The rural space in Israel in search of renewed identity: The case of the moshav

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Abstract

This paper aims to describe and explain the changes which have taken place in the rural areas of Israel by focusing on a particular type of community—the moshav, which is a planned smallholders’ settlement, based on family farms and legally organized as a cooperative society. An analysis of the changes that have taken place in the moshav in the past few decades reveals a process of rural restructuring, similar to that which is occurring in many developed countries. New economic activities have replaced farming as sources of income, and newcomers, mostly of urban origin, have invaded rural communities in search of a better quality of life. These changes derive from a combination of structural changes in agriculture, changing government policies and cumulative decisions of rural households. The result is a more heterogeneous moshav—physically, economically and socially, and growing regional, inter-village and intra-village disparities. These developments have a direct impact on the organizational structure of the moshav, its environmental qualities and its exchange relations with the urban sector. As part of the ongoing process of change the moshav is gradually losing some of its unique features, which formed the basis for its identity as a special type of rural community. This leads to the question of whether the moshav will be able to develop a new identity as a distinct type of rural community, or turn into a suburban or urban community. The answer will depend largely on the direction taken by government policy.

Keywords: Moshav; Rural space; Israel; Economic and social transformation

1. Introduction

During the past quarter of a century the rural space in advanced economies has been undergoing tremendous economic, social and environmental changes. Agriculture is no longer the major economic base of rural areas. Rural communities are turning into middle-class suburbs, inhabited by urban migrants who come in search of real or imagined rural lifestyles and new land-use patterns and structures, designed for industrial, commercial and leisure activities proliferate in the rural landscape. The dominance of productive usage is giving way to a mixture of production- and consumption-led activities, and the rural space is losing its traditional image as a farming area. These changes may be attributed to a number of long-term processes, which derive from the continuous increase in agricultural productivity and the concomitant decline in the number of people who make their living from agriculture, the relative decline in the importance of agriculture under globalization, the increased demand for residence, tourism and leisure activities in rural areas and the growing awareness of the need to protect the rural environment.

Similar changes are taking place in the rural areas of Israel, but their pace has been considerably accelerated since the mid 1980s due to a dramatic change in government policy. At that time the government of Israel decided, as part of an anti-inflation effort, to relax its long-time financial and legal protection of the farm sector in particular, and the rural areas in general. As a result processes of change, which had been contained for a long time, were accelerated, with far-reaching impacts on the rural space. The farm sector was particularly hard hit, due to its high indebtedness and the unexpected refusal of the government to come to its rescue. Farm-owners were therefore forced to seek various means for survival, choosing mostly to reduce their dependence on agriculture...
either by adopting pluriactivity, or by a transfer of farm assets to other farmers or non-farming entrepreneurs, as part of the imminent exit from farming altogether. Only a small minority chose the strategy of expansion and/or intensification of their farms.

In addition, the government initiated a new programme, which removed some of the institutional restrictions on the allocation of farmland for residential use by non-farmers. This move accelerated in-migration into rural areas, and the population of many rural communities has doubled within less than a decade. These developments also brought about a change in the organizational structure of rural communities, which was based for a long time on unique cooperative structures.

Another shift in government policy facilitated the release of agricultural land for new, previously prohibited uses and opened the gate to new groups, which began to take interest in the rural space and its development potential and to compete with the long-time residents for the use of its resources. Both rural dwellers and external entrepreneurs are currently involved in the development of residential, commercial, industrial and recreational enterprises on rural land. The actions of the government were also accompanied by an unprecedented drop in the prestige enjoyed by the rural sector in the society at large. Instead of pioneers in the service of the nation, farmers and rural residents came to be viewed as exploiters of national resources.

This paper aims to describe and explain the changes which have taken place in the rural areas of Israel by focussing on a particular type of community—the moshav (plural: moshavim), which is a planned smallholders’ settlement, based on family farms and legally organized as a cooperative society. The reason for this choice is that besides being the most common type of rural settlement in Israel, the moshav is also the closest in structure to the agricultural village in Western countries. Moreover, as part of the ongoing process of change the moshav is gradually losing some of its unique features, which formed the basis for its identification as a special type of rural community, and its resemblance to the Western village is becoming more evident.

This paper starts with a short discussion of some theoretical issues related to recent trends of change in the rural space in advanced countries in general, and in Israel in particular. This is followed by a description of the transformation taking place in the rural space in Israel and especially in the moshav. Finally, the current implications for the moshav as well as for the Israeli rural space at large are discussed, with some speculations about possible future trends.

2. Theoretical background

In recent years, rural areas in advanced economies have been experiencing significant and multi-dimensional changes, due to ongoing long-term economic, socio-demographic and environmental processes and intervening policy measures. The agricultural crisis, the increased awareness of the importance of a sustainable environment and the growing demand for both rural housing and recreational activities brought about a thorough assessment and revision of policies regarding the rural space. The long-standing support given to farm producers, which resulted in a tremendous increase in agricultural productivity and farm surpluses, particularly in the European Union, is being replaced by new policy measures designed to reduce surpluses, cut down farm subsidies (Pierce, 1993; Winter, 1996), encourage rural development through the improvement of infrastructure and economic diversification (Baldock et al., 2001) and restrict farm practices that are detrimental to the environment. The revised rural policies call, on the one hand, for a decrease in the area under cultivation, a partial shift towards extensification, and in certain cases even a cessation of agricultural production altogether, and, on the other, for the introduction of high-quality farm products and the development of new economic activities within the rural areas (McDonald, 1996; Ilbery and Bowler, 1998; Potter, 1998). In reaction to these new policies farmers and other rural residents who wish to survive in the changing environment must adopt various adjustment strategies, leading to an ongoing process of rural change.

The decreasing dependence of rural inhabitants on farming activities is a common feature of rural areas in advanced economies. This trend may be attributed mainly to the increase in labour productivity and the concomitant decline in farm income, but in part, also to the acquisition of vocational training and higher education by members of farming households. The decline in income is primarily a result of the continuous worsening in the terms of trade of the agricultural sector, and is also associated with the relative decline in the importance of agriculture under globalization. At the same time, improvements in infrastructure and transport services have facilitated the access of rural residents to urban-based employment and enhanced the relative advantages of rural locations as sites for non-agricultural enterprises (Robinson, 2004).

The decline in agricultural employment is accompanied by a growing differentiation within the farm sector, expressed by a shift towards agricultural intensification on the more fertile lands and set-aside on the poorer and marginal lands. Under-utilized land resources released from agriculture have attracted new economic functions and also the in-migration of new population groups. These trends, as well as their derived major social and economic implications, have been widely elaborated by many scholars (i.e. Healy and Ilbery, 1985; Gasson, 1988; Marsden, 1990; Beteille, 1994; Ilbery and Bowler, 1998; 

1The terms of trade in agriculture measure the relationship between the indices of output prices and purchased input prices. The sector faces deteriorating terms of trade due to the fact that input prices rise faster than output prices.
Lewis, 1998; Baldock et al., 2001) and will not be discussed here in detail.

One important result of these processes is the restructuring of rural land and labour resources, reflected in the decreased ability of farm households to control land resources, and an increase in the number of farming households adopting non-agricultural occupations. Farming households actually face three possible strategies of survival in the changing economic environment (Ilbery and Bowler, 1998; Bryden and Bollman, 2000; Sofer, 2001): to increase agricultural production through intensification and/or acquisition of additional land in order to obtain economies of scale; to diversify their income sources by plural activity or by diverting part of their household resources towards non-agricultural activities (Brun and Fuller, 1991; Le Heron et al., 1994; Ilbery et al., 1996); and to resort to hobby farming through a significant reduction of land under cultivation, and finding employment in non-agricultural occupations (Robinson, 2004).

The first two strategies indicate an interest on the part of farming households to maintain their agricultural activity, even if it means the proletarization of some of their labour resources. In contrast to past trends, the adoption of non-agricultural activities does not require out-migration into urban centres. The availability of the option to commute on the one hand, and to introduce non-agricultural activities into the farm itself on the other, allows farm households who choose to diversify their economic base to retain their farms and continue to live in the rural community. This tendency is also reflected in a revised exchange relationship between the countryside and the urban space, which is now expressed not only in terms of the type of goods and services supplied by the rural sector but also in terms of labour exchange between the two sectors (Marsden, 1990; Marsden et al., 2002).

Another result of the ongoing processes of change is the transformation in the socio-demographic composition of the rural population. Out-migration, especially of young and qualified people, is now confined mainly to peripheral rural areas, while areas closer to urban centres are encountering a growing in-migration of urban dwellers seeking a better way of life in the countryside. This trend has been facilitated by improvements in the physical and economic infrastructure and in the quality of life in rural areas (Beale, 1975; Robinson, 1990). The majority of newcomers are upper middle-class educated young people with families, and there is also an element of retirees. The incoming population has an immediate positive effect on the rural communities in terms of both population growth and demographic rejuvenation. It often also contributes to the improvement of local services and to the creation of new employment opportunities for local residents. At the same time competition may develop between new residents and old-timers in the housing market and in the political arena, and conflicts may arise between the two groups, especially with regard to the future development of the community. The newcomers’ impact may therefore reach beyond the immediate changes, by reshaping the rural space according to their conception of the rural image (Robinson, 1990; Furuseth, 1998; Stockdale et al., 2000).

There is also sufficient evidence to suggest that environmental considerations have become a major factor in the changing rural space. Their impact may be perceived in two major aspects. One is the loss of productive resources through the degradation of the natural environment and the encroachment of urban elements, and the other is the increased importance attached to the protection of the rural environment, sometimes at the expense of farming activities. The degradation of productive farmland, semi-natural habitats, and water resources, largely driven by a combination of farm intensification and abandonment, eventually leads to a decline in farm income and even to the termination of farming operations altogether (Baldock et al., 2001; Gal, 2003). Urban encroachment results in a permanent loss of agricultural land, which is diverted to housing, industry and infrastructural projects and is very unlikely to be restored to agricultural or natural uses (Hart, 1991).

Environmental considerations are also indicated in the increased areas under agri-environmental schemes, in the significant growth of organic farming and in the shift towards extensive production, championed by the need to protect biodiversity. At the same time, the increased demand for tourism and leisure activities by urban dwellers strengthens the propensity to protect green areas and open space, although not necessarily through farmland preservation.

3. The rural space in Israel

3.1. The national context: the role of government policy

The rural space in Israel, which contains nearly 1000 villages, is, to a large extent, a planned space. About 80% of existing villages were established as farming communities within a national settlement programme, which was initiated in the beginning of the 20th century and implemented as a joint project of the settlement authority (then the Land Settlement Department of the Jewish Agency) and groups of the settlers themselves. The authority provided land and capital resources, housing and professional and financial support, and planned the basic structure of the settlement and the farm units, and the settlers provided the labour resources and assumed responsibility for the organization and management of the community (Ruppin, 1925). The farm structure was designed with the aim of providing the operating family with an income comparable to the average income of a working urban household, and the settlers were expected to cultivate the land and work full time on their farms. The land remained national property and was given to the settlers on the basis of a long-term renewable lease. The authority supported the settlements until they reached the stage of self-sufficiency, a task that was subsequently
shared by the Government of Israel (Weitz and Rokach, 1968).

Most of these planned settlements are organized as cooperative societies and registered as legal entities. They are classified according to their legal status into several groups—Kibbutz (pl. Kibbutzim—collective settlements), Moshav Shitufi (pl. Moshavim Shitufim—semi-collective settlements), Moshav (pl. Moshavim—smallholders’ settlements), and Yishuv Kehillati (pl. Yishuvim Kehillatiim—non-farming settlements). The latter is a more recent type of planned settlement, first developed in the 1970s. This paper is concerned mainly with the Moshavim, which comprise the largest of the groups and are closest in structure to villages in the Western world.²

The relationship between the settlers and the settlement authority, and later the State of Israel, was based on the mutual understanding that the settlement effort was a partnership designed to achieve a national goal of creating a homeland for the Jewish people. In return for their contribution to attaining this goal the settlers could expect to receive continued financial support as well as other protective measures, such as the legal protection of agricultural land and of the cooperative frameworks, the enactment of specific tax regulations for the farm sector and the creation of rural-specific supporting systems to handle the supply of farm inputs and credit and the marketing of farm products (Schwartz, 1999; Lapidot et al., forthcoming). In time the rural settlements organized in national movements which served as a basis of political power, also enhanced by the high social prestige accorded to them for their service to the nation-building effort. In addition, they were able to develop their own form of self-government, which was later institutionalized as a unique system of local government, separate and different from the urban system, as will be shown later on (Applebaum and Newman, 1997).

The understanding, or unwritten pact, between national authorities and settlers lasted for many years, and provided a measure of stability to the rural settlements. At the same time, the accompanying administrative and legal frameworks left them with only a small margin of flexibility, and prevented them from recognizing the need for adjustment when the socio-economic environment began to change (Lapidot et al., forthcoming). Consequently, as long as the formal structures remained intact and government support continued to flow, the pace of adjustment remained slow.

Early signs of the imminent transformation appeared with the political upheaval in the 1977 elections, when a right-wing government replaced the left-wing regime, which was dominant since the establishment of the State of Israel. The cooperative rural sector began to lose its political power base and gradually also its prestige as a leading sector in the service of the nation. The importance of agriculture in the national economy was also declining and the role of settling the land was turned over to new types of non-farming settlements, mostly Yishuvim kehillatiim (Applebaum and Newman, 1989).

When the government decided in the mid-1980s, during a period of severe inflation followed by a stabilization programme, to withdraw its financial support and protective policies from the farm sector and refused to bail out indebted settlements, the pressure for adjustment, which was contained for a long time, was suddenly released and the rural space began to change rapidly. The cooperative rural sector nearly collapsed under the burden of the tremendous debts incurred through the period of spiralling inflation. Almost all of its supporting organizations—national and regional—were liquidated, the national movements lost most of their political and economic power, and individual settlements and settlers were left to fend for themselves.

The transformation of the rural space gained momentum in the 1990s, with the drastic change in farmland protection policies (Feitelson, 1999). The first step was the release of an official “expansion” programme, which allowed the allocation of agricultural land for a limited residential development in the moshavim (Applebaum and Keidar, 1992). Shortly after, when the extensive immigration from the former USSR republics created an unprecedented and immediate demand for housing, the government removed another restriction on farmland, by allowing its re-designation, under specific circumstances, for non-farming uses (Israel Land Authority, 1992). At that time agricultural settlements were encouraged to give up their land in return for a generous compensation, which some of them did.³ Later on, the Ministry of Agriculture adopted the recommendations of a special committee that facilitated the use of buildings on the family farm home plot for non-agricultural activities (Ministry of Agriculture, 1994).

These policy changes brought new interest groups into rural areas, including non-farming residents, entrepreneurs and developers on the one hand and “green” groups wishing to protect the environment on the other. Each of these contesting groups had its own notion of the role and form of the future Israeli rural space and rural communities. As a result new types of land use have been penetrating the rural landscape at the cost of agriculture, bringing in their wake new conflicts on the use of rural land resources (Feitelson, 1999).

3.2. The farm sector: a changing economic environment

For many decades agriculture has been the mainstay of most rural settlements in Israel, and particularly of the moshav. In recent years, however, the Israeli farm sector

²The Moshavim shitufim, although similar in name, are different in structure. While each household in a Moshav shitufi is a separate consumption unit, all production activities are carried out communally. There are about 44 settlements of this type and they are not discussed in this paper.

³The level of compensation was drastically reduced as a result of an appeal submitted to the High Court of Justice in 2001.
has been going through an adjustment process in order to retain its competitive edge in local and international markets. Two major factors played a significant role in this process: progress in agro-technology, which reduced farm labour requirements, and rising farm productivity, which induced a spiralling growth in supply, far exceeding the slower growth in demand for farm products (Shoresh, 1989). The resulting decrease in real prices of agricultural output, accompanied by deteriorating terms of trade, brought about a significant drop in the profitability of the farm sector in general and of individual farming households in particular (Kimhi, 2004). As a result the tendency to continue farming has been steadily weakening and the number of active farmers gradually declined. For a long time the impact of these processes was mitigated by government support, and farmers continued to cultivate their land even when profits declined, but when this support was removed in the mid-1980s, the restructuring of agriculture began to accelerate. The following data illustrate this point.

Since the 1980s the share of agriculture in the national economy has been constantly declining. Its contribution to the GNP was a mere 1.6% in 2003, compared to about 4.8% in 1980 and its share in the total value of export in 2003 was 4.4%, just under a quarter of its share in 1980 (Ministry of Agriculture, 2003a). Only 2.4% of the total economically active population in 2003 were employed in agriculture, compared to 6.3% in 1980. During the same period the total land under cultivation declined from about 380,000 ha in 1980 to about 355,000 ha in 2002 (CBS, 1981, 2004), with a concomitant increase in spontaneous setting aside of land (Gal, 2003). Just under a third of the total cultivated land was in the hands of the moshav sector (Ministry of Agriculture, 2003a).

Fig. 1 summarizes several selected indicators of change in the farm sector for the 1986–2002 period (index value for 1986 = 100). Apart from farm productivity, which has increased in terms of output per unit of both labour and capital by more than two and a half fold since 1986, and has more than tripled since 1980, all other indicators show negative trends. The terms of trade declined by a third and real income derived from agriculture declined by a quarter. The number of people employed in agriculture declined between 1980 and 2003 from over 90,000 to just about 61,000, while the number of self-employed individuals decreased to a level of just under 20,000—less than half its size since 1986, and about a third of its size in 1980, indicating the gradual replacement of self-employed farmers by wage labour, mostly low-paid foreign workers (CBS, 1981, 2004; Ministry of Agriculture, 2003a, 2004). This tendency contributed to a decrease in production costs and at the same time released household members to engage in more profitable non-agricultural occupations.

This development has affected the occupational structure of the rural population. By 2003 only 12% of the rural labour force was engaged in agriculture as compared with about 33% in 1980. In the moshav sector alone the share of agriculture in total employment was 49% in 1980 and only 17% in 2003 (CBS, 1981, 2004). Agriculture is being replaced mostly by tertiary activities, which have become the major source of employment for rural residents, particularly in the moshav (Table 1). The kibbutz, which began to develop non-agricultural activities, especially industry, as early as the 1930s (Meir, 1982), still has a significant percentage of its population employed in industry.

3.3. The rural population: growth and change

Since the 1960s the share of the rural sector in the national population has been continuously declining, from about 16% in 1961 to 8.3% in 2003. The moshav sector alone declined at the same time from 5.5% to 3.1% of the national population. However, in absolute terms the rural population has grown by nearly 60%, reaching 562,000 by 2003, and the moshav population has increased by more
than 70%, to over 206,000 in 2003 (CBS, 2004). The major thrust of this growth occurred in the 1990s, following the initiation of the new expansion programme that opened the cooperative agricultural communities to new non-farming residents. Prior to this policy change the rural population had increased mostly through the continuous establishment of new settlements. Internal growth, especially in the moshavim, was very slow due to the institutional restrictions on the division of farms among heirs and on the entrance of non-farming households (see below). Since the mid 1970s the newly established settlements were mostly of the non-farming residential type (Yishuvim kehillatiim), located mostly in areas considered to be politically important but unsuitable for farming. Their establishment reflected on the one hand the change in government policy towards rural settlements, which were previously open only to farmers or to people who served the farming community, and on the other the “curbed” demand for rural living, which could not be satisfied in the cooperative settlements (Applebaum et al., 1989). The success of these communities in attracting urban families to the rural areas paved the way to the moshav expansion programme, which was initiated in the wake of the financial crisis.

By the late 1980s some of the moshavim were facing geriatrification, or a disproportionate share of older age groups. The new programme enabled the moshavim, and later on also other cooperative communities, to attract younger families, including migrants from urban areas, to the new residential neighbourhoods (Applebaum and Keidar, 1992). So far, the impact of this growth and change in the composition of the rural population has been felt mostly in the moshav sector, as will be shown in the following sections, since the option for expansion has been utilized by the majority of the moshavim but only by a small number of kibbutzim and Moshavim shitufim.

Summing up, it appears that the Israeli rural space is undergoing a rapid and striking restructuring process, expressed in the decline of agriculture as a major economic sector and its replacement by other sectors of the economy, and in the loss of both tangible and ideological affinity to agriculture by a growing part of the rural population. This restructuring process, as experienced by the moshav, and the possible outcomes are the core of the remaining part of the paper.

### 4. Implications for the moshav

#### 4.1. The moshav: basic features and organizational principles

The moshav is a planned smallholders’ cooperative settlement, first established in the early 1920s. There are 408 moshavim spread out throughout the country, comprising about 43% of all rural settlements in Israel. The average moshav contains between 60 and 100 family holdings. The amount of land allocated to each farm unit differs according to the region and the dominant farm enterprise, varying between 3 and 15 hectares, but is equitable within each moshav.

The moshav plan was based on several principles—both ideological and practical (Rokach, 1978; Applebaum and Margulies, 1979; Schwartz, 1999), which together limit the capacity of the moshav to adjust to changes in the socio-economic environment:

1. The land of the moshav is nationally owned and leased to the settlers for a 49-year period, with an automatic option for renewal or transfer to heirs. The lease is accompanied by several restrictions, which in practice have limited the potential for population growth in the moshav. The allocation of land is based on a fixed and unchangeable number of farm holdings; only a small number of plots are allocated to non-farmers, mostly those who provide a service needed by the community, and individual farms cannot be divided, not even among heirs, and may be transferred only as a single complete unit.

2. The basic unit of the moshav is the family farm. The farm structure and the means of production were planned in a manner that would enable the family to carry out most of the farm work without recourse to permanent hired labour, and to obtain its income solely from agriculture. The target level of household income was defined as that of an average urban household income. Hence, all units in the same moshav were originally based on a similar farm structure and received the same allocation of public resources. This equality in land allocation was also based on ideological grounds—the right of every settler to receive an equal share of
public resources. The amalgamation of two or more farm units was not permitted, circumscribing the ability of farmers to expand their land holding in order to obtain economies of scale.

3. Since the farm on the moshav is considered a small holding, a system of cooperation and mutual aid was established to handle joint purchasing and marketing, underwrite loans of individual farmers and of the community as a whole, and provide assistance in times of crisis. Eventually a formal multi-purpose cooperative society was established for every moshav, taking over the management of all village affairs, including municipal matters. Membership in the cooperative society was a prerequisite for farm ownership. This formal unity between the cooperative society and the municipal authority, which was a unique feature of the cooperative settlement in Israel, served to restrict the permanent residence of non-farmers in the moshav until the early 1990s. Following the recent development of the new residential neighbourhoods this unity was eliminated in nearly two-thirds of the moshavim (Applebaum and Sofer, 2004).

The cumulative impact of the drastic changes in government policy, the decline of agricultural income, the deteriorating prestige of agriculture and the cooperative rural sector, as well as the growing attraction of rural locations for residential and leisure use, eroded the original structure of the moshav and facilitated the rapid socio-economic transformation which has been taking place in the last two decades. This transformation is manifested in the economic base, the occupational and income structures, the socio-demographic composition, the land-use patterns and built-up landscape and the organizational structure, and in the growing heterogeneity of the moshav sector (Applebaum, 1990, 2002a,b; Schwartz 1999; Applebaum and Sofer, 2004).

4.2. Diversification of the economic base

The macro trends shown above are reflected at the micro level in the survival strategies of individual moshav households, which are designed to increase and diversify their income sources (Kimhi, 1994; Sofer, 2001, 2002). A relatively small group of farmers have chosen to increase their scale of operation by shifting towards more capital-intensive enterprises, introducing new forms of agricultural niches linked to quality products, or renting more land for large-scale traditional cultivation. Others have opted to leave agriculture altogether, but the most common adjustment strategy is pluriactivity, including off-farm economic activities, which is facilitated by the enhanced ability of farm households to reallocate their internal labour resources between the farm and external labour markets. In addition, farmers are renting out premises to external entrepreneurs for industrial, commercial and service-sector businesses and storage facilities.

The latest available figures, from the 1995 survey of family farms, indicated that at that time only about 60% of the holdings in the moshavim (15,546 from a total of 26,430) were active in agriculture, and about 62% of farm owners worked on the farm, but only about a quarter of them were employed full time in agriculture. About 25% of the farm holdings produced 70% of the total family farming production, indicating the tendency for the concentration of production in a small number of relatively large-scale farms (CBS, 1998).

More recent data reinforce this finding. Farmers cultivating 10 ha and more tend to lease a large share of the cultivated land from other farmers, and more than 90% of their income is deriving from agricultural production (Sofer, 2002). Those who choose not to expand or intensify their agricultural operations tend to adopt pluriactivity as the major income-augmenting strategy (Haruvi, 1989; Kimhi, 1994; Sofer, 2001). While some family members continue to operate the farm, others open businesses or other non-farming enterprises on the property or work outside the moshav. This strategy is not new. As early as 1965, about a third of the farming households had an additional, external, source of income (Ministry of Agriculture, 1969). At present this is the most common adjustment strategy adopted by family farmers. The reasons given by farmers for this choice are not only the falling income levels but also the availability of unutilized farm premises, and the desire to take advantage of personal education and vocational training (Sofer, 2001, 2002).

Using the share of income derived from agriculture as a criterion, it is possible to divide the moshav households into three types as follows (Table 2):

- farming households, deriving more than 60% of their total income from agriculture;
- mixed households, deriving between 11% and 60% of their total income from agriculture; and
- non-farming households, deriving up to 10% of their total income from agriculture.

The average income from agriculture is over 85% of the total income for the first group and close to zero for the third group. The latter group relies largely on wage income while independent enterprises, on or off the farm, contribute, on average, just over one-quarter of the total income (Table 2). The mixed households still derive, on the average, a significant share (more than 40%) of their income from agriculture, but they are slowly shifting towards other income-producing activities.

While employment outside the moshav has been common for a long time, non-agricultural activity on the farm is a

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*Usually the men show a higher tendency to be involved in agriculture, but also in running a business on the farm. Women show a higher tendency towards wage employment, mainly in close-by urban centres. It may therefore be argued that the external income of women supports the willingness and ability of the household to continue operating the farm as a viable entity (Sofer, 2002).*
The proliferation of non-farming enterprises in the moshavim is to a large extent a result of cumulative spontaneous actions by internal and external entrepreneurs and not a product of a systematic plan. On the contrary, for a long time these enterprises were not recognized as a legitimate avenue for increasing the farmers’ level of income and therefore have been operating without the necessary permits and licences. Since law enforcement in this respect has not been very effective, farmers and authorities alike tended to ignore the illegal aspects of the operation, or at the most tried to delay the resolution of the problem by way of temporary arrangements. By now farmers are eligible under certain conditions to receive financial and technical assistance from public sources, like other small business entrepreneurs, but at the same time they still face the risk of legal claims by the relevant authorities for operating unauthorized enterprises. So far, no government agency has laid down any long-range plan for the development of alternative economic opportunities for rural communities. One aspect of this state of affairs, which will be discussed below, is the disorderly sprawl of non-farming enterprises both inside and outside the built-up area of the moshavim, which is often a source of environmental nuisance and social conflict.

### 4.3. Socio-demographic changes

The decline in agricultural employment was not accompanied by a decrease in the number of households living in the moshavim. Most farms have been continuously inhabited, although not always by the original founding family. Two main reasons account for this numerical stability. One is the location of most moshavim within commuting distance of urban centres, which enables ex-farmers to work in the town and continue to live on their farm. The other is the legal restriction on the amalgamation of farms or, conversely, on the division of the farm among heirs. A farm holding may therefore be transferred only as a single unit and only to someone who is not a farm-owner. As a result, for a long time a change in the socio-demographic composition of the moshavim could occur only by way of substitution in the ownership of farm holdings. This actually occurred in the 1970s and early 1980s, when urban families who had some interest in farming purchased farm holdings in the moshavim (Applebaum, 1986). These newcomers benefited from the improvements in transportation and in rural services, which enabled them to enjoy a rural lifestyle, including hobby farming, and still continue to work in non-agricultural occupations, mainly white-collar jobs or independent businesses, located in nearby urban centres (Applebaum, 1986; Grossman, 1993). The fact that these in-migrants became farm-owners has actually served to minimize the social effect of the differences between newcomers and old-timers. Their employment patterns, however, hastened the change in the moshav occupational structure.

The more prominent change in the demographic and social composition of moshav population occurred in the last decade, as a result of the revised government policy described above (Applebaum and Keidar, 1992; Applebaum and Rimalt, 1995). The expansion programme brought into the moshavim nearly 10,000 new households, an addition of about 35% in one decade. According to the rules laid down in the programme about 25,000 additional residential plots may still be offered to newcomers in the following years (Ministry of Agriculture, 2003b). Although the rules of the programme are the same for all moshavim, the influx of the new households is more noticeable in the near-metropolitan areas than in peripheral areas, as will be

<table>
<thead>
<tr>
<th>Share of income from agriculture (%)</th>
<th>Sources of income (%)</th>
<th>Off-farm enterprise</th>
<th>Renting premises</th>
<th>Leasing land</th>
<th>Other</th>
<th>Total</th>
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<tbody>
<tr>
<td>61–100</td>
<td>Agriculture</td>
<td>85.3</td>
<td>0.7</td>
<td>0.3</td>
<td>0.1</td>
<td>100.0</td>
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<td>11–60</td>
<td>Wage employment</td>
<td>12.4</td>
<td>0.2</td>
<td>0.1</td>
<td>0.0</td>
<td>100.0</td>
</tr>
<tr>
<td>0–10</td>
<td>On-farm enterprise</td>
<td>1.0</td>
<td>1.8</td>
<td>0.9</td>
<td>1.0</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Sofer, 2002.
shown later on, and is therefore regarded as a component of the suburbanization of the rural space.

The new population is quite similar in its characteristics to those of urban to rural migrants in advanced countries. In general, newcomers are young couples with children, with relatively high education and white-collar occupations, whose main aim is to improve their quality of life. Most of them have no interest in farming as a source of employment and income and they tend to retain their social and occupational ties with their places of origin (Orchan et al., 2001). Their entrance has had a significant impact on the host communities in economic, social, cultural and physical terms. On the one hand, they have contributed to the improvement of local and public services, notably education, culture and physical infrastructure (Uzan, 2002). On the other, their arrival has generated conflicts, particularly with regard to their demand to take part in the management of village affairs, necessitating the creation of special mechanisms for conflict resolution (Orchan et al., 2001). The newcomers also have their own views about the future development of the community, which often clash with those of the old-timers. In most cases they are interested mainly in the improvement of services and quality of life, and therefore tend to oppose further residential and economic development, against the interests of many farm owners (Applebaum and Rimalt, 1995).

4.4. Physical and environmental aspects of change

The original layout of all the moshavim was carefully planned on the basis of several common elements—equal-sized farm holdings, divided between a home plot, located within the built-up area of the settlement, public areas containing public buildings and open spaces, and surrounding agricultural plots. The home plot varied in size but generally included residences for the extended family and farm buildings (Yalan, 1975; Maos, 1998). The penetration of new neighbourhoods and non-farming enterprises changed the appearance of the moshav considerably, which now reflects its increasing internal differentiation. The new sections resemble urban neighbourhoods, with much smaller lots of land and highly developed infrastructure, which often stand in contrast to the older, more dispersed sections of the original moshav. In the larger plots of the older sections, a mixture of residential, commercial and recreational structures, some of which are redundant farm buildings converted into non-agricultural uses, is replacing farm-related buildings.

The rapid increase in population and in economic activities has affected the volume of incoming and outgoing traffic, reflecting the commuting patterns of local residents and the growing number of employees, clients and trucks serving local enterprises. Traffic congestion and insufficient parking space often indicate the difficulty of adjusting a rural infrastructure, originally designed for a smaller population and farm services, to urban-type uses. Some of the moshavim used the opportunity of expansion to improve the physical appearance of the moshav by adding and renovating public buildings and repairing the old infrastructure. Those who did not or could not undertake a renewal project often find that the contrast between old and new and the inadequacy of the infrastructure become a source of resentment on the part of the old-timers.

The reorganization of the physical layout and landscape of the moshav has also become a source of social conflict, mostly on environmental grounds. The increased intensity of agricultural production, coupled with the penetration of non-agricultural activities, has intensified negative environmental impacts with respect to land, water, and air resources, and the general quality of rural life, and has created environmental hazards and nuisances (Sofer and Gal, 1996). The problem is especially acute with regard to enterprises and warehouses located on the home plots, within the residential area, which do not always adhere to environmental regulations. The inappropriate infrastructure exacerbates the problem even further. The proximity of residential and commercial structures that involve a high volume of traffic is causing friction among neighbours. The same applies to nuisance-producing farm buildings, which are especially undesirable for the newcomers, who came in search of a quiet, clean and peaceful place.

It is noteworthy that in the early 1990s moshav residents, old and new, protested vigorously against the nuisance created by the new enterprises (Grossman, 1993; Sofer and Gal, 1996). Today, their voice is almost unheard. A large number of farm-owners now have non-farming enterprises on their land, and if not, they anticipate having such an operation in the foreseeable future. Consequently, their perception has changed and nuisances are not viewed to be as harmful as before. As the number of non-agricultural activities has increased, the local inhabitants have become less critical and more indifferent and the amount of complaints has dropped significantly (Boyarsky, 2004). However, it may also be argued that since the authorities have hardly made any effort to enforce the law, some people have despaired, not believing that this trend could be stopped. Others may believe there are other ways to contain the hazards.

4.5. Changing organizational and municipal structures

The changes that took place in the moshav created a mismatch between the old organizational structure, based on cooperative principles, and the new socio-economic structure. At first, the diversification of economic activities removed the justification for joint economic action through the cooperative society (Applebaum, 1990). Whatever remained afterwards of the common interest was eroded by the financial crisis and the concomitant disappearance of mutual trust. At present it is mainly the contract of the land, which is held jointly by all farm-owners through the cooperative society, that still binds them together. The newcomers, on their part, have no share and no interest in
the cooperative society, and even the lease on their residential plots is individual.

The main common interest currently shared by all residents of the moshav is in municipal affairs, and it is in this field that a major transformation has taken place. The system of rural local government in Israel is based on a two-tier system, where the lower tier is the local village committee and the upper tier is the regional council, which encompasses a number of villages. In the 1960s the legal responsibility for municipal affairs at the lower tier was granted to the executive committee of the cooperative society, although it was elected only by members of the cooperative society. With the increasing numbers of non-members an appeal was submitted to the high court of justice, which resulted in an amendment to the law, introduced in 1990. The amendment stipulated that when certain conditions concerning the percentage of non-member residents in the moshav apply, a local municipal committee separated from the cooperative committee shall be elected by all residents, members and non-members of the cooperative alike (Applebaum, 2002a). By 2004, more than 60% of the moshavim elected such a committee, leaving the cooperative committee to deal only with the few economic matters that are still shared by the members of the society (Applebaum and Sofer, 2004).

Several outcomes of this change are relevant to the present discussion. The first is the integration of the expanded moshav into the national municipal system, as a result of which it is no longer governed by the cooperative society, a feature that had given it its unique organizational character. The second outcome derives from the absence of formal mechanisms for regulating the relationships between the municipal and the cooperative committees. Consequently, conflicts that arise between the two committees may be resolved only through voluntary goodwill arrangements, which are not always forthcoming (Applebaum, 2002b). The third outcome refers to the interrelationships between the two tiers of the rural local government. As long as the local cooperative society was viable it handled most of the municipal affairs, while the regional council acted mostly as an intermediary between the village and the central government. The economic failure of the cooperative system led to a gradual transfer of responsibility from the lower to the upper tier. Most of the public services, including education, have been taken out of the moshavim and are centrally provided by the regional council. An observable indication of this trend is the development or expansion of regional centres, which serve as focal points for the provision of public services (Applebaum, 2002a). The power shift from the local to the regional level has been encouraged by the government and has recently been legalized through an amendment to the law.

The long-range impacts of this organizational change cannot be evaluated at this early stage. At the local level they are most likely to result in a revised order of priorities for the future development of the moshavim, especially if the newcomers become the majority in the community. For the new residents the moshavim represent an idyllic way of life, the image of which attracted them in the first place. They wish to retain this image of a quiet place and pleasant atmosphere, close to nature, and have no interest in local economic development, which is more important to the farm owners. Sometimes they actively oppose such development plans. For farmers and non-farming entrepreneurs this attitude endangers their ability to make a living locally, which for some is the only option available. The arena where these conflicting views are discussed is generally the municipal committee, although they may eventually also reach the upper level of the regional council. At the same time the autonomy and decision-making powers of the local community are at risk, especially since the central government is continuously empowering the regional council through legislative and financial measures at the expense of the local committees.

4.6. Increasing inter-moshav and intra-moshav heterogeneity

The different choices made by individuals and settlements under varying conditions have created widening disparities within the moshav sector as a whole as well as within individual moshavim communities. In the first place a growing inequality is noticeable within the farming sector itself. In 1976 the upper quartile of moshav family farms cultivated 59% of the land under cultivation in the moshav sector and produced 68% of the total output value and 74% of the total farm income (Ministry of Agriculture, 1982). By 1995 the upper quartile had already cultivated 84% of the land and had produced 70% of the output value and gross added value. At that time the average cultivated area per farm in the upper decile was 7.3 times larger and the average gross added value was 4.7 times larger than the respective averages of the total moshav sector (CBS, 1998).

By now, however, the rural space is no longer a farmers’ domain but a focus for a wide spectrum of activities and investment in various economic sectors, such as industry and commerce, tourism, recreation and conservation, as well as a desirable place of residence. These investments are not equally distributed across the moshav sector, producing different impacts on individual moshav communities. The regional distribution of non-farming enterprises is an indication of this trend (Table 3). Over 50 percent of non-farming enterprises are located in the central region, with a significant decline in numbers towards the north or the south of the country. Nevertheless, the highest percentage of holdings with such activities is found in the northern region, where nearly 60% of the activities are tourist related, including accommodation and catering. By comparison, the southern region has only 15% of holdings with non-farming enterprises, of which about a quarter are

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5 Disparities in household income may be also affected by non-farm income, but in the absence of reliable data this cannot be confirmed.
farm-related activities. In the central region, with 45% of holdings with non-farming enterprises, two-thirds of such activities are associated with business and personal services (Ministry of Agriculture, 2003a).

These regional differences have also been revealed in the analysis of the income sources of farm holdings (Sofer, 2002). The contribution of on-farm enterprises to the household income was found to be relatively more important for mixed households in the northern region (due mostly to the development of tourist accommodation and leisure facilities), and for non-farming households in the southern region, where off-farm employment opportunities are scarce. In the central region, close to the Tel Aviv metropolitan area, renting premises is relatively more important for non-farming households, reflecting the growing demand for warehousing in that area (Sherman and Keidar, 1993; Sofer and Ne’eman, 1998).

The growing differences in the economic structure within the moshav sector reach down to individual moshav communities. Internal disparities have always been present in the moshavim, but were kept under control by mutual aid and institutional mechanisms. The equal allocation of land and other production assets, the similarity of farm structure, the homogeneous composition of the population and the cooperative norms and institutions had all served to maintain a socially acceptable level of differentiation among members of the moshav. The move towards farm specialization, which started in the 1960s, and later on the development of non-agricultural enterprises, highlighted the differences in entrepreneurial capacity among farm operators and in their abilities to adjust to the changing conditions. The result was a growing internal inequality in the allocation of resources and levels of income. Under these conditions the cooperative frameworks could no longer act as effective equalizing mechanisms.

The influx of new migrants, most of whom are educated people, employed in occupations with higher than average incomes has also contributed to the growing inter- and intra-community disparities. In most cases these newcomers may be regarded as an economic and social asset to the moshavim, but their dispersal in the moshav sector is spatially uneven as Table 4 clearly shows. The central region enjoys a much higher share of incoming migrants than all other regions in terms of both inhabited plots and plots with houses under construction. Nearly 50% of the plots approved for building were already inhabited by 2002 and with the additional 14% of plots under construction the central region will soon use up two-thirds of the total allocated permits. By comparison, the peripheral regions to the north and the south lag far behind in the implementation process.

Altogether, the spatial distribution of investment capital in the form of non-agricultural enterprises and new housing is widely skewed and largely related to locational advantages. Moshavim that benefit from these two major trends may become part of the growth pole of the rural

Table 3
Non-agricultural enterprises on farms by region, 2002

<table>
<thead>
<tr>
<th>Agricultural district</th>
<th>No. of holdings</th>
<th>No. of holdings with enterprises</th>
<th>% of holdings with enterprises</th>
<th>Percentage share</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>4307</td>
<td>2398</td>
<td>55.7</td>
<td>22.5</td>
</tr>
<tr>
<td>Northern valleys</td>
<td>3164</td>
<td>766</td>
<td>24.2</td>
<td>7.1</td>
</tr>
<tr>
<td>Centre</td>
<td>12,539</td>
<td>5583</td>
<td>44.5</td>
<td>52.4</td>
</tr>
<tr>
<td>Jerusalem</td>
<td>2272</td>
<td>869</td>
<td>38.2</td>
<td>8.2</td>
</tr>
<tr>
<td>South</td>
<td>6661</td>
<td>1040</td>
<td>15.6</td>
<td>9.8</td>
</tr>
<tr>
<td>Total</td>
<td>28,943</td>
<td>10,656</td>
<td>36.8</td>
<td>100.0</td>
</tr>
</tbody>
</table>


*aFigures for 2001.

*bThere are holdings with more than one enterprise. The national average for 2001 was almost 1.3 enterprises per holding.

Table 4
The spatial distribution of inhabited plots and plots with building permits in the expansion programme by region, 2002

<table>
<thead>
<tr>
<th>Region</th>
<th>Total no. of holdings</th>
<th>Inhabited lots (implementation)</th>
<th>Under construction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. and (%) of total permits</td>
<td>% of regional implementation</td>
</tr>
<tr>
<td>North</td>
<td>7535</td>
<td>850 (8.7)</td>
<td>11.3</td>
</tr>
<tr>
<td>Northern valleys</td>
<td>4090</td>
<td>536 (5.5)</td>
<td>13.1</td>
</tr>
<tr>
<td>Centre</td>
<td>14,333</td>
<td>6971 (71.4)</td>
<td>48.6</td>
</tr>
<tr>
<td>Jerusalem</td>
<td>3435</td>
<td>714 (7.3)</td>
<td>20.8</td>
</tr>
<tr>
<td>South</td>
<td>6709</td>
<td>696 (7.1)</td>
<td>10.3</td>
</tr>
<tr>
<td>Total</td>
<td>36,102</td>
<td>9767 (100.0)</td>
<td>19.8</td>
</tr>
</tbody>
</table>

economy. Those who do not manage to integrate into the development swing, mainly in peripheral areas, may become part of the marginal pole of the rural space.

5. Future directions

The continuous process of transformation, which is reshaping and redefining the basic features of the moshav, raises doubts about its ability to retain its identity as a unique rural community and its future course. Several trends may already be discerned at this stage. Others can only be speculated upon.

First, it is clear that the transition from dependence on farming to a more diversified economic base has changed the nature of the moshav, as well as that of the Israeli rural space at large. The moshav, like other sections of the rural sector, has been transformed from a space of production to a space of mixed production and consumption. In addition to the supply of agricultural products the rural sector now provides the urban areas with commercial products and leisure services. The newly shaped interrelationship is also spreading into the labour markets, and the moshavim have become an integral part of the urban employment field, supplying labour inputs to urban areas and local employment opportunities for urban dwellers. Yet, although the penetration of urban-type elements—residential neighbourhoods, non-agricultural activities or leisure facilities—is blurring its agricultural character, the moshav is still a farming community, and agriculture and its related activities remain an important element of its economy and landscape, and possibly also of its appeal to in-migrants.

Second, while these trends are generally similar to those encountered in other advanced economies, the government policy in Israel seems to be leading in an opposite direction. On the one hand support to agriculture has been drastically reduced, and on the other, there is no government plan that is designed to encourage the development of alternative sources of employment and income for either part-time farmers wishing to retain their farm or to ex-farmers. On the contrary, there are many restrictions on the establishment of on-farm non-farming enterprises. This situation is particularly problematic for those people who are unable to compete in the labour markets due to age, lack of professional training, distance from urban concentrations and other limitations. This question of economic diversification in rural areas has recently become an issue of public debate, which even reached the high court of justice, where urban authorities contest the development of industrial and commercial zones within rural jurisdictions, claiming unfair competition due to lower costs.

At the same time the government relaxed its restrictions on the in-migration of non-farming population into the moshavim and encouraged their entrance through financial and institutional assistance. The declared aim of this move was to rejuvenate failing and ageing moshavim, and while this aim has been achieved to a large extent, the new population is also changing the power structure in the moshavim, weakening the position of farmers and their control over the use of land. Another type of pressure on the land comes from development interest groups, which include among their ranks both external urban groups and internal groups of farm owners, all of whom wish to re-designate farm land for residential, industrial or commercial uses. Another interest is represented by the environmental protection groups, which maintain an ambivalent relationship with the farm sector, the latter regarded on the one hand as a protector of open spaces and on the other, as one of the largest polluters of natural resources. In the face of all these groups which contest its control of resources, and with the loss of its social prestige and political power it is not surprising that the agricultural sector often finds itself in a defensive position.

Third, within this framework moshav residents make different choices in different directions, depending on the regional and local context, the opportunity structure and their personal characteristics and ability to make the necessary adjustments. The result is a growing heterogeneity within the moshav sector as a whole and inside individual moshavim in economic, social and environmental terms. The moshav is no longer dominated by the agricultural population but comprises a mixture of different interest groups such as active farmers, part-timers who practice pluriactivity, ex-farmers and non-farming residents and sometimes also transient populations. This heterogeneity has produced an organizational transformation in moshav communities, replacing the long-time cooperative system with a municipal form of management. The old regime, however, is not giving up without a fight and the cooperative society still exerts considerable power over the handling of local affairs, mostly through its control of the land.

There are many indications that this heterogeneity has also led to growing intra-moshav and inter-moshav inequalities across regions and communities, but there are very little hard data to show the scope and nature of this phenomenon. While the inequality in farm income has been documented, very little is known about the total income levels of rural households which include both farm and non-farm income of all household members. The existence of uneven development may be deduced from an analysis of the employment structure. For instance, there is certainly a difference between peripheral moshavim, which suffer from both dwindling farm income and lack of alternative sources of employment, and those that succeeded in diversifying their economic base through tourist-related enterprises or other non-farm enterprises. At the same time certain peripheral areas are characterized by large-scale or specialized agriculture which is still profitable. It may be assumed that in many cases non-farm income serves to reduce inequality but this has not yet been proven by hard data, and requires further research.

And last, but not the least, the moshav seems to be losing some of its unique structural and organizational features, based on the original principles, in favour of more flexible
frameworks. Notable among these is the transition from the cooperative model of organization to the less-demanding municipal model, which is closer to the urban form of administration. It appears that despite its inherent structural inflexibility the moshav and its households have found a way to adjust to the changing economic environment by deviating from the original principles. While part of this adjustment may be attributed to the relaxation of some principles by the relevant public institutions, other principles have been circumvented by moshav households, although they are still officially intact. In that sense the moshav is coming closer to the rural community in Western advanced economies. However, in spite of its dramatic transformation the moshav still retains some of its unique structural features, mainly with regard to the land leasehold, allocation and transfer rights and the cooperative framework which still binds all farm owners together.

The overall transformation in the economic, social, organizational, physical and environmental attributes of the moshav raises a major question regarding rurality in general, and the survival of the moshav as a unique type of rural settlement in particular. Will it retain some of its traditional features and develop a new identity which separates it from other types of settlement and which has yet to be defined, or will it become just another suburban, or at the most a rural community? Is the current pattern of uneven development a transitory phase or is it likely to persist for so long that it can be seen as the normal state of affairs? Will the current inequalities widen or narrow over time? We may speculate on the answers; yet, it is clear that while the attitudes and actions of local residents may play an important role, the course of the process will depend to a large extent on the direction taken by government policy, and the value it will attach to the protection of a sustainable and distinct rural space as opposed to the urbanization of the countryside. This conclusion may perhaps open a new avenue of research about possible forces that might change the current structure and development of the rural space, but this is beyond the scope of the present discussion.

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