration of a certain cooperative is not functioning or neglects cooperative matters or in the case when an administration was not elected.

**Council:** In contrast to previous laws, the proposed legislation awards legal status to the cooperative council. The cooperative is authorized to determine in its procedural code that if the number of members exceeds that which has been stipulated in the procedural code, the council will take the place of the general meeting, on the condition that the general meeting meet at least once every four years.

### **Part Three - The Administration**

**Registration Office:** The existence of the registration office is very important for all the cooperatives and for the listing of the members of the cooperative by the registrar. The list is important for the cooperative and for third parties. This list serves, as previously mentioned, as tentative proof of that which is listed in it. The registrar is authorized to correct the list in accordance with the right to appeal.

**Accounts and Auditors:** This chapter includes regulations concerning the cooperative's financial accounts. The legislation changes the existing situation, stipulates that the cooperative's account auditors be professionals, and obligates the account auditors to be certified accountants.

The law also includes regulations regarding the auditing of accounts in cooperations which are controlled by the cooperative on the condition that the cooperative is a member of Brit Pikuach (the central auditing organization for cooperatives).

The registrar has the authority to appoint an accounts auditor for the cooperative if the auditing of the accounts and balance sheet do not satisfy the registrar.

**Investigation:** The registrar is authorized to appoint an investigator who will have the authority of an investigative commission according to the Law of Investigative Commissions 1968. An investigator who received information while carrying out an investigation in a cooperative must keep confidentiality and not reveal it other than to someone who is given that right by law.

## **Part Four - Membership**

The legislation retains the principle that a cooperative is open to members joining and does not permit the restriction of the number of members of the cooperative.

For the first time, the legislation allows for the creation of different types of members whose privileges and obligations will be stipulated in the procedural code. This is of course subject to the principle of equal voting at the general meeting.

An individual or cooperation possessing the qualities stipulated in the procedural code are eligible for membership in the primary cooperative.

Only cooperatives, or by the approval of the registrar, other cooperations, are eligible for membership in the central cooperative.

The legislation stipulates under which circumstances the membership of a member in the cooperative will be terminated.

## **Part Five - Cooperative Settlements**

**General Regulations:** General regulations were formulated for different types of cooperatives for settlements, of which the main points are detailed below.

- a. A cooperative which is a cooperative settlement is authorized to determine regulations relating to daily life in its procedural code.
- b. The transfer of ownership rights of a member who owns land in the territory of a cooperative which is a workers' settlement, a cooperative settlement, or a cooperative village, requires the consent of the cooperative.

In addition to these regulations special rules were formulated for different cooperatives.

**The Kibbutz:** The proposed legislation formulates special rules to guarantee the rights of the kibbutz to the land in its possession. The rights of a member who leaves may be determined by ordinances stipulated by the minister or by the kibbutz or by the kibbutz movement.

**Moshav:** This section defines the status of the "owner of an economic unit" and of a "resident" who is not a member of the cooperative. The cooperative does not usually allow someone who is not a member to benefit from its activities.

Over the past few years, worker's "moshavim" (settlements) have expanded according to the decisions of the Israel Lands Authority. This framework includes people who live in the extended settlement who are not members of the cooperative yet have the right to purchase land which is in the area of the extended moshav. In light of these changes, the proposed legislation includes a stipulation which authorizes the moshav ovdim to enter an agreement with a resident which determines the mutual privileges and obligations of both the residents and the cooperative in relation to the use of the lands which are legally possessed by the resident. It also relates to the transfer of these rights and to the services which will be provided by the moshav ovdim to both the resident and his family.

This section also includes regulations about voluntary cessation of membership. The owner of the economic unit will continue to be a member of the cooperative as long as he does not transfer the unit to someone else. In case of unreasonable refusal on the part of the cooperative to accept the person presented by the previous owner as a member, the previous owner is entitled to receive from the moshav ovdim the same amount for his economic unit as was offered to him by the potential buyer.

When a member either leaves of his own volition or is asked to leave, he is obligated to pay for services that he continues to receive from the cooperative. These regulations are essential in order to allow continual functioning of the cooperative.

**Cooperative Moshav:** The same regulations applying to a resident and the rules applying to the departure of a kibbutz member will also apply to the cooperative moshav.

**Singularity of a Cooperative:** The legislation proposes that a cooperative will not be established in a worker's moshav in addition to the cooperative which constitutes the moshav if in principle its goals are similar to that of the moshav. Although this may appear to be an infringement on the freedom to form a cooperative it is for a justifiable end and protects the continued existence of settlement cooperatives.

## **Part Six - Auditing and Assistance Organizations**

The legislation stipulates a regulation which guarantees the independence of auditing

and assist organizations from their members. The legislation likewise forbids the enactment of transactions with cooperatives who are members of them.

## **Part Seven - Cessation of the Cooperative**

The registrar is authorized to order the dissolution of a cooperative in a case where the cooperative decided on voluntary dissolution or when the findings of an investigation of the cooperative necessitate this action. The registrar will appoint a liquidator for the cooperative.

The dissolution of cooperative unions is essentially different from the dissolution of companies or other corporations because of the unique nature and characteristics of the cooperatives.

The dissolution of a cooperative can also be a way of rehabilitation, by appointing a liquidator to operate the cooperative. Current legislature has already recognized the need to order the debts of the cooperative unions in a special and different way than the ordering of the debts of other corporations. In the Family-Based Agricultural Unit Debt Arrangement Law of 1992 the "arrangement authority" was established which appointed rehabilitators for the cooperatives. Debt arrangements and rehabilitation of the cooperatives are undertaken with careful consideration of the unique nature of the cooperative unions. The dissolution of the cooperatives under the supervision of the registrar while granting the right of appeal to the regional court on his decisions constitutes an important contribution to the cooperative unions.

## **Part Eight - Cooperative Capital**

The legislation allows for the creation of different types of membership shares. The privileges which go with them are determined in the procedural code subject to the preservation of the principle of equal voting rights at the general meeting.

In order to protect the interests of the members of the cooperative and its debtors, a prohibition was stipulated which forbids transfer of any payment to a member which would decrease the value of membership shares capital unless the matter is permitted by the procedural code. The afore mentioned prohibition is not applicable when the payment is to a member for his work in the cooperative's company.

The proposed legislation states that a member's share can be sold according to the regulations of the procedural code. As to the distribution of dividends by the cooperative, the legislation stipulates that they will be distributed equally to all the shareholders on the basis of the number of member's shares owned by each member. The procedural code may, however, include a clause stating that if a certain member owns more shares than the amount which every member is required to own, he will not be entitled to

receive dividends on these additional shares, subject to the conditions and regulations stipulated concerning this matter in the procedural code.

### **Part Nine - Organizational Changes**

In contrast to the previous laws, the proposed legislation has formulated detailed directives concerning the merger of existing cooperatives or the transfer of properties and their debts to an existing cooperative while at the same time guaranteeing the rights of the members and the debtors.

Special regulations were also formulated which allow the cooperative to separate into a number of cooperatives. The proposed legislation also allows a company to reorganize as a cooperative.

### **Part Ten - Settling Disputes**

In the matter of disputes between the cooperative and a member or a former member or the representative of a member, or disputes between members of a cooperative which arise from membership in the cooperative and cooperative activities, the cooperative can formulate regulations in its procedural code dealing with the settling of disputes. Disputes can be settled by means of mediation according to the Mediation Act 5728-1969, or according to the regulations of the proposed legislation - by the registrar.

The regional court is authorized to cancel such a decision according to the legal priorities determined in the law if the court has granted the right of appeal to whoever was a side in the mediation. Decisions of the regional court can be appealed to the supreme court only in cases of legal questions.

### **Part Eleven - Holding Positions in the Cooperative**

A person holding a position in the cooperative is a member of the administration and another office which is determined by the administration of the cooperative. The legislation proposes to obligate anyone who holds a position in the cooperative to act in trust and good faith. "The responsibility of they who hold office", which is a supreme principle in company law, is for the first time imposed on cooperative position holders, as it is a corporation wherein people fulfil administrative roles in relation to the cooperative's property.

The cooperative is given the option of firing position holders for breach of basic caution towards it.

The cooperative is authorized to cancel an action done by the position holder towards another person if the person knew of a breach of trust on the part of the position holder. It may also demand just compensation from that same person for damages incurred

which are due the cooperative from the position holder, even without invalidating the action. The legislation provides the position holders with various privileges, including the right to receive payment for being members of the administration.

## **Part Twelve - Execution and Punishments**

Regulations were formulated which determine punishments for cooperatives which have committed legal transgressions in accordance with the degree of severity of the infringement.

In this section punishments were also determined for administrative members and position holders who did not fulfill their responsibility according to this legislation. A punishment was also set for a liquidator who broke the law, in accordance with the severity of the infringement.

## **Validity**

The legislation takes effect six months from the day of its publication. At the same time, article 49 of the legislation states that an existing cooperative will alter its procedural code if it has regulations which contradict the proposed legislation or do not correlate with it. This must be done within a year of the law's inception. If the cooperative did not correct its procedural code and it still has regulations which are in opposition to the legislation, preference will be given to the regulations of the legislation.



## **Cooperatives in Israel in a Free Market Economy**

The economic growth of the Israeli market is an established fact, for which various factors are responsible, among them, the peace agreements, and the willingness of many countries to buy merchandise, expertise, and agricultural products from Israel.

Israel has developed commercial economic ties with many countries. The most important of these are the trade agreements with the European Common Market, the trade agreements with the U.S.A., and agreements with other countries involving primarily mutual purchasing.

Israel possesses no natural resources, and has no advantage for agriculture.

Insofar as agriculture is concerned, due to the lack of water and the high cost of water supply, produce is expensive and it is difficult to compete with other countries.

Israel therefore has had to utilize computerized irrigation methods, choosing special, sophisticated kinds of crops, which are successfully grown and even exported.

Local agriculture has also run into many difficulties, the primary one of which is a result of the peace agreements, creating stiff competition between Israeli and Palestinian farmers.

The Palestinian farmers have, over the years, learned from their Israeli counterparts modern agricultural methods. The cost of labour is cheap in the Palestinian sector and there is no lack of workers. Therefore, a significant quantity of Israeli agricultural needs are met by Palestinian farmers from the West Bank and the Gaza Strip. This has resulted in a drop in the number of Israeli farmers.

Those farmers who remained involved in agriculture are primarily engaged in the exporting of crops such as flowers and organic fruits and vegetables.

Insofar as livestock is concerned Israel is basically self-sufficient. Subsidies are provided for milk products, eggs, and the raising of chickens. However, the importation of beef from the U.S.A. has been permitted.

It is therefore evident that in the existing economic situation the agricultural cooperative in Israel is faced with many difficulties, particularly competition on the free market.

The Knesset (Israeli parliament) and the government came to the aid of the agricultural cooperatives by passing the Family Agricultural Units Settlements Act 1993, which essentially erases part of the debt incurred and renegotiates the remainder over a 17-year period. In addition a special arrangement was made for the kibbutzim.

After solving the problem of outstanding debts and developing agricultural planning the farmers will be able to recover from this period. Seventy-five percent of them belong to agricultural cooperatives, and they grow eighty percent of Israel's agricultural produce.

Another law passed is the Mergers and Disbandments Act of 1994. The purpose of this law is to promote the merger or disbandment of companies in order to better compete in a free market economy, with the advantage of removing taxes on company mergers and disbandments when such moves encourage economic growth.

This law, passed to assist companies, was also applied to the cooperatives in order to enable them to compete in a free market economy.

In spite of the many difficulties that the Israeli cooperatives face within a free market economy, there has been no decrease in the number of cooperatives in Israel but in fact an increase.

Massive immigration from the eastern European countries and Russia has created problems of unemployment and has given rise to a number of new unions, specifically free-trade unions such as the Musician's Union, the Gardeners's Union, and the Building Contractors Union. Some new immigrants joined already existing unions.

## **Cooperatives in Israel**

Type of Society	Number of Societies
Kibbutz	284
Moshav Ovdim	353
Moshav Shitufi	43
Kfar Shitufi	78
General Agricultural Society	363
Agricultural Marketing and Supply	58
Water Supply	280
Agricultural Insurance	7
Producers	44
Services	59
Transport	22
Housing	168
Housing Services	8
Credit	13
Mutual Aid	17
Rural Community Settlements	176

*Cooperatives in Israel (cont.)*

Type of Society	Number of Societies
Provident and Pension Funds	32
Consumers	12
Audit Unions	8
Assistance Unions	16
Miscellaneous	4
Total	2040
Societies in process of liquidation	121
Total	2161

# **KIBBUTZ**

## **Facts and Figures**

### **The Kibbutz Movement**

The Kibbutz Movement is the largest communitarian movement in the world today. The first kibbutz was founded in 1910. By the end of 1993, there were 270 kibbutzim with a population of 126,003.

Each kibbutz is an autonomous unit, socially and economically, but there are strong bonds of co-operation and mutual help between them. These bonds have been formalized in national federations that coordinate activities of their member kibbutzim and provide them with economic, social, cultural and other services.

Each kibbutz is a distinct socioeconomic entity, based on the principle of a common purse. In that sense the kibbutz can be understood most easily as a large household shared by an entire community. The kibbutz is not a village, no public roads go through it, and in legal terms it is entirely private domain. The kibbutz community builds its life-pattern around shared social, cultural and economic activities.

The communal kitchen provides food for the community, and most meals are taken in the communal dining-room. In recent years some kibbutzim have experimented with changes in the system, including the transfer of some meals to members' apartments, but public opinion surveys continue to show that a large majority of the members are in favor of maintaining the communal dining-room. All of the kibbutz population live in housing provided by the kibbutz. While most consumption is in principle collective, the growing influence of consumerism has led to a redistribution of resources, with more money allocated to personal budgets in order to allow for greater individual choice. Most needed services are provided within the kibbutz, but increasingly are charged to personal budgets.

Economic operations are communally owned and run, making the kibbutz the most complete example of worker ownership and management. Work is a part of the kibbutz way of life, and is regarded as a vital means of personal involvement in the life of the community, but no cash value is put on it and no salaries are paid. Team-work is stressed in an atmosphere of informality, with minimal emphasis on status differences in role behavior. Advances in higher education and specialized or professional training have encouraged more members to find satisfying work outside of the kibbutz, but that phenomenon is still marginal.

The largest of the national federations is the United Kibbutz Movement, usually referred to by its Hebrew acronym TAKAM, with 60% of the total kibbutz population. The next largest is the Kibbutz Artzi, with 32% of the population. The third federation is the Kibbutz Dati (orthodox religious) with 6% of the population, and there are another two orthodox kibbutzim belonging to Pooley Agudat Israel.

*(Sources of data are the Cental Bureau of Statistics, Govt. of Israel, and organizations within the Kibbutz Movement.)*

## **KIBBUTZ POPULATION**

Year	Kibbutzim	Population
1910	First kibbutz founded.	
1920	12	805
1930	29	3,900
1940	82	26,550
1950	214	67,550
1960	229	77,950
1970	229	85,100
1980	225	111,200
1990	270	125,100
1991	270	129,300
1992	269	128,000
1993	270	126,100

## **GEOGRAPHICAL DISTRIBUTION (1993)**

Kibbutzim are scattered throughout Israel, but most are located in the northern valleys and Galilean mountains, as well as in the Negev desert to the south.

Area	Kibbutzim	%	Population	%
Galilee	57	21.2	27,200	21.6
Jordan Valley	20	7.4	10,300	8.2
Jezreel Valley	48	17.8	27,100	21.5
Golan Heights	10	3.7	2,400	1.9
Central Israel	51	18.9	27,900	22.1
Judean Hills	8	3.0	3,500	2.8
Negev	66	24.4	25,800	20.4
West Bank and Gaza	10	3.7	1,900	1.5
<b>Total</b>	<b>270</b>	<b>100.0</b>	<b>126,100</b>	<b>100.0</b>

### **KIBBUTZ POPULATION BY MOVEMENTS (1993)**

Movements	Number of Kibbutzim	Population	%
TAKAM	167	75,837	60.2
Kibbutz Artzi	84	40,622	32.2
Kibbutz Dati	17	8,025	6.4
Poeley Agudat Israel	2	1,579	1.2
Total	270	126,063	100.0

### **SOURCES OF POPULATION GROWTH 1985-1993**

Year	Natural Reproduction	Balance of Migration	Net Change	End of Year
1985	+2,300	+200	+2,500	125,200
1986	+2,200	-700	+1,500	126,700
1987	+1,900	-1,600	+300	127,000
1988	+1,700	-2,600	-900	126,100
1989	+1,500	-2,700	-1,200	124,900
1990	+1,500	-1,300	+200	125,100
1991	+1,300	+2,900	+4,200	129,300
1992	+1,400	-2,700	-1,300	128,000
1993	+1,200	-3,000	-1,800	126,100

## ALL KIBBUTZIM BY POPULATION SIZE (1993)

Population	Number of Kibbutzim	%	Total Population	%
1,000 or more	9	3.3	10,920	8.7
900-999	5	1.9	4,691	3.7
800-899	5	1.9	4,242	3.4
700-799	19	7.0	14,325	11.3
600-699	33	12.2	21,111	16.7
500-599	41	15.2	22,857	18.1
400-499	44	16.3	20,014	15.9
300-399	46	17.0	16,145	12.8
200-299	31	11.5	8,040	6.4
100-199	22	8.1	3,238	2.6
up to 199	40	14.9	4,860	3.8
<b>Total</b>	<b>270</b>	<b>100.0</b>	<b>126,063</b>	<b>100.0</b>

## CHANGES IN AGE STRUCTURE 1983-1993

(Percentages)

Years of Age	1983	1987	1993
0-14	31.3	30.0	27.3
15-24	17.6	19.2	19.8
25-34	16.7	14.4	13.9
35-44	12.2	14.1	12.9
45-54	6.9	7.3	9.9
55-64	6.2	5.7	5.7
65 and over	9.1	9.7	10.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Median Age</b>	<b>25.7</b>	<b>25.7</b>	<b>26.9</b>

## WHERE KIBBUTZ MEMBERS WORK (1992)

(Aged 15 and over)

Economic Branch	Men	(%)	Women	(%)
Agriculture and Fishing	14,400	36.6	4,700	12.2
Industry and Quarries	12,500	31.8	6,400	16.7
Construction and Utilities	800	2.0	100	0.3
Commerce and Tourism	2,600	6.6	4,800	12.5
Transport, Storage and Communication	700	1.8	2,900	7.5
Finance and Business Services	800	2.0	300	0.8
Community Services	3,100	7.9	10,600	27.6
Personal Services	4,300	11.0	8,600	22.4
	100	0.3	...	...
Total	39,300	100.0	38,400	100.0

## OCCUPATIONAL STRUCTURE (1992)

(Aged 15 and over)

Occupational Category	Percentages	
Scientific and Academic	3,600	4.6
Professional and Technical	11,100	14.3
Management	2,800	3.6
Clerical	9,400	12.1
Marketing	2,300	3.0
Services	17,000	21.9
Agriculture	13,400	17.2
Skilled Workers	13,200	17.0
Others	4,800	6.2
Unknown	100	0.1
Total	77,700	100.0



## EDUCATIONAL LEVELS OF LABOR FORCE (1992)

(Aged 15 and over)

Years of Schooling	Men	(%)	Women	(%)	Total	(%)
0-4	300	0.8	200	0.5	500	0.6
5-8	2,000	5.1	2,600	6.8	4,500	5.8
9-10	3,300	8.4	3,000	7.8	6,400	8.2
11-12	19,500	49.6	17,200	44.8	36,600	29.1
13-15	3,200	8.1	3,000	7.8	6,200	8.0
16 +	3,200	8.1	3,000	7.8	6,200	8.0
Unknown	400	1.0	400	1.0	900	1.2
<b>Total</b>	<b>39,300</b>	<b>100.0</b>	<b>38,400</b>	<b>100.0</b>	<b>77,700</b>	<b>100.0</b>

## KIBBUTZ AGRICULTURE (1992)

		All Israel	Kibbutz	Kibbutz Share (%)
Area Under Cultivation				
Irrigated	(acres)	453,589	189,784	41.8
Non-Irrigated	(acres)	428,843	147,748	34.5
Orchards				
Citrus	(acres)	83,458	10,823	13.0
Other	(acres)	131,686	29,235	22.2
Fish Ponds	(acres)	6,999	6,877	98.3
Cattle for Beef	(head)	98,920	35,452	35.8
Cattle for Milk	(head)	250,132	110,846	44.3
Cow's Milk	('000 litres)	948,683	495,955	52.3
Poultry	(tons)	151,889	62,508	41.2
Turkeys	(tons)	74,428	23,593	31.7

## The Kibbutz Movement Alliance

The Kibbutz Movement Alliance was founded in 1963 by the four kibbutz movements that existed at the time: Ihud Hakibbutzim Vehakvutsot, Hakibbutz Hameuhad, Hakkibutz Ha'artzi, and Hakibbutz Hadati. There were those who saw this alliance, which serves as an umbrella organization for the various kibbutz movements, as a possible opening for their eventual merger.

The Alliance's activities cover those areas of kibbutz work that can be carried out in common rather than separately in each movement.

When "Hakibbutz Hameuhad" and "Ihud Hakvutzot Vehakibbutzim" decided to merge into one movement - "Takam", the United Kibbutz Movement (1982), the Alliance met to discuss what its areas of activity would be. It was decided that the Alliance would function in those areas where there was absolute cooperation between the different movements and primarily represent them to outside bodies (the government, Histadrut, Kupat Holim (health fund), National Insurance, etc).

The following institutions are directly under the umbrella of the Alliance: the **Teacher's Training Academies** in Oranim and Tel Aviv in which thousands of future secondary and nursery school teachers are trained, the **Takam Mental Health Stations** (two central stations in Oranim and Tel Aviv and another seven regional stations), the **Rehabilitation Centre of the Kibbutz Movement**, the Institute for Research on the Kibbutz at Haifa University, and the **Institute of Kibbutz Education Research** at Oranim.

The Alliance, together with the Agricultural Centre, serves as an umbrella organization for kibbutz administration and agricultural training institutions like the Rupin college in Rehovot. Other regional colleges are currently in the process of being authorized to issue B.A. degrees.

The Alliance has an "**Economic Committee**" in which coordinators of the various kibbutz movements are regular participants. It deals with economic and agricultural matters in the kibbutzim. The committee is in constant communication with the "regional factories" all over the country, and is responsible for coordinating and dealing with matters related to housing in the kibbutz movements.

The "**Tax Committee**" also operates within the framework of the Alliance. Its junction is to deal with all matters relating to taxation (income tax, national insurance, property taxes, etc.)

The **Kibbutz Industries Union**, which numbers more than 400 factories of the kibbutz movement, serves as the representative of the Alliance in matters pertaining to industry. Related to it is the **Kibbutz Tourism Union** which currently numbers more than 30 guest houses and another 2500 guest rooms in the various kibbutzim. This branch has developed significantly over the past few years and has been extremely successful.

The **Joint Cultural Committee** of the Alliance is responsible for training and directing the cultural committees of the kibbutzim. It organizes the annual Cultural Coordinators Seminar, a two-week program. With the framework of the Joint Cultural Committee are the **Performances Department** which provides the kibbutzim with live entertainment and the **Festivals Department**.

The **Kibbutz Holidays Archives**, founded by Arye Ben Gurion of Bet Hashita, formerly situated in Bet Hashita, moved this year to Efal where it will become a "live", active institution training and instructing students, teachers, and people involved in art programs connected to the experience of Jewish holidays and festivals.

The Alliance and the Joint Cultural Committee operate nationwide workshops in literature, music, choir singing, photography, chess, Israeli dance, Israeli history and nature, publications editing, and the plastic arts, etc.

The Alliance manages the Kibbutz Gallery in Tel Aviv in which artists of the kibbutz movement and others exhibit their works in the fields of plastic art and drawing.

The Alliance is directly responsible for three kibbutz performance groups which have existed for tens of years.

The **Kibbutz Theater**, with about 35 actors, who stage performances within the framework of the "Arts for the People" (Omanut La'am) program and throughout the kibbutz movement.

The **Kibbutz Dance Troupe** has about 30 dancers under the direction of Yehudit Arnon. The troupe rehearses at Gaton and performs both in Israel and abroad. It is considered one of the best dance troupes in the country.

The **Kibbutz Chamber Orchestra**, with 36 musicians, is conducted by Doron Solomon and rehearses in Shefayim. It is about to mark 25 years since its inception. The orchestra also appears within the framework of "Omanut La'am" in regional concert halls, the "Tzavta" auditorium in Tel Aviv, and throughout the country.

The Alliance publishes "**Aley Siakh**" bi-annually. This collection of literature, poetry, and essays serves as a mouthpiece for writers in the kibbutzim and others, and provides reading material for literary workshops.

Within the framework of the Alliance are also included the **Kibbutz Writer's Union**, the **Kibbutz Artist and Sculptor's Union**, and the **Kibbutz Composer's Union**.

The Alliance, through its Music Department, is responsible for the Kibbutz Youth Orchestra, which has existed for over thirty years and meets three times a year for one-week conferences.

Three youth orchestras for children from grades 1-12 operate within this framework - symphonic, string, and wind. Two additional wind orchestras were begun this year for children from grades five and six in both the north and south of the country. In all, more than 200 children, the great majority of whom study in the regional council's music

studios, take part in this program. An annual conference is held together with the Kibbutz Chamber Orchestra.

The **Kibbutz Choir** numbering 80 children, meets three times a year, and has existed for 8 years.

The Alliance supervises and is connected to the **Music and Dance Studios** of the regional councils. The annual conference of the **Dance Studios** is a "Conference in Memory of Yair Shapira" of Nir David. There are also meetings and seminars in dance for teachers and students several times a year.

The Alliance has the following departments:

The **Health** department maintains a connection with kibbutz clinics, nurses, regional health coordinators, Kupat Holim health funds, and the Ministry of Health. It organizes an annual course for health coordinators. The "Dental Department" falls within this framework, and counsels the kibbutz dental clinics.

The **Senior Citizens Department** is responsible for the care of senior citizens in the kibbutzim and for developing "support houses" for the elderly people who can no longer care for themselves. This department is in touch with the Ministry of Health and the National Insurance Institute.

The **Cosmetics and Hairdressing Department** coordinates and trains cosmeticians and hairdressers in the kibbutzim.

The **I.D.F. Soldier's Adoption Program** handles placement of single (homeless) soldiers in the kibbutzim. There are currently 600 single soldiers in this framework.

The **Wounded Soldiers and Perpetuation of the Memory of Fallen Soldiers Department** cares for I.D.F. wounded and all matters relating to preserving the memory of the fallen.

The **Singles Department** organizes meetings and events for singles in the kibbutz movement, within kibbutz, regional, and national frameworks.

"**Ahada**" is a self-help organization for parents of special children in the kibbutzim.

The **Archives Department** holds courses and trains kibbutz archives people.

The **Publications Editors Department** holds courses and trains publications editors in the kibbutz movement.

The **Libraries Department** holds courses and trains librarians and assists in establishing and managing kibbutz and regional libraries.

The Alliance, together with "**Bayit Rishon Bamoledet**", ("First Home in the Homeland") handles absorption, study seminars, and conversion for immigrants.

The **Joint Education Committee** is especially active in matters related to nursery and elementary schools. Over the past years, these schools are undergoing mergers and changing from local to regional schools. Within this framework is the **Special Education**

**Department** active within schools and kindergartens. This department also provides for the care, instruction, and development of "Children's Divisions". Finally, there is also the **Technological Education Department**.

The **Drugs Department** is directly accountable to the Alliance. Its primary function is educational activities in the schools and kibbutzim geared towards drug prevention. It has regional coordinators. The department assists the Drug Addicts Rehabilitation and Care Centres located in Gesher Haziv and Harduf kibbutzim.

The Alliance is associated with the **Regional Councils Organization** and holds regular meetings with council heads and kibbutz members to deal with municipal and security matters within the framework of the Security Committee of the Agricultural Centre.

In light of the changes currently taking place in both the kibbutzim and the regional councils, it is necessary to find an efficient and intelligent way of concentrating additional functions within the framework of the Alliance and the regional councils, who are presently providing the kibbutzim with a wide range of services formerly provided to them by the kibbutz movements themselves.

# **Kibbutz Industries Association**

## **The Kibbutz**

The Kibbutz is the realization of the ideology of communal life. The first kibbutz was Degania, established in 1908 on the shores of the Sea of Galilee. Agriculture was the beginning. The Concept of "life on the land" was accomplished by draining swamps, trasforming the deserty into fertile farmland and by introducing new varieties of crops and modern methods of cattle and poultry breeding.

In order to achieve their objectives, the Kibbutz members began developing agro-machinery, equipment and systems which soon became profitable businesses in their own right. These enterprises served as the foundation for other industrial ventures,

There are 275 kibbutzim today, scattered throughout Israel from the Golan Heights in the north to the Red Sea in the south, most of them in the northern hills and valleys and in the Negev desert in the south.

The kibbutzim constitute 2.5% of Israel's population, yet their contribution to the national economy amounts to 40% in agriculture, 7% in industrial output, 9% in industrial export and 10% in tourism.

Industry today comprises about 70% of the total kibbutz production, the result of a gradual transition from agriculture to advanced industry.

## **Kibbutz Industries Main Data 1995 (est.)**

Number of Enterprises:	403
Total sales:	\$3.025 billion
Total Export:	\$1.135 billion
Investments:	\$204 million
Number of Employees:	24,600

## **The Kibbutz Industry**

Early in the thirties, some small industries appeared in several kibbutzim, mainly as extensions of agricultural operations, yet the significant industrial revolution took place during the second half of the 20th century.

Shortage of water and fertile land was one of the historical reasons for kibbutz industrialization, but not less significant were the emergence of a new industrial young generation, the reduction of the agricultural workforce due to mechanization and a national drive to promote modern industry in Israel.

The extent of the kibbutz industries is significant, with factories producing metal and electronics, plastic and rubber, processed food, optics and glass, textile and leather, medicine and chemicals, office supplies, quarries and building materials, toys, jewelry and musical instruments. The kibbutz industry's share in Israel industry amounts to 7% in sales, 9% in export, 7% in investments and 6.5% in industrial employment.

Estimated sales in 1995 total \$3 billion, including exports \$1.1 billion, representing a 17% growth in real terms as compared to 1994. The leading branches of Kibbutz industry are plastic and rubber (33% of total sales), metal (17.5% of total sales), and food (17% of total sales). The kibbutz industries export 37.5% of their production, compared to a national average of about 25% of sales. The leading exporters among the kibbutz industries are plastic and rubber (66% of national export) and food (25% of national export).

## **Investments**

The Kibbutz Industry maintains a high level of investments, reaching an estimate of \$204 million in 1995.

These investments were allocated for the erection of new enterprises, for the renewal and modernization of existing plants and for the assurance of continually high quality products.

The typical factory has until now been fully owned by an individual kibbutz or in joint partnership between several kibbutzim.

The large investments required for expansion and implementation of innovations on the one hand and the increasing costs of competitive marketing on the other, have recently forced the kibbutz industries to consider joint ventures and strategic partnerships with external (foreign and local), potential investors and partners.

## **R&D**

Enjoying a high degree of innovation, the kibbutz industries invest large sums in research and development each year. Many projects are started every year, some of them in collaboration with a leading Israeli scientific institute such as the Weizmann Institute of Science in Rehovot, The Hebrew University of Jerusalem and others.

Other enterprises, recognized as National Projects, receive the assistance of the Chief Scientist at the Ministry of Industry and Trade.

R&D in the Kibbutz industry started with the improvement of agricultural technologies and in fact made some of its innovations world renown, namely in irrigation methods and systems, highlighted by the drip irrigation.

R&D today covers all areas of kibbutz industry production, from machinery to

packaging, from wood to textile, from chemistry to biotechnology, electro-optics, agro-technology and others,

## **Human Resources**

Being science-oriented and capital intensive, the kibbutz industries require highly qualified manpower,

The kibbutz industry therefore, enjoys a highly motivated workforce, whose education, skills and training are higher than the average in Israel's industrial sector.

To this group of people - who are employees, managers and owners at the same time - the kibbutz industry offers challenge, sophistication and commitment.

Due to this peculiar structure, a kibbutz enterprise cannot go bankrupt or on strike. Therefore, the ideal human relations, cooperative and participatory management is not a slogan but reality.

## **The kibbutz Industries Association (KIA)**

The Kibbutz Industries Association (KIA) is a voluntary organization established in 1962. It represents over 130,000 people and more than 400 industrial enterprises from all the kibbutz movements.

KIA's Board of Directors is appointed by the three kibbutz movements. The executive management consists of division officers plus department managers. All KIA's executives and officers are kibbutz members, who are rotated every four to five years.

KIA performs a wide range of functions:

### **Representation**

The Association serves as a liaison office with the government and its agencies as well as with public and private sectors and institutions:

- The Knesset (Israel Parliament) and its executive committees.
- The Ministries of Finance, Industry and Trade, Economy, Science and Technology, Agriculture, Foreign Affairs and others.
- The Bank of Israel.
- The Manufacturers' Association of Israel.
- The Israel Export Institute.
- Hevrat Ovdim (The economic arm of Israel Labor Federation).
- The Israel Standards Institute.



## **Coordination**

KIA's executive committee acts as an advisory board and as a liaison office for the kibbutz industry investments.

KIA evaluates new projects and helps in securing governmental assistance.

KIA serves as a coordinator and information center for private and institutional investors (local and international) seeking cooperation with kibbutz industries.

KIA assists Kibbutz industries in R&D initiatives and assures cooperation with the Chief Scientist, other R&D fund and research institutes.

## **Counseling**

KIA's advisory staff has accumulated expertise and serves as consultants in diverse areas such as customs and tariffs, export and access to new markets, organization and management, human resources, quality assurance, automation and robotization and others.

## **Training and Seminars**

Diverse training programs are organized by KIA's different departments, spanning from one-day to 3 months advanced industrial management courses. These programs include: industrial economics; export, marketing and sales; structural and managerial changes; organizational restructure; employee motivation, promotion and others.

## **Communications and Public Relations**

Serving as a link between the kibbutz industries, the business community and the media, KIA constantly keeps local and foreign media informed on new trends and developments, ventures and projects taking place in the kibbutz industrial enterprises.

Annual and periodical publications are an additional tool for updating target audiences locally and abroad.

## **Incentives for Investments in Israel**

Benefits granted to enterprises located in development zones:

The majority of the kibbutzim's industrial enterprises are located in Development A Zones, many others in Development B Zones, benefits granted within the framework of these zones are:

### **Investment in Approved Enterprises:**

Four paths are available:

- A grant (34% in zone A, 17% in zone B).
- An alternative path (total tax exemption for a period of 10 years).
- Government guarantee (for 2/3 of the approved investment in addition to certain tax exemption).
- Combined path (a combination of a grant and government guarantee).

### **The Fund for Industrial Research and Development:**

The fund allocates grants of up to 66 percent of the amounts to be invested; according to classification of development zone and depending on the nature, character and category of the development plan.

### **Additional Benefits:**

- Incentives for export sales.
- Tax returns on imports for export.
- Fund for the encouragement of small business enterprises.
- Free tutorage to small enterprises.

### **Further details information is available at KIA:**

The Kibbutz Industries Association

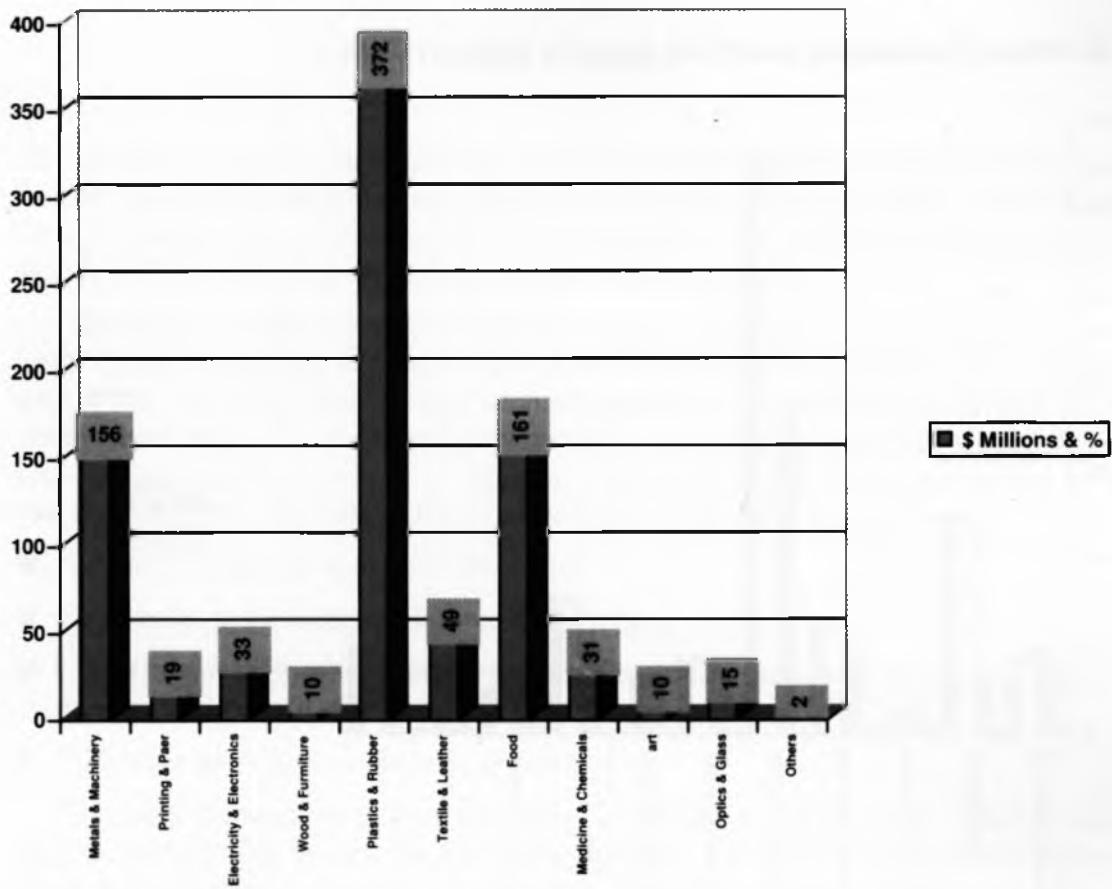
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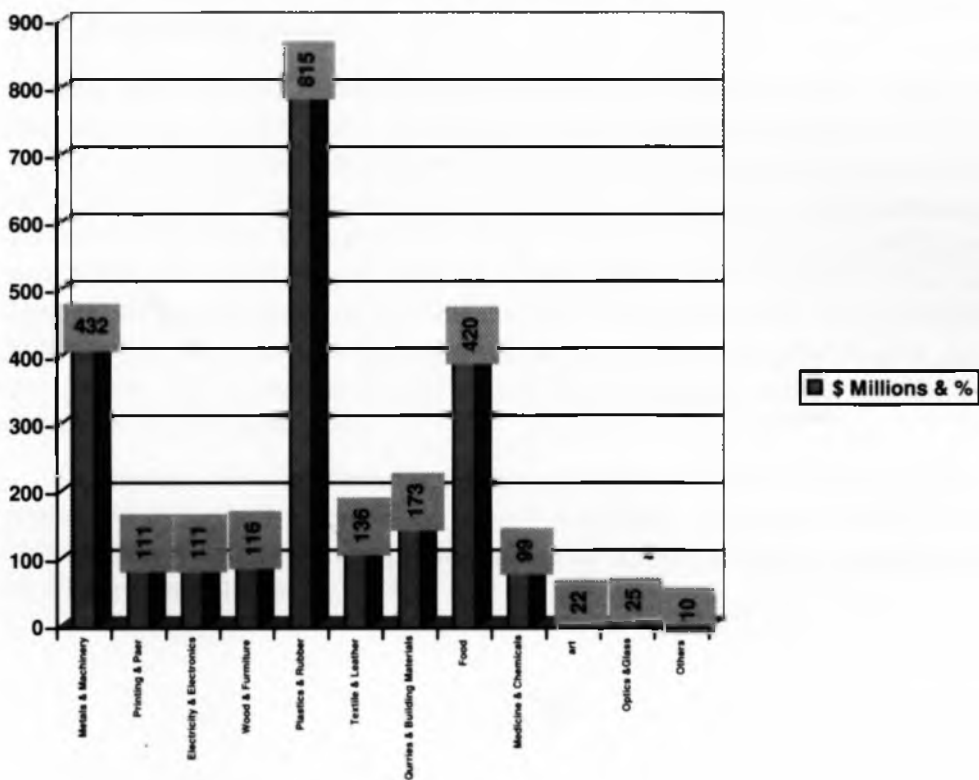
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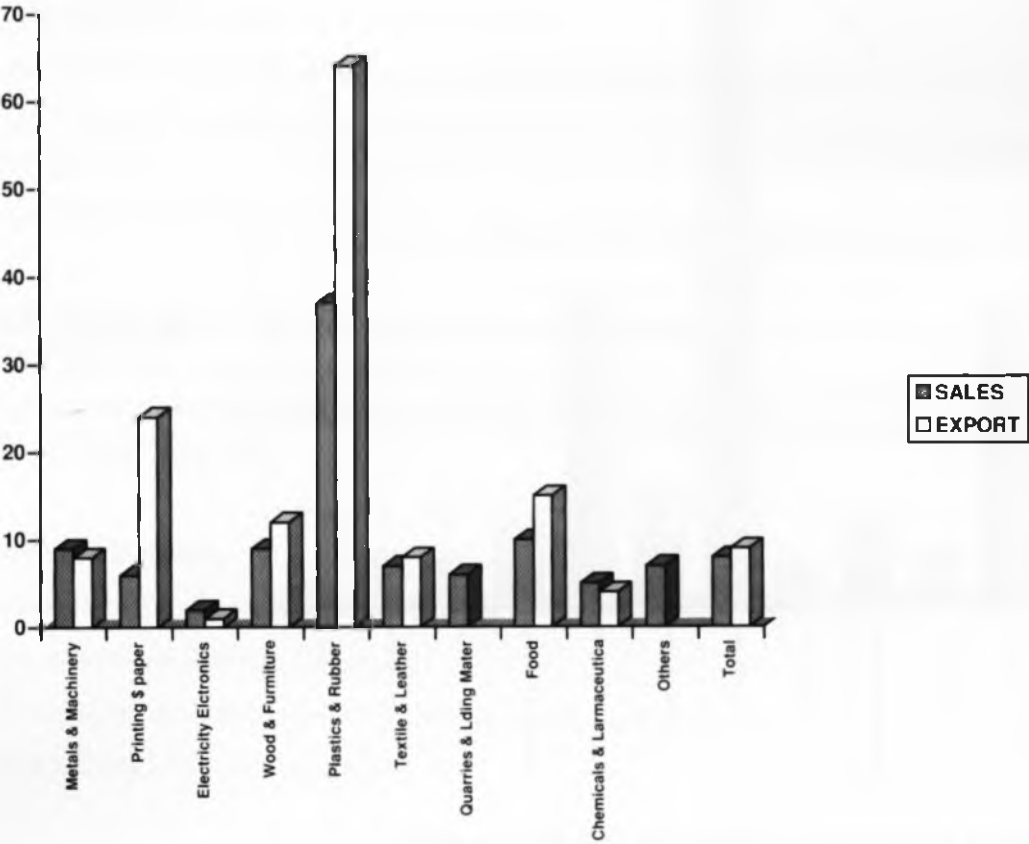
## Kibbutz Industries - Exports by Sectors (1994)



## Kibbutz Industries - Sales by Sectors (1994)



### Kibbutz Industries share of Israel's Industry (%)



## **The Moshav**

The Moshav is a rural village of some 60-100 families. Each family maintains its own household, farms its own land and earns its income from what it produces. At the same time, it belongs to the moshav's collective framework, which handles all marketing and supply and provides educational, health and cultural services.

The Moshav concept was developed by young Jews from Eastern Europe who came in the early 20th century to resettle their ancient homeland, then a neglected and barren part of the Ottoman Empire. These pioneers wanted to become farmers, a profession denied them in their former countries of residence, and strove to build a new agricultural society based on the principles of equality, social justice and mutual aid. In line with this ideology, they established the moshav based on the following precepts:

- National ownership of the moshav's land.
- The family as the basic work force of each farm.
- Commitment by moshav members to provide mutual aid within the community for the common benefit of all.
- Collective marketing and means of production.

The early pioneers were faced with many hardships, but gradually tin shacks made way for comfortable houses and flickering oil lamps were replaced by electric lights. Modern agricultural machinery and irrigation systems supplanted spades and rubber hoses, and once arid land bloomed and bore fruit.

## **The Expansion Years**

The first moshav, Nahalal, was established in 1921. When Israel attained its independence in 1948, some 58 moshavim were situated throughout the country. In the 1950s, over 600,000 Jewish refugees from Arab lands, along with thousands of survivors of the Holocaust in Europe, arrived in Israel. For many, agrarian life offered opportunities for a new beginning. With extensive help from members of existing settlements, former merchants and shopkeepers from the urban ghettos of the Middle East and Eastern Europe settled hundreds of new moshavim. The spread of these agricultural villages contributed much to transforming the desert of the northern Negev into a green, prosperous region and the barren hills of the Jerusalem corridor and the Galilee into profitable agricultural land.

During the following decades, additional moshavim were founded. Today, although populated by only 3.4 percent of Israel's population of over 5 million, the country's approximately 450 moshavim produce about 44 percent of the total output and 55 percent of all agricultural exports.

## **The Land**

Moshavim are built on state land, leased from the National Land Authority for a 49-year period. As the contract for each family farm, in which the husband and wife are equal partners, is extended automatically, the land may be bequeathed in its entirety to one heir, but may not be divided among several heirs. Land in each moshav is allocated so that holdings are identical in size and similar in quality, to provide equal opportunity for all and to enable the family to work its land without hiring outside labor.

The size of land allotments granted to a moshav differs in various regions of the country, depending on the type of farming undertaken and the amount of water available of irrigation, but within each moshav the land is always divided equally.

On the whole, agriculture is the mainstay of the moshav economy. Advanced methods in specialized agriculture suitable for family farms have been developed in Israel for dairy farming, poultry, orchards, field crops and hothouses for growing vegetables and flowers. Although each family is free to decide how to work its land, it usually follows countrywide guidelines based on current market supply and demand, choosing the projects which best utilize its available manpower from a range of possibilities.

## **Administration**

The moshav is a democratic, self-governing community based on the concept of delegation of authority. Its highest authority is the General Assembly, made up of all its members. An annual meeting of the Assembly debates moshav affairs and elects a council, which serves as the executive arm of the community, handling both its economic and municipal affairs. To augment the council, the General Assembly also elects committees to deal with farm matters, health, education, culture and the absorption of newcomers.

All moshav members are eligible to vote and be elected to the council and committees. In addition to these voluntary positions, the moshav has at least two salaried employees: one who deals with government agencies, banks and marketing organizations; and one responsible for matters concerning the village's daily life.

## **Cooperation**

Each family in the moshav is an independent economic unit, while all members of each village constitute the cooperative. Thus the moshav family lives in a society unique in its synthesis of individual and communal life. The cooperative function as the moshav's economic corporation.

As a producer-cooperative, the moshav markets each member's agricultural produce through a central marketing cooperative. The proceeds from sales are forwarded to the moshav's accounting office, which in turn credits each member family with its share.

As a consumer-cooperative, the moshav is affiliated with a cooperative wholesale organization where it buys groceries, farm supplies, housewares and the like, which it then sells at the moshav store, debiting members for goods purchased. At the end of the month, each member family is informed of its current balance. Credit is extended for operating and developing the farm as well as for personal expenses.

The moshav cooperative finances its operation with funds derived from direct taxation of its members, commissions for the sale of produce and payment by members of services, use of facilities and entertainment brought in from outside the moshav.

## **Adapting Goals to Changing Times**

Over the decades and especially since the 1980s, some of the founding principles of the moshav have had to be revised to meet the challenges of economic reorganization and changing social demands.

The principle of self-sufficiency of labor has been gradually violated as the early tradition of mixed farming was replaced by specialized agriculture, necessitating the employment of many workers during certain seasons of the year.

Contrary to the original precept that farming the land was a condition of moshav membership, in recent years people have been accepted as members who are not engaged in agriculture, because of the need to enlarge the settlement to accommodate the next generation, in addition to the heir, and to ensure adequate services at a reasonable cost. Today encouragement is also given to farmers wishing to augment their income by diversifying their efforts through alternative projects such as home industries, small workshops and tourist enterprises.

Furthermore, the precept of mutual aid, including communal responsibility for members debts which in the past was one of the trademarks of moshav life, broke down in times of crisis and is rapidly disappearing.

In order to adjust to current demands without giving up the moshav framework, the Moshav Movement has proposed separating the economic and municipal cooperatives: the agricultural cooperative would be made up of farmers only and would deal with economic issues as in the past, while the municipal cooperative would be linked to all the inhabitants residing in the moshav and would deal with matters concerning the whole community.

## **Lifestyle**

Moshav life is characterized by a spirit of community, while at the same time respecting the individuality of members within their private family environment, which may embrace three generations under one roof.

The moshav structure serves to foster the principle of shared responsibility through facilities and services for its members. Every moshav has its own preschool and kindergarten. Primary and secondary education is provided either within the moshav or through a regional school system, including agricultural high schools. Most vilages have their own medical clinic which is affiliated with a regional health center, and all members are covered by health insurance.

The focus of the moshav's social and cultural life is its community center where a wide range of activities such as enrichment courses, art exhibits, entertainment events and youth programs take place. Traditional holidays are usually celebrated within the family, while national holidays are community affairs in which moshav choirs, dance troupes, orchestras and dramatic groups may participate. Cultural productions brought in from outside the moshav and excursions to nearby cities for plays and concerts are also offered from time to time.

### **Moshav Shitufi** (Collective Moshav)

About 50 of Israel's some 450 moshavim are structured as a collective in all matters concerning the settlement's property, administration, work and mutual aid. While the family is considered an independent unit, the land, means of production, buildings and agricultural or industrial products belong to the moshav as a whole. Work is done collectively, with a labor committee assigning tasks to each member. The collective is responsible for the economic well-being, health, education and cultural needs of the members. Each family receives a monthly allowance to cover expenses for food and clothing.

### **The Moshav Movement**

Each moshav belongs to one of several moshav movements, organized according to their respective political outlooks. These movements are united under the aegis of an inter-moshav committee which represents all the moshavim in negotiations with the government on matters of policy and prices.

In addition to their role as advocates for the professional and economic interests of their constituency, the movements also operate ongoing projects such as agricultural research centers, teachers training seminaries and centralized vocational scholls, as well as attending to the religious needs of all the moshavim. They have contributed significantly to the country's overall development by settling and cultivating large areas of previously unproductive land and by integrating many thousands of immigrants from a wide range of backgrounds into a new way of life.

Moshav members serve in government institutions such as the Knesset (Israel's parliament), various ministries and technical agencies, and are active in voluntary organizations, including trade unions, political parties and professional societies.



## **International Cooperation**

The moshav model, which combines the individual enterprise of the traditional farmer with economic and social cooperation, has attracted widespread interest abroad. Through a broad range of joint programs, moshav farmers share their accumulated experience and modern agricultural technology with farmers in the developing countries of Asia, Africa and Latin America.

## **Haikhud Hakhaklai - Agricultural Settlements Union**

Haikhud Hakhaklai is an agricultural settlement organization uniting 78 societies and farming settlements.

The settlements of Haikhud Hakhaklai are spread all over the country, from Neve Ativ in the north, through Neot Hakikar and Ein Hatzeva in the Arava, to settlements in Pithat Shalom and the Jordan Valley.

Haikhud Hakhaklai includes settlements from all the periods of settling the land: middle class settlements set up in the early thirties, immigrant settlements set up after the establishment of the state, and new settlements in peripheral areas of the state of Israel.

The structure of Haikhud Hakhaklai settlement varies. They include the moshav shitufi, the cooperative village, "Agra" - a society in the moshava, other types of agricultural and rural cooperative societies, industrial villages in the Gallilee and the Golan, as well as farming settlements based on intensive-growth crops for export located in the south of the country.

The main branches on Haikhud Hakhaklai settlements are: plantation, (citrus, groves, subtropical and others), livestock - such as all types of poultry breeding and cattle breeding plus field crops, flowers, export-oriented crops, craft industries, services, tourism, and industrial enterprises.

Haikhud Hakhaklai is an independant farmers' movement, based on freely agreed upon cooperation and the freedom of the individual, while maintaining the central role of the mother organization.

Every settler of Haikhud Hakhaklai enjoys freedom in matters of religion and conscience, and he is entitled to his political opinions and ideological beliefs.

Haikhud Hakhaklai stands for cooperation between all of the settlement movements and establishes organizational structures for local, regional, and central societies for the sake of member's welfare based on mutual interests.

Being an independent organization, Haikhud Hakhaklai is able to represent the real interests of the farmers and of it's member societies in a relevant, trustworthy and efficient way, within the various institutions dealing with issues of settlement, farming, housing and cooperatives at the municipal level and in any other matter relating to the farmers and the settlements.

An all-out effort is made and much attention is given by Haikhud Hakhaklai to means of production, water and land problems, and consolidation of new settlements with assistance in organization and guidance.

Haikhud Hakhaklai has a flexible framework of organization, adjusting to the various and changing needs of agriculture and settlement, and maintaining the agricultural-

settlement goal of the settlement while at the same time absorbing the next generation, and merging the various economic branches into one organic unit.

## **Agriculture and Autonomy**

The government of Israel is working towards the advancement of the peace process, which the citizens of Israel are anxiously awaiting. In the framework of the process, and as an interim phase, the Palestinian inhabitants of Judea, Samaria, and the Gaza Strip, will receive autonomy.

It appears that the autonomy will operate on the basis of free and open borders, and it will allow the movement of products and services between Israel and Judea, Samaria and Gaza.

The operation of autonomy will have certain consequences on Israel's economy in the industrial and agricultural fields. In the industrial field, Israeli knowledge will retain its superiority in most of the branches, due to three main reasons:

- a. The gap in the size and market between the Israeli and Palestinian industries is 1:20. Approximately 60 billion dollars in Israel, and approximately 3 billion dollars in Judea, Samaria, and Gaza - a relatively small market.
- b. The Israeli industry is for the most part sophisticated and is based on knowledge and expertise which is kept secret and is not readily accessible to all and sundry.
- c. Standardization exists for most of the products in the industry.

The situation in agriculture is fundamentally different:

- a. The size ratio between the Israeli and Palestinian markets is 1:5. Israel has approx. 3 billion dollars and the Palestinians have 0.5 billion dollars.
- b. The advanced knowledge and technology of Israeli agriculture are available to everyone, and techniques are immediately copied by the Palestinian farmers. The Palestinian agricultural councilors know many systems which they learned in Israeli institutions, and through the Israeli ministry of agriculture.
- c. The occupation of agriculture amongst the Palestinians is an accepted part of their life style, and carries a unique weight.
- d. Palestinians have access to cheap labor.
- e. Due to a relatively low standard of living, the salary is a minimal component in agricultural expenditures.

Due to the afore mentioned reasons and many others, agriculture and farmers in Israel may be adversely affected. It is sufficient to point out the significant developments in the agricultural branches in the Palestinian sector in the last few years, at a rate of 10% per year. An especially impressive development took place in the branches of

livestock and vegetables, which reached a growth rate in 1991 of 25%. The main importance of agricultural settlements in Israel, aside from the basic purpose of supplying food, is the retainment of state lands, cultivating and settling them.

Even today, transfer of products and services already exists, albeit in a limited fashion, secretly or openly, mainly of vegetables and poultry products. The limitations which are placed today by the councils and the Ministry of Agriculture, prevents the Israeli market from being flooded with vegetables or poultry products.

With the implementation of autonomy and the opening of the borders for free transport of goods, Israeli agriculture will be subject to fierce competition, which will erode the ground from under it's feet. This competition will reduce the prices of agricultural products, something which the consumer will benefit from in the short term, and which will cause additional farmers to leave the agricultural field.

This exit of farmers could bring about the neglect of lands, and the cessation of work in the branches of vegetables, fruit and citrus. This is the beginning of a process which could bring about, in a decade or so the situation wherein a large proportion of state lands will be farmed by Palestinians.

The situation described above does not justify halting the peace process, but it is obligatory for the government of Israel to prepare itself for what is yet to come and to reduce the amount of expected damage as much as possible. Reduction of the damage or it's prevention is definitely possible if the government, the Ministry of Agriculture, and the farmers will be adequately prepared. In the framework of this preparation criteria and limits should be established, which will make things more difficult for our competitors. Strengthening the agricultural sectors which have production allowances by preserving the plan, and giving financial assistance as a means of helping implement the plan will help retain a competitive edge.

Improvement of the marketing system and standardization of agricultural products could be beneficial, and it is also important to increase and enforce the laws and restrictions of the transportation of animals and their by-products. Other methods include applying sanitary requirements and encouraging the Palestinian farmers to export their products to neighboring and other Arab countries.

The Israeli closure of the territories demonstrated the dependancy of Israeli agriculture and other branches of the economy on the Palestinian laborers. Their availability, their ready employment, and the Israeli's lack of desire and motivation to work in agriculture combine to form the main reasons for this dependance.

A change in government policy which was recently implemented in the field of work and employment of the Palestinian labourers from Judea, Samaria and Gaza significantly decreases the availability of workers from the territories. This situation of not employing them will bring about a partial replacement with Israeli workers with lower production levels. The expected results of this are a wage increase in agriculture, and a rise in the prices of some of the agricultural products.

The importance of guaranteeing an employment slot for the Israeli workers is more serious today than ever before. This will enable the Israeli market to be reorganized and adapted to a different market structure which will be based more on mechanization and automation and less on Palestinian manpower from Yesha. This will be done by increasing the professionalism and attractiveness which will draw Israeli workers to the field.

This article is meant to shed light on the agricultural situation and to raise awareness. There are doubts as to whether the government offices, production councils, and the agricultural unions are prepared for the future. There are however some steps which are being taken today, such as the cancellation of production ceilings, which will make it easier in the future for Palestinian agriculture to reign superior over Israeli agriculture, and will result in pulling the rug out from under Israeli farmers and agriculture.

Therefore a national interest policy must be made today in the agricultural branch which will serve the national targets of Israel, even though parts of it may differ from free trade principles.

## Herut-Betar Settlements

The Cooperative Centre of Herut-Betar Settlements was founded in 1949 by settlements whose founders were soldiers discharged from the Etzel (National Military Organization) and its brigade, Betar and Nakhalt Jabotinsky graduates. The Centre currently functions through the following bodies:

- Herut-Betar settlement movement
- Herut-Betar settlements factories
- Khotam - Education and Culture in Herut-Betar Settlements.
- Acquisitions and holdings of Herut Betar settlements
- Herut Betar Settlements Fund
- Herut-Betar Settlements Purchasing Organization
- Scholarship fund in memory of Fruma and Nachum Mikovsky (Miloh).
- Herut settlements scholarship fund for high school students.

Thirty-two agricultural and communal settlements, two Nakhla settlements, and three accompanying Oved Leumi settlements are united in the Cooperative Centre. In the past decade the number of Herut Betar settlements has doubled. The Centre established settlements, mainly in Judea, Samaria and the Golan. In these settlements a new generation grew up and was educated in the love of the land of Israel, and in the necessity of maintaining and increasing her security. In the present decade we are involved in expanding the present settlements by doubling and tripling the number of families in each settlement. This process of expansion also includes existing agricultural settlements. As a result of the blessed present immigration, the wave of settlement will be increased all over Israel, with the help and encouragement of the government which will continue to direct resources to the growth and expansion of existing settlements, and future settlements which will arise all over Israel.

The last few years have been characterized by the crisis which has affected the agricultural settlements across the country. This crisis has caused wide cracks in the immunity of the agricultural system, and brought serious damage to the settlements. Because of this, many settlements recognize the need to make organizational changes. The intention is to expand the number of non-agricultural families by creating municipal frameworks of which agricultural societies will also be a part. The Herut Betar settlements will continue, together with the wonderful population of settlers, to strengthen and advance the movement's settlements across Israel.

With the change of government two years ago, and the implementation of government policies with altered priorities as regarding matters connected with settlement in Judea, Samaria and Gaza, the settlers in these areas entered a period of uncertainty which

affects their ability to lead normal lives. In addition to this the exaggerated concessions the government made in the framework of implementing autonomy, Gaza and Jericho First, brought the settlers to a position of helplessness. The settlement block together with the national camp and the Centre are making every possible effort to ease their situation in these difficult times. The following are a number of subjects which have been dealt with during the past year by the department workers and the Centre's leadership in the agricultural and settlement sectors together with the Agricultural Centre, the inter-moshav committee, and the agricultural lobby in the Knesset.

a. **Moshav Debt Arrangement.** All of the settlements have passed initial phase of evaluation by the comptrollers. At the end of February 1994 regulations were authorized and publicized by the finance Committee of the Knesset regarding remuneration ability. In addition the regulations concerning the use of non-agricultural properties are almost at the final stage of consolidation. Two bodies connected to the Herut Betar settlements that have not yet entered into the moshav arrangement are the Aluna Union and the Bakhan Audit Union. A number of settlements have completed arrangements with the comptroller.

b. **Registration of houses in member's names.** After three years of negotiations between the movements, the Planning Authority and the Israel Lands Authority, the following topics have been approved:

1. Alteration of the designated purpose of the land.
2. Registration of houses in moshavim shitufim in members' names.

For the past few months, the Authority has been preparing a contract that sets in order the type of registration involved and the contract commitment agreed upon between the settler and the Authority. Of course, this is dependant on the moshav shitufi's desire to expand and absorb additional families as residents who have no involvement in the agricultural or production side of the settlement.

c. **Autonomy.** There is no doubt that as a result of the agreements reached with the Palestinians, and the Gat agreements with the European common market, the first ones to be adversely affected are members of the agricultural community. The first branches to be hurt are the poultry branches, vegetables, and agricultural export to Europe. As a result of this, we expect many families to leave agriculture in the next few years. We hope that after exhaustive negotiations in the framework of the Agricultural Centre, in the name of all the movements, the Ministry of Finance will find a way to reimburse the farmers for their loss of income.

d. **Completion of building and infrastructures.** When the government changed, many people feared that completion of building and development of building sites in the settlements would come to a halt. In reality, despite all the declarations of decision makers, practically all the work in Herut settlements is nearing completion. The connection to the electric grid and similar necessities are in the final stages. Likewise, in spite of the cessation of incentives and grants to settlements beyond the green line,

there is a continuation in the absorption of new families in Judea, Samaria, and the Golan Heights.

e. **Employment in the settlements.** One of the problems connected with communal settlements is employment. Together with the Settlement Department and within the framework of the budget made available to each settler, we are presently encouraging initiatives for families who have projects and want to develop employment in their place of residence. We are talking about branches such as summer resorts, tourism, and industry.

f. **Settlement expansion:** Most of our settlements have decided to expand by absorbing families as residents. Of course this necessitates the establishment of a municipal union alongside the existing agricultural union. Moshav Nordia is actually implementing this decision. In spite of the decision, the rest of the moshavim are approaching the decision with caution, due to fears about losing their control of the administration of the agricultural society, by expansion of the settlements by non-agricultural residents.

g. **Highway number 6.** This road which cuts across all of Israel will be paved across the entire length of the country, from Beer Sheva in the south to Rosh Hanikra and the Upper Galilee in the north. The paving of the road will cause over 100,000 dunams of agricultural land to be destroyed. The project necessitates regional and local organization in order to protect agricultural interests which are already in a severe crisis. It is important that we know how to use this project as a financial stimulus for creating places of employment, road services, and industrial areas for those settlements who will be adversely affected by the expropriation of lands.

In conclusion, these are the main subjects which continue daily to occupy the agricultural population.

## **Movement Institutions**

### **1. Herut-Betar Settlements and Herut Settlement Enterprises**

Through regional Centres, the following services are available to the settlements and societies:

- a. The centralization of an acceptance committee for to accept new settlers to the settlements.
- b. Participation in administrative and society meetings.
- c. Representation of the settlements and the settlers to institutions and organizations such as: government offices, the Settlement Division, the Jewish Agency, regional councils, production council, the Planning Authority, and the Israeli Lands Authority.
- d. Accompanying the societies to the comptroller in the matter of the moshav debts arrangement.



- e. Representation to appeal committees of the Settlement Division and the Jewish Agency in the following matters: discussions about accepting members, giving over of plantations, or appeals about settler's budgets.

## **2. Khotam - Education and Culture**

This non-profit organization develops and subsidizes educational and cultural activities in the settlements, such as:

- a. Participation in holidays, parties and events, and in land dedication ceremonies and their expenses.
- b. Distribution of assistance and equipment to the needy within the settlements.
- d. Participation in the purchasing of furniture and equipment of the recreation halls.

## **3. Properties and Holdings**

The Properties and Holdings company provides bookkeeping services for the societies, the settlements and the institutions.

## **4. Herut Settlements Fund**

- a. Coordinates the Kupat Holim health fund payments for the national workers.
- b. Provides easy term loans for societies and members.
- c. Provides life and other insurance services to the societies and settlers.

## **5. Herut-Betar Settlements Purchasing Organization**

Since the moshav crisis began, the organization stopped providing services to the settlements, and mainly concentrates its activities in the last few years in collecting debts from the societies for the comptroller.

## **6. Herut-Betar Scholarship Fund**

The fund discusses and authorizes requests for high school scholarships for Herut settlement members.

## **7. The Fruma and Nachum Milikovsky Memorial Scholarship Fund**

Every two years the fund discusses and approves scholarships for students attending institutions of higher education who are members of the Herut Betar settlements.

Thirty seven agricultural and communal settlements are united in the cooperative Centre. In the last decade the department established settlements in Judea, Samaria, and the Golan Heights. In these settlements a new generation of children grew up and were educated to love the land of Israel, and to appreciate the necessity of strengthening and increasing her security. The following subjects are those which have occupied daily the populations of settlers and farmers:

1. The continuing crisis in agriculture the last few years, which with the implementation of autonomy will intensify mainly in the branches of field crops and livestock.
2. The signing of the agreement with the PLO and the implementation of this agreement in Gaza and Jericho First, and its influence on the continuation of settlement in Judea, Samaria, the Golan Heights, the Jordan Valley, and Gush Katif, in the future.
3. The completion of the moshavim's debt arrangement.
4. The influence of Ruling 553 of the Authority on the societies (change in land designation).
5. The influence of T.M.H. 21 on settlements wishing to expand.
6. The Ministry of Housing's budget for erecting public buildings in the settlements.
7. The proposal to amend section 32 of the Cooperative Societies Act in relation to the standing of settler's children.
8. The proposal to amend section 91A of the Regional Councils Ordinance of 1958.

## **The Moshavim of "Haoved Hazioni"**

In 1996 the Moshav Organization of "Haoved Hazioni" numbered 26 moshavim, of which the main feature is being open to new ways of life and to integration of industry and tourism into the moshavim. The success of the "Haoved Hazioni moshavim in full integration of all communities. as well as in full economic integration with the other settlement movements, helped the organization in avoiding part of the agitation which recently affected the settlement movements.

**The strong drive for settlement** of the movement started after the Six Day War. On the Golan Heights, in the Jordan Valley, in the area of Nahal Irun moshavim and moshavim shitufiyim were set up - Neot Golan, Udem, Meshua, Mi-Ami and Rekhan. In the area of Modi'in the first agricultural-industrial moshav of the movement was set up-Shilat.

In the Sinai two moshavim of the movements - Di-Zahav and Pri-Gan -were evacuated subsequently to the peace agreement with Egypt. Pri-Gan was relocated in Pithat Shalom. In the area of Korazim a labour moshav was founded - Ammon - for industry and tourist industry, with settlers coming from moshavim in Galilee.

This drive for settlement continued in the year under review. Two moshavim were planned: one for a nucleus from the United States in the valley fo Arad, and another moshav shitufi in the area of Nahal Irun. In 1987, in conjunction with the Zionist Federation of South Africa, the movement dealt with the absorption of families from Souty Africa on moshavim shitufiyim, In the year review the movement numbered 18 labour moshavim and 8 moshavim shitufiyim.

**The education of the rising generation** is the focus of attention of the moshav movement of "Haoved Hazioni". In the fifties an effort was made to grant the rising generation - the generation of successors - an excellent situation in the establishments of learning of the movement, and this generation was to become the leadership of the moshavim. The moshavim of "Haoved Hazioni" are also in charge of the activity of the "Zionist Youth in Israel".

The population of the settlements of the organization numbered 7,500 souls in the year under review. The area under cultivation covered 70,000 dunams of irrigated fields.

# Hevrat Ovdim - Cooperative Union

## Goals and Roles

"Hevrat Ovdim" is a cooperative union owned by the members of the Histadrut-General Federation of Labour - whose purpose is to carry out various projects in economic, social, and settlement fields.

Hevrat Ovdim was founded in 1923 at the Second Histadrut Conference. Its expressed goals were to help build the country, ensure jobs for Jewish workers while improving salaries and work conditions, and to create a planned economic body owned by the workers.

Every member of the Histadrut is automatically a member of Hevrat Ovdim and the elected bodies of the Histadrut are identical to those of Hevrat Ha-Ovdim.

Hevrat Ovdim is divided into two components: the institutional sector and the self-operated bodies.

## Institutional Sector

The following are some of the companies and corporations owned partially controlled by Hevrat Ovdim: Koor Industries, Bank Hapoalim, Shikun U"binuy Akhzakot, Hevrat Ovdim Investemnt Fund, etc.

## Self-Operated Bodies

Companies and corporations owned by their members, including:

- all economic bodies of the worker's settlements (Hamashbir Hamerkazi, Tnuva, regional factories, kibbutz industries).
- transport, services, and producer's cooperatives (Egged, Dan, Shelev, etc.).
- supermarket cooperatives (Co-op supermarket chains).

These bodies share a primarily voluntary link to Hevrat Ovdim. In a number of them Hevrat Ovdim has the right to appoint directors.

Hevrat Ovdim is run by a managerial committee (directors council).

Hevrat Ovdim strives, by means of its corporations, to reach the following goals while accomodating itself to the changes taking place in both the economy and the country in general:

1. **Long-term Profitable Economic Activity** - Hevrat Ovdim is making great efforts to stabilize its business frameworks and to make them profitable by strengthening

the professional management of its corporations. Hevrat Ovdim is raising capital that will ensure the fulfillment of its goals by raising the necessary capital investment and including workers in ownership.

2. **Creation of Jobs** - Hevrat Ovdim is active in creating jobs throughout the country in order to assist new immigrants, demobilized soldiers, and development town inhabitants. Hevrat Ovdim's goal is to create work situations characterized by high salaries and optimal work environments.
3. **Creating Management Standards** - Hevrat Ovdim's goal is to create within its working frameworks labour relations based on respect for the worker. The worker is involved in what is happening in his/her place of work, and a management method based on the cooperative management model has been implemented to bring about greater responsibility for workers holding various positions. There is an increased emphasis on the connection between the worker's contribution and his/her wages. Excellence is encouraged and emphasized in all areas.

## **Nir Shitufi - National Cooperative Society of Jewish Workers' Settlements in Israel**

"Nir Shitufi" is a central organizational framework of labour agricultural cooperatives in Israel. It's members include moshave ovdim, Moshavim shitufiim, Kibbutzim, the Audit Union for Labour Agricultural Cooperation Ltd., Central Settlement Societies, assistance unions, societies, and corporations for agricultural marketing and supply, for supply of drinking and irrigation water, for agricultural insurance, and for general agricultural cooperation.

"Nir Shitufi" represents the legal-organizational branch of the Union of Farm Laborers.

Nir Shitufi was founded on Dec. 10, 1924 on the basis of a resolution of the Second Agricultural Convention of Feb. 9, 1924.

The goals of Nir Shitufi according to it's statutes include:

- a. the establishment of a central organizational framework for labour settlement in Israel including settlements, societies, corporations, movements and enterprises
- b. adherence to cooperative principles, and their implementation by members of "Nir Shitufi"
- c. the unification of kibbutzim, moshavim shitufiim, moshave ovdim, societies. corporations. movements and enterprises on cooperative foundations
- d. to participate in the activities of Nir Shitufi members in everything related to economic activity, social welfare, and the quality of life, education. research, culture, training. technology, science. and the like
- e. mutual assistance between Nir Shitufi members and on their behalf
- f. representing Nir Shitufi members to the authorities and other institutions
- g. directing the activities of the Audit Union for Agricultural Cooperation

At the end of 1996 the number of Nir Shitufi members was 882.

The activities of Nir Shitufi were conducted in accordance with the outcome of debates and with decisions made by its governing bodies in two areas:

The first area is the existence of organizational, social and legal activities which include registration of new societies, wording of statutes, alterations in the statutes, relations with the registrar of cooperative societies, taking the minutes at the general assembly, the board, the organizational committee, keeping the registrar of the society members, and other activities, through close cooperation with the legal advisor of Nir Shitufi, and also the appointment of arbitrators in keeping with the societies statutes.

The second area is the financial-economic activity carried out on the premises of the Agricultural Centre.

Nir Shitufi has accumulated capital over the years from membership dues and from allotments of the Agricultural Centre. These jointly built the foundation for the "Mutual Aid Fund", which grants loans for settlements that are members of Nir Shitufi.

Nir Shitufi works alone in certain areas, while in others through joint funds with other institutions.

The fields in which Nir Shitufi works alone are:

- a. **Low-interest loans for settlements** - Every settlement in need can obtain from Nir Shitufi a low interest loan. At the same interest rate as that of the commercial banks, without additional commissions. At the time of maturity, these low-interest loans can be renewed. Sixty settlements receive these loans every month within this framework.
- b. **Complementary loans** - are for security need by recommendation of the security commission of the Agricultural Centre, for the acquisition of jeeps, ensuring communication between bomb shelters, and to erect security fences. These loans are granted for one year.
- c. **Other loans** are awarded according to the decisions of the Nir Shitufi loans committee.

The activities in which Nir Shitufi operates through joint funds are:

- a. **Joint funds with the settlements movements** - Loans are given to provide working capital to new settlements. These loans are granted in shekels for one year. The sum of the loan to the settlement is the same as that of the low-interest loan granted at that time.

- b. **Joint funds with banks**, such as:

**The Bloch Fund** - together with the Agricultural Centre, the Jewish Agency and the settlements movements, for new settlements, kitchen and dining hall equipment, and furniture for moshav recreation clubs.

**Small Finds** - including the Herzfeld Fund, the Study Fund, and the Nahal fund.

Nir Shitufi's balance sheet, adjusted to the inflation rate for Dec. 31 1995, and approved by a registered accountant, closed at the amount of about 9.5 million shekels.

The governing bodies of Nir Shitufi are the general assembly, the managing board, the steering committee, and the subcommittees.

The general assembly meets once a year.

The board is elected from the members, at the general assembly meeting, once in four years, by the settlement movements. The board conducts the activities of Nir Shitufi and its affairs between one general assembly meeting and the next.

In the general assembly meeting which took place in September 1996, 15 board members were elected for a period of 4 years. They are representatives of those settlement movements who are members of Nir Shitufi.

In the course of every year, there are 6 board meetings during which the following current matters are discussed and dealt with: approvals of society's statutes before being passed on to the Cooperative Societies Registrar, appointment of members to corporation managerial boards, and appointment of arbitrators in case of conflicts between corporations and members.

The activities of Nir Shitufi embrace not only the problems of the members, but also the activities of corporations who are not members of Nir Shitufi, but are connected with it, for example: corporations whose members are affiliated with Nir Shitufi, or corporations who are members of the audit union.



## **Hamashbir Hamerkazi Group**

### **Hamashbir Investment Ltd.**

The Mashbir Group is held and managed by Hamashbir Investment Co., whose shares are wholly owned by Hamashbir Hamerkazi, the cooperative society belonging to 600 kibbutzim and moshavim. Hamashbir Hamerkazi is the overall owner of the Group in that it holds but does not manage the Group's subsidiaries and affiliates.

The shares of these subsidiaries and affiliated companies are held by Hamashbir Investment Co. which acts as a holding and management company. Each subsidiary has its own board of directors, the majority of whom come from the executive management of Hamashbir Investment.

Established 80 years ago as a trading cooperative society, Hamashbir Hamerkazi was reorganized in 1992 by dividing all activities into independent limited companies. Each subsidiary is able to specialize in its own field and offer the best possible service. Manpower levels were reduced, professional staff hired, and the Group, which is today one of the largest commercial entities in Israel and the biggest group dealing with institutional and business customers, is again profitable.

Total revenue of the Mashbir Group in 1995 reached \$250 million with profits of \$3.5 million.

#### **Subsidiaries**

**Hamashbir Agriculture** (100%) sell and distributes agricultural supplies including pesticides, fertilizers, chemicals, tools and irrigation equipment to 1,770 framers.

**Mashbir Food** (80%) markets and distributes dry food, cosmetics and cleaning materials on a presale basis.

**Hamashbir Agencies** (100%) represents large overseas manufacturers of agricultural machinery such as John Deere (tractors), Nissan and B,T, (forklifts), as well as Goodtear (tires).

**Mimsar** (76%) is the exclusive distributor in Israel of Iveco trucks. Mimsar's shares are traded on the Tel-Aviv Stock Exchange.

**Hamashbir Fashion Warehouses** (100%) is a retail chain of warehouse stores for clothes, textiles, fabrics and shoes.

#### **Affiliates**

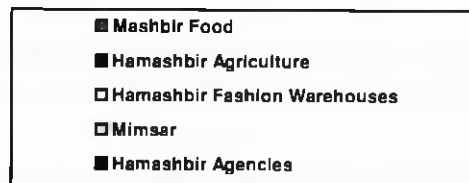
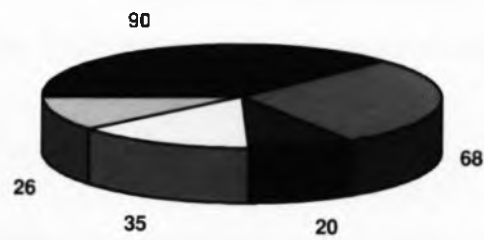
Ground Nuts Marketing (50%) sorts, packs and markets 75% of the ground nuts in Israel.

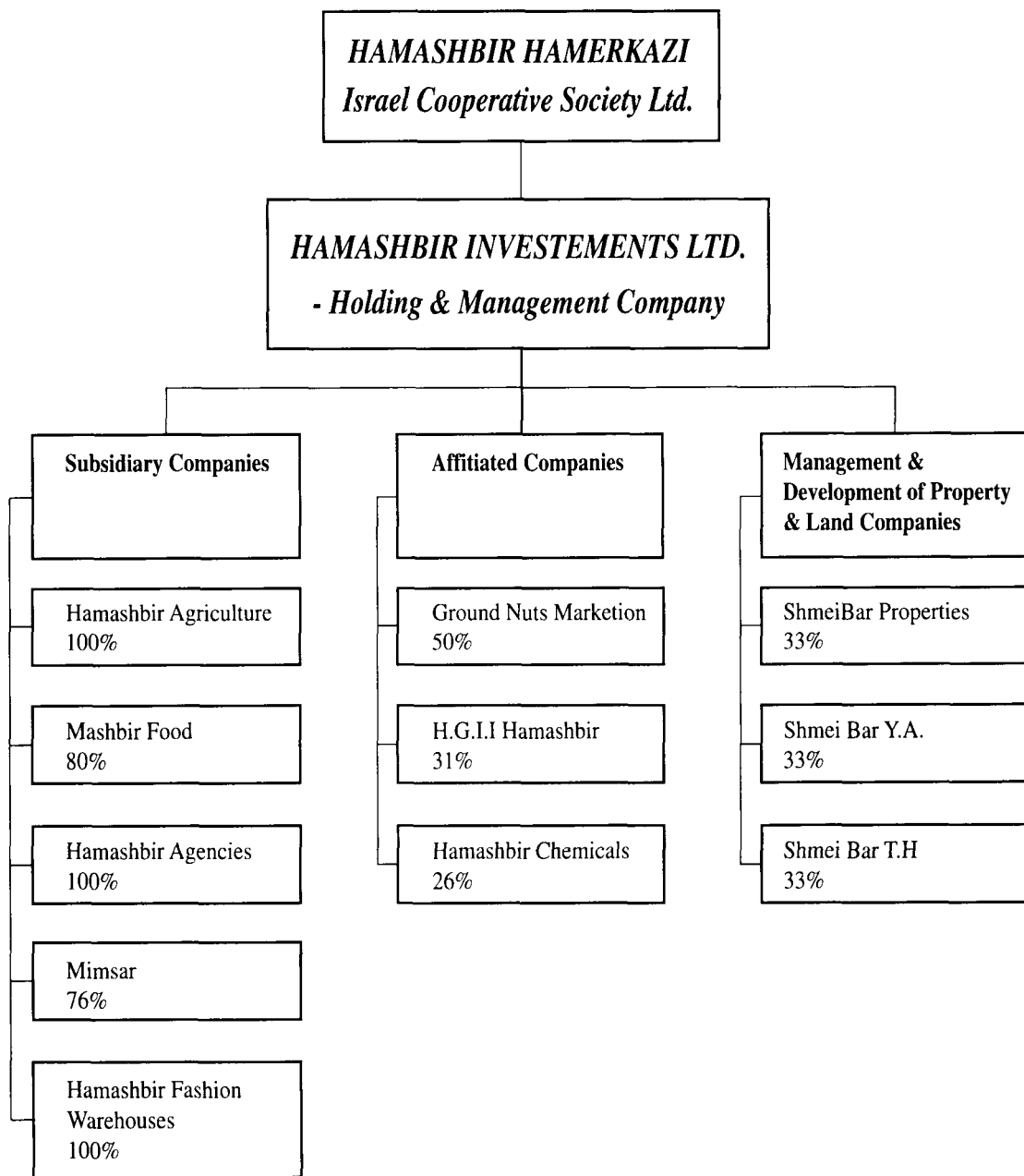
H.G.I.I. Hamashbir (31%) markets and distributes building materials to business customers.

Hamashbir Chemicals (26%) is a partnership dealing with sales and distribution of chemicals to industry.

Shmei-Bare - Real Estate Group (33%) is one of the largest real estate groups in Israel with assets of \$110 million.

### Sales by Subsidiary Companies - (U.S. \$ millions)





## **The Cooperatives Centre for Production, Transport and Services**

The economic and social development of the modern world on the one hand, and the changes in the eastern block on the other, have brought the cooperative movement throughout the world to re-examine its path, principles, and values.

The need for this reexamination arises from the challenges facing the cooperative. During this period questions have arisen concerning company ownership of the enterprise, as a response to the crisis in the eastern block and the economic crisis which in general has plagued the cooperative in the west. The cooperative in Israel must also reexamine itself, taking into consideration the problems, difficulties, and crisis which it faces.

The International Cooperative Association (I.C.A.) has been working the past few years in updating and reformulating its basic values. This problem is being studied as a continuation to the central committee meeting of the I.C.A. which took place last year in Madrid.

In Israel, reevaluation is being carried out through the framework of a think tank in the Cooperative Centre, under the initiative of the chairperson of the Cooperative Centre, and the official responsible for independent economies of Hevrat Haovdim (the Worker's Holding Company), Hevrat Haovdim is also dealing with the subject.

### **Cooperatives - Ways of Development**

The cooperative developed at the same time as modern industrial society. The creation of large industrial factories during the urbanization process caused the salaried workers to unify in order to solve their problems.

Types of unions developed along three different lines, which in many cases eventually merged. One is the political plane, meaning the founding of political parties. Secondly, is the professional plane, involving the establishment of worker's organizations for professional protection and mutual assistance, and finally, the establishment of cooperatives, which are unions, in which the initiative for various forms of economic cooperative was taken by the members.

These forms have been developing since the middle of the 18th century. The combinations between them are primarily 20th century developments.

The various waves of immigrations to Israel, and especially the second and third wave who met with the harsh Israeli reality, paved the way for active cooperation in the process of building the society and the economy. This process translated the socialist Zionist ideology into an Israeli Jewish version. This is constructive socialism. This process set the collective-pioneer as central value in Israeli society.

Against this background, cooperative economies and societies in Israel grew, and within them the cooperative movement.

Within the framework of the cooperative in Israel three types developed which in later years gained different organizational expression. They are: The consumer cooperative, the production-services cooperative, and the settlement cooperative.

The **production-services cooperative** is characterized by small factories based on capital investments of the members. The transport and freight cooperative is also based on members investing and working in the cooperative. The transportation cooperative is characterized by its large number of members and amount of property. The investment required from a new member is relatively large. There is no great professional gap between members, because the basic profession in the cooperative is driving. This is different from the situation in industry where there is a professional difference in jobs, for example between a production worker and an engineer.

The cooperatives in Israel and the world are coping with similar problems, and the following are the main ones:

- a. **The problem of salaried workers employment in the framework of the cooperative.** Cooperative theoreticians point to the numbers of salaried workers in the cooperative as a main factor in their decline.
- b. **The nature of direct participant democracy in the cooperative** is a question which includes the problem of mutual relations between the management and the members.
- c. **Management** problems range from means of payment, to rotation in administration to the authority of the manager as compared to the authority of the general meeting. etc.
- d. **Wages** - the components, degree of equality, and distribution of profits on the member's investments are some of the problems regarding wages.
- e. **Capital investments and ways of obtaining capital for the cooperative.**
- f. **The continuation of the cooperative** involves issues such as aging of the founding members and new members joining the cooperative.
- g. **The cooperatives ability to cope with different types of cooperation** which currently exist today in the economy.

These problems are common to all of the cooperative movements, and the I.C.A. is therefore dealing with these questions which are part of defining the basic values of the cooperative in general and of the production cooperative in particular.

### **The Condition of the Producers-Services Cooperative in Israel**

Aside from passenger transport cooperatives (Egged and Dan), most of the cooperatives in Israel are in a socio-economic crisis. This situation is expressed in the

noticeable decline in the number of cooperatives in the past few years, in the absence of the founding of new cooperatives, and also in the economic results.

Of the central phenomena in the production-services cooperative the following facts should be noted:

- a. Large differences between the number of members and salaried workers in the cooperative.
- b. A gap between the business results and the rise in the value of the property owned by the cooperative. This fact creates an incentive not to increase the number of members in the cooperative, and in some instances to dissolve the cooperative and divide the property between the members.
- c. The gap between the authority of the general assembly and the members responsibility, and the readiness for concessions on both sides in order to heal their factories if the need arises.

In essence there is a crisis gap between the desired and the actual. and the continuation of the cooperative production movement is in grave danger.

At the same time it should be pointed out that with the present conditions in Israel, with the large wave of immigration (especially from Russia), and the resulting economic development, the cooperative is in a unique position to find a solution to the many problems involved in creating suitable work places and developing an economy which will fit the needs of the immigrants.

#### **Fundamental principles of the cooperative and their relevance to present reality**

This is how we currently define the central principles which guide the cooperative:

1. Common property and independent work.
2. Democratic administration by way of direct election.
3. Equal division of the "fruits of labor".
4. Quality and satisfaction in the work itself.
5. Involvement in the surrounding society.
6. The establishment of a goal which reaches beyond the mere economic activity of the cooperative.

The practical application of these values is an economic factory, owned by workers who work in it independently. A factory which is administered by direct democracy and full equality, where the members also have common social goals.

These principles raise the following questions: How should the problem of salaried work in the cooperative be solved? What is the meaning of democratic equality? What are the best ways to be involved in the surrounding society? What are the social goals?

## Answers to Questions - New Directions

At the basis of the cooperative concept is the idea of "togetherness", and participant democracy. In the cooperative there is equality of worker's opinions. Their opinions find expression by direct democratic procedures. One man - one vote. The democratic process must be continuous, and members meetings must take place frequently in order to guarantee the members involvement. This is an essential condition for the existence of direct democracy. The implementation of such a process requires re-organization of the large cooperatives, and groups must be created to help actualize these ideals (for example on the basis of stations in Egged or Lines in Dan).

From all this it appears that the cooperative or its fundamental unit should be of a size wherein it will be possible to conduct itself by the procedures of direct democracy whose definition is the involvement of the members in deciding policies, in management, and by participating in the responsibility for the existence of the cooperative.

The existence of direct democracy and cooperative life necessitates there being a small gap between the nature of the professions that compose the factory.

The establishment of a style of cooperative management by means of direct elections and members involvement through full equality illustrates the problematical nature of employing salaried work. Therefore types of factory structures and types of partnerships which will solve the problems of salaried work needs to be examined. For example the factory will "buy services" from groups of salaried workers, or establish of a common company between cooperatives and the corporation employing the workers.

Cooperation or partnership with worker-owned enterprises which are not cooperatives or other types of private enterprises, may allow for the existence of financial or strategic cooperation between cooperatives and other partners.

Especially today with the Israeli and world reality as it is, it is not difficult to define social goals for the cooperative, for example, absorption of immigration (especially considering the unique nature of this immigration), or socio-economic assistance to development areas. The giving of attention to the quality of life and the quality of the environment is a subject which is becoming of international importance. Therefore, it is necessary for the cooperatives to be organized into a cooperative union. This is an essential condition for their continued existence.

The role of a movement like this has to be all-inclusive, that is to say it must simultaneously be the ideological and educational Centre of the cooperative, and at the same time the body which gives such services as professional, financial, and representative services to its different branches.

Ideological renewal and educational activities are essential in order to ensure the renewal of the cooperative and its long term existence. The ideological educational activities can combine with the activities of other movements (the kibbutz Settlement movement, Hevrat Haovdim, etc.).

## Summary

The producers-services cooperative movement in Israel is capable of renewal when it is based on its basic values. Especially now, with the immigration and the need to develop an economy which can absorb it and its unique nature, ways are being opened which will allow for the renewal and advancement of the cooperative movement. The existence of the values basic to the cooperative and their application to the existing Israeli economy which have been mentioned here makes this a real possibility. An essential condition for the existence of the cooperative is the establishment within the cooperative movement of a strong educational and social message.

The various social insurance funds were created in order to provide a means of allowing workers to accumulate savings and ensure their social rights. The pension funds (allowances) represent in number the smallest group in the social insurance funds, but in terms of their importance in the total assets of the social insurance funds, they constitute the largest group.

The goal of the pension funds is the insurance of the pension rights of the members. Most of the pension funds also guarantee their clients comprehensive insurance, which grants them disability and life insurance in case of inability to work or death, and supplementary insurance in case of death. A smaller amount of social insurance funds are provident funds, worker's compensation funds, and social funds where money is set aside for indemnity insurance, compensations, illness, vacations, and other social benefits.

In addition to the pension funds there are other types of social insurance funds. There is a savings fund (both for salaried workers and the self-employed), a compensations fund (both personal and central compensation funds), a study fund, and a saving fund for other purposes such as vacations, sick leave money, and others.

Cooperative unions for mutual help and savings are for the most part unions connected to the place of work, most large and some small.



## **Audit Union for Labour Agricultural Cooperation**

The Audit Union for Labour Agricultural Cooperation is defined as a central cooperative society whose members include Kibbutzim, Moshave ovdim, moshavim shitufiim, various societies, and kibbutz factories.

The aims of the audit union, consistent with its statutes include mainly:

- a. auditing the accounts of its members and supervising bookkeeping.
- b. guidance of its members in everything related to bookkeeping, supervision of their accounts and administrative assistance to their activities.
- c. education of their members in the spirit of the cooperative.
- d. consolidation and development of cooperative principles.

The guidance given is in technical and professional matters in everything related to accounts and bookkeeping, taxation, statistics, establishment of corporations, changes in statutes, and general problems of management and organization.

Guidance is given by publishing books and circulars, by offering study days, and also through information given to bookkeepers in the audit union and the society's offices.

As of December 1995 the number of corporations who were members in the audit union numbered 1593. and they include:

284 Kibbutzim  
340 Moshav Ovdim  
33 Moshavim shitufiim  
276 Other societies  
83 Non-profit organizations  
439 Cooperative  
and 138 Companies

The audit union works through the following departments:

The Kibbutz department which is the largest, the Moshav department, the Taxation department, the Department of Central Societies of Kibbutz settlements, the treasury, bookkeeping, and the computer unit.

## **"Bachan" - Audit Union of Israeli Cooperative Societies Central Union**

"Bachan", the audit union of Israeli Cooperative Societies Central Union Ltd. has been in existence since 1944 and encompasses all middle class agricultural cooperative societies.

There are currently 200 cooperative societies and corporations working with "Bachan". These societies are part of Haihud Hakhakai, the Heirut settlements, Amana, and additional settlement movements.

The different societies are classified as rural cooperatives, i.e. family farms, of which some are moshavim shitufim and some are community societies.

"Bachan's" main concern is the supervision and approval of the society's annual balance sheets. However, in addition to this there are quite a few matters in which "Bachan" provides services to the various societies such as: advice and attending to matters of taxation, appointment of arbitrators and settlement of disputes, various certifications, education, and one-day seminars.

"Bachan" holds joint meetings with the management of the societies or their representatives involving those matters which are currently concerning the societies, such as:

- a. Advice in matters pertaining to the expansion of the society, the parceling of land and building lots to new settlers, the children of original members, and any taxation any of these matters involves.
- b. Advice in all matters pertaining to the Debts Arrangement Authority, the Gal Law, the debts arrangement and their re-negotiating, the relation between the society and the claimant, the relation between the society member and the society management, and adjustment of member's debts. All this is done with the full cooperation of the society's legal advisors.
- c. The matter of expanding the societies (i.e. the settlements) is in full swing, and there are many problems between the original farmers and the new non-farmer settlers. "Bachan" is involved in many matters pertaining to the relationship between them, means of operations, separating between them, and the establishment of a local committee.
- d. Representatives of "Bachan" participate by invitation in annual meetings in which the annual balance sheet of the societies is explained to and approved by the general meeting. They are to provide answers to the members of the society on matters concerning the annual balance sheet.

"Bachan" was successful in setting in order the books and balance sheets of a number of societies that were badly behind in fulfilling these requirements. Its goal and first priority has been to inspect the annual balance sheets.

"Bachan" goals for 1996 are the following:

1. Consultation for the societies on ways and means of improving and streamlining bookkeeping.
2. Attempting to aid and council inexperienced societies on the difficult points of bookkeeping.
3. Continued seminars for society representatives on current matters.
4. Supplementary consultation in taxation pertaining to the society and the individual.
5. Continued advice in matters related to the expansion of the societies.

## **Hapoel Hamizrahi Settlements, Audit Union and Central Cooperative Society**

In the settlements of Hapoel Hamizrahi, Audit Union and the Central cooperative Society there 71 moshav ovdim, 10 moshavim shitufim, and 13 communal settlements.

Many events have occurred in the last few years, and are still occurring, whose reverberations have only caused the condition of the agricultural settlements to worsen. The settlers have had little time to collect themselves between crises in order to function as independent farmers. The government policy of free market economy and privatization of agricultural produce, including the cancellation of planning and production ceilings, added to the already depressing situation of the agricultural settlement.

The future does not look much brighter. The free trade agreements with the Palestinians, and the implementation of the agreements with the European common market will deal a heavy blow to Israeli agriculture. The government of Israel, especially the treasury officials, do not seem to understand that Jewish agriculture and settlement in Israel is not just an economic matter, but first and foremost Jewish retainment of national land, settlement of border areas, and the distribution of the population to sensitive and nationally desirable areas.

Together with the other settlement movements, headed by the Agricultural Centre, we have been fighting the last few years against the destructive trends of government policies concerning settlements and agriculture, and are requesting larger support from the government budget to enable the continued existence of Jewish agriculture in the land of Israel. The developed nations of the West understand this, and give their farmers much greater financial support and assistance than Israel does. Israeli agriculture is one

of the most advanced in the world, and despite this, its importance in the Israeli economy is decreasing.

A man of knowledge and experience, who in the past worked and helped moshavim in the previous debt arrangement (known as the Ravid Arrangement), now participates in all the committees and discussions preparing the many rules and ordinances into whose framework the Gal Law will be able to be implemented. The discussions on the ordinances are not yet completely finished, but the comptrollers, and the arrangement authority, are busy with those preparations which the implementation of the law necessitates. We participate in all the discussions concerning our moshavim. Whatever is being done in the debt arrangement is being closely followed, and support and guidance is being offered to the moshavim.

## **The Audit Union for Cooperatives of Arab Workers and Farmers**

### **General Survey**

The Histadrut took a central role in the improvement of the living conditions of the Arab population in Israel. Through the establishment of cooperative societies, the low level of basic services in the Arab villages, due to the lack of local government, was vastly improved.

In 1950 the Histadrut registered a central union called the Audit Union for Cooperatives of Arab Workers and Farmers Ltd. Their goals were as follows:

To organize and improve the social and economical conditions of the producers and services cooperative union in accordance with cooperative principles and to carry out the following activities:

1. Supervision of the activities of the members of the audit union.
2. Guidance of the cooperative societies that are members of the union and directing their activities.
3. Development of the idea of the cooperative and assistance in establishing new cooperative unions.
4. Strengthening the ties between the societies.
5. Cooperative education.

In contrast to the other audit unions in the country, the Arab audit union includes all the cooperative branches under one roof: producers, consumers, agriculture, water, housing, and taxis.

In 1996 an organizational change took place whose goal was to strengthen the ties between the societies and the worker's councils. For this purpose six regional offices were opened within the framework of the worker's councils as follows:

## **Farmers' Audit Union**

The Farmers' Audit Union of the Israeli Farmers' Union was established around the time of the establishment of the state. It is one of the central institutions of the middle class settlements. This settlement differs from other settlements in that the settlers invested their own money in the establishment of the settlement. This settlement has a basic operating premise political and party freedom for each individual in the society.

Today, 90 agricultural unions and 25 society corporations are affiliated with the "Ha'ekar" audit union. some of them are water societies, some are plantation-owner societies, some are general societies, and some are settlement societies which include moshavim.

The balance sheets of 1995 have been prepared and most of them have been published. The personal capital in these societies reaches as of today (31.12.1995) to approximately 200 million shekels. The condition of these societies is generally stable from an economic viewpoint, although some of the societies are experiencing difficulties and are about to disband.

## **The Consumers Cooperative Union**

The Consumers Cooperative Union is the central institution of the cooperative retail trade in Israel. In 1995 it numbered 12 cooperative consumer societies.

The supermarket network of these societies avail of some 220 branches spread all over the country from Kiryat Shemona in the north to Eilat in the south, in cities, urban suburbs and in areas of development and integration. Their staff had a strength of 6,000.

The activity of the consumer cooperatives in these population centres was carried out mainly by four large regional and two local societies:

- a. The society of Tel-Aviv - Dan Hasharon, operating from Hadera to Eilat. Today the Blue Square Co-op Chain.
- b. The Haifa Co-op Tzarhan - with branches in Haifa, Nazareth, Afula, Safed, Tiberias, Kfar Tabor, Kiryat Shemona and Katzrin.
- c. The Jerusalem co-op society - with branches in Jerusalem, Beit Shemesh and Mevasseret Yerushalaim.

- d. Co-op Zevulon - with branches in Krayot, Akko, Nahariya, Ma'alot, Carmiel and Shlomi,
- e. Co-op Herzilya - with branches in Herzliya and Ramat Hasharon.
- f. Co-op Ra'anana - with branches in Ra'anana and Even Yehuda.

In recent years, in addition to the large sophisticated supermarkets, another 12 supermarkets opened their doors in various regions of the country, while additional projects were at the planning stage.

Considering the compensations the economy benefited from in recent years and in order to strengthen and to rationalize the systems of consumer cooperation in Israel, at the end of 1987 decisions were made with regard to a merger of the business activity of Co-op Tzarhan with zevulon, and of Co-op Tel-aviv - Dan Hasharon with Herzliya - Ramat Hasharon.

### **The development of the Blue Square Co-op chain**

The Blue Square Co-op chain was established in Israel in 1937 as a Tel Aviv neighbourhood grocery store. In time, dozens of similar cooperative outlets were established throughout the country, operated for and by working people. The impetus for the implementation of the cooperative concept in Israel was identical to that which produced the cooperative movement in England in 1844, i.e. high quality products sold at minimum prices. this idea eventually spread to 28 countries throughout the world. the founders of the first cooperative in Israel were workers who purchased membership shares as an expression of support. they ran the store, and they were able to benefit from quality goods at lower prices.

What began as isolated stores eventually became regional cooperative associations. During the 70s, these associations united into a single centralized body in order to enhance buying power, speed up development, and face the challenge from other retail marketing chains. The 80s were characterized by the rapid development of large marketing chains, hyper-markets and large shopping malls throughout the country. The Co-op's ability to keep pace with this rapid development was limited, since it had to rely on its own resources, or on expensive bank loans.

The need to maintain its market share forced the Co-op to seek alternative sources for raising capital. In the past, the Association asked its members to increase membership dues. But this method was not suited to the needs of rapid development.

An investigation of potential sources of investment pointed to two alternative options - finding strategic partners, or raising capital from the public via the stock exchange.

Both options dictated a need for changing the Co-op from a cooperative society to a public company. Thus began a process of establishing limited companies wholly owned by the cooperative society. The business objectives were transferred to these companies.

The holding company of the chain, Blue Square Property & Investments Ltd., manages and develops assets to be used for the chain's operation. Blue Square Hyper-Hyper Ltd. was set up with the task of managing all the hyper-markets, and Blue Square Co-op Property & Investments Ltd. was registered as a public company in the Tel Aviv Stock Exchange and issued NIS 20 million in bonds earmarked for the establishment and equipping of the logistics center.

In 1991 the company issued shares to the public, paving the way for involving the general public in the chain's development. The issue of shares also provided the chain's employees with an opportunity to participate in the company's success, thus fulfilling an important social aim.

The share issue yielded NIS 37 million, of which NIS 3.5 million in shares and options were purchased by the employees under special terms.

## **Credit Cooperatives**

At the end of 1996 the number of registered credit cooperatives totalled 30, two of which were banking institutions affiliated with the Centre of the Union for Credit cooperatives in Israel Ltd:

1. Kupat Haoved Haleumi (National Workers Fund) in Natanya.
2. Kupat Ashrai Vehisakhon (Credit and Saving Fund), Petah Tikvah.

All other societies are financial institutions and not banking establishments, which means that they are not entitled to accept deposits on current accounts and that provisions on ready money do not apply to them.

It is to be mentioned that in addition to the 2 aforeseaid credit societies another 8 mutual aid societies affiliated with the Centre. They are dealing with loans granted for members only.

## **Cooperative Housing Societies**

In 1996 one society registered, one society went into liquidation. In total 168 societies were registered. The inspectors of the Department dealt with the complaints of housing society members and they also served as arbitrators in disputes on the strength of para. 52 of the cooperative Societies Ordinance - 1933.

## Cooperative Insurance

The number of cooperative insurance societies amounted in 1996 to 6, as follows:

**Agricultural Insurance:** 4 cooperative societies. Their target is to insure agricultural produce from all farming lines, farm implements and machinery, farm buildings - against fire, damages, draught and the like.

**Mutual Insurance:** 2 societies are dealing with it. One of them attends to mutual insurance against sickness and tries to improve the living standards of its members, granting them and their family medical care.

Information about the principles of public health and prophylactic medicine is disseminated.



## **The International Institute - Histadrut**

The Institute is an independent, non-governmental institution affiliated to the Histadrut, Israel's General Federation of Labour. The International Institute was officially established on March 1, 1994 incorporating the International Institute for Labour Development and Cooperative Studies (Afro-Asian Institute) established in 1958, the Avraham Alon Centre for Cooperative and Labour Studies for Latin America, Spain and Portugal, established in 1962 and the Institute for Eastern and Central Europe, established in 1990.

During 1996 in conjunction with the Centre for International Cooperation, Ministry of Foreign Affairs, Jerusalem, (MASHAV) the Institute conducted in Israel 30 courses and seminars in the languages of English, Spanish, French, Arabic, Russian, Bulgarian, Czech, Slovak, Albanian and Portuguese.

At present the Institute draws participants from more than 145 countries - and the number is growing. 45 in Africa (20 English-speaking, 19 French-speaking, 5 Portuguese-speaking, 1 Spanish-speaking); 37 in Asia and the Pacific (21 Asia, 16 Pacific); 21 in Central and Eastern Europe and the CIS; 39 in Latin America and the Caribbean (8 Central America, 12 South America, 19 Caribbean) and 6 in the Mediterranean, the Middle East and North Africa.

In keeping with the Institute's policy of responding to the rapidly changing needs of its world-wide activities, a significant number of courses were held in new subject areas such as: "Economic Development Planning Utilising computers", "Self-help economic initiatives in the Urban Informal Sector", "Consumer Rights Protection", "Organisation of Community Medical Services", "Trade Unions in Transition to a Market Economy" and "Voluntary Organisations in a Democratic State". In addition 11 on the spot courses were held in 9 countries under MASHAV's auspices. Other courses were conducted in Israel and abroad in cooperation with international organisations and development agencies.

The Programme of studies for 1997 includes more than 35 courses and seminars to be held at the Institute's facility at Bet Berl. In addition the Institute will conduct overseas training programmes in a large number of countries. The graduates of these courses will join the ranks of the Institute's alumni who now total more than 48,000.

As in the past, the Institute constitutes an integral element within Israel's development - cooperation endeavour. As such it has developed a close partnership with the Centre for International cooperation of the Ministry of Foreign Affairs of the State of Israel on a wide range of mutual concerns. It also cooperates with other like-minded Israeli bodies - both governmental and non-governmental. In all of these joint endeavours the Institute retains its full independence - conceptual, administrative and financial.

The Institute works closely with a number of international organisations. It conducts

joint courses (in Israel and abroad) with the ILO (The International Labour Organisation) with the ICA (International Cooperative Alliance); with the ICFTU (International Confederation of Free Trade Unions) - including its African, Asian-Pacific and Latin American-Caribbean regional organisations and its ITS (International Trade Secretariats) and with other similar bodies.

What are the interests, what is the focus of concern of this new-old Institute?

Fundamentally, they are three.

The International Institute is a **leadership training institution** whose primary partner is that broad group of non-government organisations and movements (NGO's) now generally grouped under the heading of "the civil society". These are people-centered groups of growing scope and significance. There is an increased recognition of the need to involve people in the development process and in the promotion of social and economic change. This involvement can best take place through mass-based, participatory people's organisations, working, where possible parallel to and in cooperation with government and international agencies. The components of this "civil society" include professional associations, community groups, cooperatives, women's movements, "grass roots" frameworks, youth organisations and more. The Institute, while not overlooking the need to include participants drawn from government and from international agencies in its courses, nonetheless focuses on leadership training for the "civil society".

Secondly, the Institute trains leadership concerned with the **social and economic aspects of development**. Technology-transfer is frequently regarded as the essence of development cooperation. However important it may be, the Institute believes that neglect of the socio-economic aspects will severely hamper development and will weaken, or even negate, the contribution of technology. The Institute seeks to train those who can serve as the agents of the social and economic change (in both rural and urban settings) which lies at the heart of the development processes. We are witness to a growing, world-wide recognition of the significance and centrality of human resource development and community building for social and economic advance. The Institute seeks to respond to the challenges which these new perceptions bring.

In recent years there have been many changes with regards to the economic standing of some populations such that we have found it to be helpful to include study of micro-enterprises in courses at the Institute and also to organise courses specifically on this subject.

The third area of concern is that of **leadership within democratic frameworks** - be these of the nation, of the community, of the organisation or of the movement. As the process of democratisation spreads and deepens, the tasks and nature of leadership within these bodies change in content, context and focus. What is required is not merely an expanded set of techniques but a whole range of new attitudes and approaches. The Institute sees itself as a centre for the training of leaders for democratic frameworks.

With in the framework of studies concerned with elements of democracy there has been a recent tendency to emphasise the aspect of non-formal education. This is an integral part of community development programmes of different types and forms a sound basis for developing the democratic awareness of the young generation as a social investment for the future. Different work methods are taught to generate programmes of non-formal education.

In addition - and perhaps foremost - is the readiness of the Institute to develop new programmes in response to the changing needs and concerns of its global constituency.

Some examples of these new programmes which we have recently developed are as follows: ecological considerations, consumer protection, community health (with an emphasis on preventive medicine including treatment of illnesses such as Aids and narcotics addiction). Basically the idea is to branch out to new areas of study which respond to the needs of communities in developing countries and within which some degree of Israeli expertise is available.

The Institute, as we have noted, is a leadership training facility. It seeks to use its necessarily limited resources to work with those who can most effectively promote socio-economic change and further human resource development. In the Institute's view, the point of departure for development lies in strengthening that human, social and institutional infrastructure which is its basis. Thus leadership building, training the trainers, the enhancement of personal and institutional capability are all major Institute objectives.

All the above mentioned issues form part of the study programme of the Institute as regards socio-economic developments in recent years. As regards the range of countries from which participants are drawn, in addition to the traditional geographical areas of Latin America, Africa, Asia and the Caribbean recently the Institute has been active in drawing participants from Mediterranean and North African countries, Eastern European States and the CIS countries. The latest development includes courses for Palestinian and Jordanian students. Doubtless these efforts will contribute greatly to continued cooperation between these countries and Israel and to lasting peace.

The International Institute is located in a new facility which enables it to significantly enhance the scope of its activities and the quality of the amenities available both to students and to staff. The facility is located at Bet Berl, near the town of Kfar Saba some 25 kilometres north of Tel Aviv. It includes comfortable housing, modern classrooms, library, computer-study, recreational and sport facilities.

Here then is the International Institute. It builds on the achievements of its constituent bodies over more than three decades and on the experience of its qualified and professional staff. Above all it draws on the deep commitment of all who are associated with the Institute to its objectives. The Institute hopes to contribute, in the future as in the past, to the cause of progress, of social justice and human freedom, of peace and international friendship.

## **The Centre for International Agricultural Development Cooperation (CINADCO)**

CINADCO was established in 1958 as the professional agricultural arm of MASHAV, and is one of the larger institutions in Israel dealing with international agricultural cooperation, The mandate of CINADCO is:

- to conduct international human resource training in specialized and practical courses in Israel
- on-the-spot courses in developing countries
- apprenticeship and practical training for medium-level professionals personnel and leading farmers
- long-term professional missions
- shory-term expert advisory missions and project planning
- joint applied and adaptive research programs relevant to developing countries, with the participation of experts from those countries, as well as professional support for agricultural projects,

Activities are integrated into medium-term action programs, strongly connected with the countries' agricultural experience and rural development. The activities and programs involve and emphasize the introduction of applied technologies and transfer of know-how to suit family based and/or large farming operations.

Training programs place special emphasis on adapting improved technologies to local conditions. Twenty-five percent of the curriculum in all courses relating to agricultural technologies is devoted to issues of organization and methods of technology transfer, extension and agro-ecological sustainability.

At the same time, the programs undertake a practical oriented development approach, incorporating integrated agricultural project planning, post-harvest services and marketing. The programs also emphasize field level demonstrations, extension methods and servives to improve know-how delivery, incorporating appropriate activities for resource utilization for sustainable development.

CINADCO offers professional services in those subjects for which the Israeli experience represents clearly identified technological strengths, and presently is engaged in more than 20 specific agricultural subjects ranging from crop and livestock-production technologies to irrigation, farm management, forestry, agro-ecology and agro-business initiatives.

CINADCO is a compact unit professionally backed and supported by a number of institutions offering a poll of over 2,000 researchers, scientists, technicians and farmers: the Extension Service of the Ministry of Agriculture; the Agriculture Research

Organization (A.R.O., Volcani Institute); the Faculty of Agriculture at Rehovot of the Hebrew University and the Ben-Gurion University in the Negev; public companies like Tahal and Agridev; private and commercial companies, etc.

CINADCO activities span over all the continents, with in-country activities in over 50 countries, including Central and Eastern Europe as well as the Commonwealth of Independent States (C.I.S.). Through the courses and workshops in Israel and on-the-spot courses in the developing countries, as described in the body of this booklet, CINADCO shares its professional and cost-effective technology with local rural farmers and agricultural populations.

The integration of research, extension and project development is the hallmark of CINADCO activities.

CINADCO, through its Technical Training Division, Projects Division and its Research Coordination Division, offers a wide range of activities and services for institutions and individuals from developing countries.

The Technical Training Division plans, organizes and implements training activities in Israel and abroad in many agricultural and extension subjects for trainees.

Activities in Israel:

- \* International courses, seminars and workshops.
- \* Tailor-made courses for specific country and/or institutional needs.
- \* High-level professional observation tours.
- \* Specialized individual and group training.

Activities abroad include:

- \* On-the-spot courses and seminars.
- \* Participation in on-going training teams.
- \* Advisory services to training institutions.

The Projects Division

Long- and short-term assignments of experts for the planning and implementation of agricultural programs and projects.

- \* Long- and short-term assignments of experts in specific subject matter.
- \* Expert missions for strengthening rural and agricultural projects and institutions.

The Research Coordination Division works in cooperation with all scientific institutes engaged in agricultural research in Israel in the following aspects:

- \* Joint research in developing countries.
- \* Secondment of Israeli agricultural scientists for long- and short-term consultancy missions.

- \* Editing and distribution of research reports.
- \* Arrangement and planning of fellowships and visits of agricultural scientists for long- and short-term consultancies.

## **Givat Haviva Institute**

### **Two Subjects on The Center of Cooperative Studies at the Givat Haviva Institute**

1. The Center for Cooperative Studies.
2. The International Forum for Cooperative Trainers

We add our own materials to each of these activities.

#### **The Center for Cooperative Studies**

1. The Center offers supplemental courses, workshops, and seminars for different sectors and levels of management within the field of cooperatives: federation managers of cooperative organizations, managers of cooperatives, and managers of collective associations from related sectors.
2. The courses take place in Israel or abroad, depending on the response to invitations.
3. Today, we are in the process of establishing two schools to Conceptualize and Manage the Cooperative, and the Total Quality, in Spain of joint-cooperative confederations, and the involvement of thousands of members from different related cooperatives.

#### **The International Forum for Cooperative Trainers**

1. The Forum closely unites cooperative trainers and instructors in different areas of specialization, from all over the world, such as: cooperative law, joint-management, cooperative doctrine, cooperative marketing, etc.
2. Within the Forum framework, the work program falls into nine different categories: the production of didactic material to transmit via the internet network in four languages, the accreditation of the trainers, professional international cooperative trainers' associations and executive meetings, etc.
3. The Forum activities will be financed by foundations, and the production of the work activities will be dependent upon the amount of funds raise.

Israel Rapaport

Director, Center for Cooperative Studies

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International Forum of Cooperative Trainers

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## **The Center for Cooperative Studies of Givat Haviva**

The Center for Cooperative Studies of GIVAT HAVIVA offers a wide range of courses related to the Cooperative subjects in several languages with the best dwelling conditions.

Courses are conducted so to allow an adequate combination of theoretical studies, learning through life experiences (experimental study) and a direct contact with an active cooperative by means of organized tours and/or a stay in that place.

The Courses Available are:

Advanced course for Cooperative Direction & Administration

Course for Cooperative Trainers

Mobile course for Cooperative Direction & Administration

Short courses of "First Aid"

Course of Administrative Training for Agrarian Cooperative Employees (Middle Management)

Basic course for Total Quality Management (TQM) and its application in the Cooperative Organization



# **International Forum of Cooperative Trainers**

## **Rationale**

*They helped every one his neighbor, and every one said to his brother, be of good courage. (Jsaiah 41,1)*

There are 350,000,000 persons in the world who are linked, in one way or another, to cooperative organizations. Thousands of them are exposed every year, through the organizations dealing with training and education, to the subjects relevant to their occupation. The way towards the reinforcement of the cooperative idea, in a world where training, study and specialization are the commands of progress and development, is by the establishment of special organizations concentrating within them the best of the international instructors specializing in cooperative economics and cooperation.

## **What is the Forum?**

The International Forum Cooperative Trainers is an organization providing a framework for the ideological, professional and academic meeting of the profesional trainers working particularly in the field of cooperative economics and cooperation. The principle underlying the institution is that instruction in general and instruction for cooperatives in particular, is a profession in its own right. In the information filled modern world, education and training are among the pillars of human advancement. Educational theories have proved that the processes of study, the qualitative aspects of absorbing and digesting the learned material, are more significant than the quantitative aspects of learning. What is more, the student's mechanical use of the learned material often leads, in the end, to its erosion. On the other hand, proper absorption and integrative digestion of the learned material are the basis for creativity and innovation. Instruction, therefore, is one of the factors for human development. Correct instruction is command of the hour.

## **What are its aims?**

The aims of the Forum on the theoretical level are to bring together under one roof professionals working in training for cooperation throughout the world or interested in learning to be instructors. Also, to contribute to the renovation and development of cooperative ideas on the academic level. Its aims are to enable the education and unified certification of trainers. The exchange of experience and knowledge, the construction of a central international library, research on and the development of instructional tools, adapting existing tools to meet special needs, the formation of multinational teams for

the implementation of complex projects in training, and the like. In addition, the Forum will enable professionals throughout the world to cooperate by international meetings and congresses, to receive professional updating by publication of an international journal etc..

### **For whom is the Forum intended?**

The Forum is intended for persons occupied directly or indirectly in special training in the field of cooperative economics:

- \* professionals working directly in training in cooperative frameworks,
- \* directors of federations and roof organizations responsible for the development of instruction in their organizations,
- \* members of the academic world, students in various professions or field workers whose area of occupation is instruction in general and are interested in instruction for cooperation,
- \* members of societies responsible for member-education,
- \* young members of cooperative societies,
- \* "second generation",
- \* trade union members interested in developing cooperative organizations.

Internet site: <http://www.inter.net.il/>

## **The Development Study Center (DSC)**

The Development Study Center (DSC), founded in 1963 as the Settlement Study Centre, is an independent non-profit institution engaged in research and training in regional development in Israel and the developing world.

The DSC formulated the internationally recognised "Rehovot Approach" which aims at the eradication of poverty and the promotion of socio-economic development in the rural areas of developing countries. The "Rehovot Approach" is based on Israeli innovations and experiences in rural regional development and their adaptation to local conditions in developing countries.

### **International Training and Cooperation**

The DSC offers a combination of training activities for professionals involved in planning and implementation activities related to rural regional development. The main program is the Postgraduate Course in Integrated Rural Regional Development Planning. The course combines five months of academic training at DSC in Rehovot, and an additional two months for a practical exercise at a selected area in a developing country. This program was recognised and recommended by the Social and Economic Council of the United Nations in 1972. Two courses are conducted annually within this framework in English and Spanish. Additional courses of shorter duration in specific subjects such as, rural industrialization, computer applications in rural development planning, rural services planning and the development of micro-regions for rural settlement are also conducted by the DSC.

The DSC also provides on-the-spot courses at the request of host countries. Most DSC courses are held within the framework of the Israeli Ministry of Foreign Affairs, Division for International Cooperation and involve a number of national and international agencies.

To date, more than 3,000 participants from some 80 countries have taken part in the training program.

### **Field Study Internship**

The DSC offers a semester program for undergraduate and graduate students who participate in the field research and evaluation of a specific topic under the direction of DSC faculty staff and in consultation with professors from the faculties of the universities attended by the students.

## **M.A. Program**

The DSC cooperates with Clark University, Massachusetts, USA. in offering a Master's degree in International Development with specialization in Regional Development. The course is conducted over a one year period between three locations: DSC, Clark University and in a developing region in the world.

## **Research and Planning Activities**

### **Research Projects**

The DSC research emphasizes action-oriented projects dealing with problems encountered in the field, which are often commissioned by those authorities involved in the planning and implementation of development programs. The on-going research activity places special emphasis on project related to changes in the economic and organizational structures of rural areas, promotion of local economic initiatives, non-agricultural activities in the rural areas, tourism and the socio-economic aspects of immigrant absorption.

### **Consultancy Services**

The DSC has established a consultancy service for rural cooperative villages interested in changing their organizational structure.

### **Center for Entrepreneurship Development**

The Center was established to support entrepreneurs interested in establishing small businesses and/or developing existing ones through workshops and courses personal guidance and the operation of a business club. The activities are targeted toward the needs of veteran Israelis as well as immigrants.

### **Vocational Retraining**

The DSC offers professional retraining programs to new immigrants which are intended to help them in their integration in the Israeli labor force. The courses are held under the auspices of the Ministries of Labor and Absorption.

## **CIRCOM**

### **International Research Center on Rural Cooperative Communities**

For the past four years CIRCOM main areas of activity were the ongoing publication of the bi-annual Journal of Rural Cooperation (founded in 1973), carrying out research and participation in international meetings.

#### **Journal of Rural Cooperation**

Three new focus of interest characterize the recent issues of the Journal: 1) the Kibbutz crisis and the ensuing changes: this topic was addressed by two thematic issues (Vol. 22/1-2, 1994, and Vol.24/1, 1996) the first devoted to theoretical and practical aspects of the crisis and the current changes under way and the latter to such underlying dimensions as communalism vs individualism and outward vs inward orientation; 2) the Chinese rural organizational scenery, namely regarding the *Township and Village Enterprises* (Vol.23/1, 1995) and the *Shareholding Cooperative System* (Vol. 24/2, 1996); 3) new openings in cooperative theory and practice as embodied in the concept of *The Multi-Stakeholder Cooperative* (Vol.23/2, 1995), Forthcoming issues will comprise articles dealing with the concept of multi-membership cooperative, organizational patterns in Spain and field experiences in the UK.

#### **Research**

Within the framework of the "Open City" project undertaken in Sicily, and in collaboration with the La Sapienza University of Rome, a research was carried out in 15 social solidarity cooperatives of Italy. The main findings were presented at the Research Forum of the ICA (Manchester, september 1995), were published as a book by Oasi Editrice Mediterranea (Troina, Sicily) and appeared as an article on the 1995 Yearbook of the Institute of Cooperative Studies of Deusto University (Spain).

#### **Participation in International Meetings**

Besides the Manchester Forum, The following meetings were attended in 1996 and the respective papers presented: 1) Evora, Portugal (XVe Congres International de l'Association des Sociologues de Langue Fransais) *participation et solidarite dans une societe en transformation rapid: in repensement d3s modeles cooperatifs classiques*; 2) Geneva, Switzerland (8th International Conference on Socio-Economics) *A New Look at the Embedderdness/Disembeddedness Issue* (forthcoming on *Journal of Socio-Economics*, June 1997); 3) Bucharest, Romania (9th Worl Congress of Rural sociology) *Local Development and Cooperatives: How Many in the Same Village?*

As future initiatives the following are under consideration: 1) a study day on the role and place of cooperative welfare services in Israel; 2) the Vth International Symposium of CIRCOM.

## **Carmel Wineries - Societe Cooperative Vigneronne des Grandes Caves Richon le Zion & Zichron Jacob Ltd.**

### **A Vintage Israeli Winery**

The Carmel Wineries, known also as Carmel Mizrachi, is a "vintage" name, both in terms of Israeli history and international wine-making.

Established in 1882 by Baron Edmond de Rothschild, Carmel's beginnings coincided with the revival of Jewish settlement in Palestine. In 1906, the management of the wineries was deeded over to the wine growers by the renowned benefactor, forming the Societe Cooperative vigneronne des Grandes Caves Richon le Zion & Zichron Jacob Ltd. The Rothschild family maintained ownership of the wine cellars until 1957.

During the "Pioneering era" approximately 80% of the wines produced were exported to Jewish communities abroad interested in purchasing kosher, high-quality wines from the Holy Land.

### **The World Toasts the Taste of Carmel**

Today, Carmel is among the world's noted wine producers, with its wines and spirits enjoyed in Russia and the Eastern Bloc, Japan and the Far East, Scandinavia, South Africa, Australia, North America and even traditional wine growing markets in Europe, such as France and Italy. Its annual output is over 3.0 million cases caters to the domestic market as well, accounting for about 70% of sales of fine wines, brandies, alcoholic beverages and natural grape juices.

Carmel's products are certified by the Chief Rabbis of Israel, the Union of Orthodox Rabbis in the United States and the ultra-orthodox Hug Hatam Sofer. all products are 100% kosher for Passover and all year round.

Carmel's full range of beverages features a host of table, sparkling, fortified and dessert wines; a variety of brandies; vodka, rum, gin, arack, and liqueurs; as well as non-alcoholic grape juices. In keeping with the high quality and tradition of its classic products, Carmel also offers a line of flavorsome cooking wines, wine vinegars and virgin olive oil.

## A Distinctly Israeli Formula

The main ingredients for the production of these fine products are cultivated by a unique cooperative consisting of private vineyards, kibbutzim and moshavim, including over 300 families of private farmers situated in all the main growing areas of the country. Israel's warm, dry climate is particularly conducive to the growing of wine grapes, yielding quality crops from year to year.

## Preserving a Tradition of Quality

To accommodate the increased demand for Carmel's products abroad, technological advancements have been added to improve wine production and storage. Physical expansion of the facilities has expanded the company's capacity. Yet, the 112-year tradition of the Carmel Wineries is preserved to ensure the quality and value of its products. More than 250 gold and silver medals won at international wine competitions attest to Carmel's "vintage" quality.

