

## HISTORY AND PHILOSOPHY OF ECONOMICS

### The Mystery of the Kibbutz: Egalitarian Principles in a Capitalist World

**Ran Abramitzky**

Princeton: Princeton University Press, 2018 (360 pages)

Five years ago James Otteson published *The End of Socialism*, seemingly putting the final intellectual nail in the coffin of socialism as an answer to contemporary political and economic challenges. Yet today we see more and more people, including politicians both young and old, spreading the socialist message. This makes Ran Abramitzky's book *The Mystery of the Kibbutz: Egalitarian Principles in a Capitalist World* all the more timely, especially considering that Israeli kibbutzim may have been one of the most successful experiments in socialist living, albeit a voluntary one.

Abramitzky, an economics professor at Stanford, has written an excellent book, a superb addition to the Princeton University Press economic history series. His scholarship on kibbutzim dates back to his PhD dissertation, and, gauging from the voluminous references and lengthy index, as well as an extensive list of acknowledgments, he has clearly considered the subject in a comprehensive way. Moreover, he brings a personal perspective, which is engaging. He was born in Jerusalem and fondly remembers his visits to the kibbutz where his maternal grandmother lived.

The book traces the history of the kibbutz in three phases—the rise, the survival, and the fall—acknowledging that the story does not end very well. The rise of the kibbutzim, dating back to 1910, was a noble venture. While Abramitzky does not dwell on the origins of modern Zionism—Theodor Herzl is nowhere mentioned—the early kibbutzniks, including Abramitzky's grandparents, were pioneers. They rebuilt Jewish life in the “promised land,” worked the fields, created community, provided for safety nets—all

based on idealistic principles of shared values, shared property, shared income, shared child-rearing, and a shared vision for a new Jewish society.

Notwithstanding the inspiring vision, sustaining kibbutzim over time was difficult. Two major problems, Abramitzky explains, arose. The first was free-riding or shirking. Since everyone shared everything equally, there was little incentive to work hard. As one later-generation kibbutz member said, “people like me who started as socialists concluded that you can work hard and get nothing while others don’t work hard. It is so unfair” (93).

The second major problem that Abramitzky highlights was adverse selection, that is, brain drain and low-quality entrants. Highly skilled members often left for more lucrative careers elsewhere. New entrants to kibbutzim, lured by egalitarian benefits, often had minimal skills and a lackluster work ethic.

Beginning in the 1960s and 1970s, kibbutzim began to struggle, with their problems exacerbated by a debt crisis in the mid-1980s. The idealism began to wane, particularly as socialist economies elsewhere languished. Israeli government support, which had been an important economic ingredient for earlier kibbutzim success, dried up. Also, upon Israel’s high-tech boom in the mid-1990s, well-educated and skilled kibbutzniks preferred outside jobs.

Eventually, measures were taken to stem the tide—for example, privatizing some operations, instituting unequal income, and allowing children to be raised within their own families. This met with some success. Today, there are some 270 kibbutzim in existence, and many of them continue to thrive—which perhaps explains the “mystery of the kibbutz” in the book’s title.

Still, based on the kibbutzim experience over the last century, the hope for successful socialist communities going forward, even on a voluntary basis, is not encouraging. The total number of kibbutzim has stagnated, and kibbutzniks as a percentage of the total Israeli Jewish population, which were never high to begin with, have gone from 7 percent in the 1940s to just 2 percent today. While various forms of communal living may be feasible, structuring such communities upon egalitarian values, even among homogeneous populations, is quite difficult.

Incidentally, although Abramitzky does not cover the broader economy, it should be noted that Israel, which has been called by some scholars the “start-up nation,” has had over the past couple decades one of the most dynamic economies in the world. The reasons for this are many, but they notably do not include kibbutzim egalitarian principles. (Kibbutzim have actually been reported to have been recent investors in start-ups.)

In the last few pages Abramitzky addresses an interesting theory that potentially conflicts with egalitarian ideals. Is income inequality actually good in some ways? Can it lead to better educational results? Can it improve people’s work ethic? Quite possibly, he notes. Definitive conclusions, however, are elusive, as economic patterns may be attributable to correlation, not causation. On this question, he is clearly aware of the limitations of his own science of economics.

In the final pages Abramitzky tries to draw some larger lessons. Here, in attempting to go beyond economics, he comes up short.

He broaches the issue of voluntary versus nonvoluntary routes to equality—an important distinction. It is one thing to be part of a voluntary community, with the freedom to join and to leave. It is another to live under socialist laws in a nonvoluntary setting, like one's country, where one must adhere to the laws, even if one does not agree with them.

While acknowledging that nonvoluntary routes to equality have tended to be authoritarian—with “substantial costs in terms of freedom”—Abramitzky seems to gloss over the dire consequences. “People would prefer,” he summarizes, “not to give up their freedom to gain equality” (288). Yes, no doubt, but there is much more to the story—sadly, the brutal suffering and the millions of innocent people killed at the hands of communist regimes.

Also, in one subsequent paragraph, he briefly discusses the subject of high taxes and high redistribution—suggesting that debates on the issue reflect differing views on the costs and benefits. While cost-benefit studies can be helpful, high taxes and high redistribution cannot be evaluated based simply on utilitarian calculations. There are other, important normative considerations. What is just? What does economic liberty entail? What are our rights to private property?

Abramitzky's book can tell us much about the history of kibbutzim—its noble ambitions and its inevitable challenges. For those eager to espouse socialist solutions today, however, the story of these voluntary homogeneous egalitarian communities is not reassuring. How much more problematic is it to try to implement socialist ideas on a nonvoluntary basis within a diverse society?

The illustration on the book's jacket, a painting by Raphael Perez, depicts an idyllic vision of a beautiful, peaceful, happy, and industrious kibbutz community, replete with twinkling lights in the sky. If only it were so easy.

—Curt Biren  
*Los Angeles, California*

## F. A. Hayek: Economics, Political Economy and Social Philosophy

**Peter J. Boettke**

London: Palgrave Macmillan (350 pages)

Peter Boettke's book on F. A. Hayek is a worthwhile read. It is suitable as an accessible and fair introduction to Hayek's ideas. The book, as the author explains, is meant as an account of the evolution of Hayek's thought, and that is what it offers. It traces, clearly and critically, Hayek's debt to Mises and the Scottish Enlightenment philosophers. Along the way it addresses distortions of Hayek's ideas and clarifies some typical misunderstandings. So the book points out that Hayek did not think that the price system was all that one should attend to if the market works to coordinate the networks of goods and services. Again, it reminds us that Hayek did not think that there was no room for the government to act, even if he did think that the market was an important institution. This book familiarizes the reader with the typical objections launched at Hayek's defense of the free market and