

Co-operatives and Trade Unions

IN ISRAEL

by

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Background

The Co-operative Movement in Israel is an integral part of the labour movement. The origins of the trade unions and of the co-operatives in Israel may be traced to the social and economic conditions which prevailed in Palestine at the turn of the twentieth century. Whilst the trade unions and the co-operatives were two separate but parallel organisations from 1910 to 1920, without any functional collaboration, it is significant that the ideological concepts and the social origins of the members were the same for both movements.

The founding members of the teachers' union, of the first printing co-operative, and of the first agricultural co-operative were motivated by the same Zionist-socialist ideology: They believed that the solution to the national and social problems of the Jewish people lay in a socialist society in Israel.

The ideal of the young pioneers was to build in Palestine itself a new and better society, based on justice, equality and democracy; a socialist society which did not pass through the capitalistic stage of development. This socialist society was to be built by the young Jewish immigrants, motivated by the overriding necessity to solve the problem of religious persecution caused by anti-Semitic movements. The society would be a National Home for the millions of oppressed Jewish people who had been dispersed in an unfriendly world for last two-thousand years.

The Theoretical Approach

From its origins, the Israeli Co-operative Movement had as its final goal the building of a better society based on co-operation and the replacement of the existing social and economic system. It was based on the ideal of Robert Owen, Charles Fourier and Charles Gide in the latter's Co-operative Republic. It is the ideal of the dominant co-operative commonwealth school of thought. Its long-term objective is to create a better society which will replace the capitalist, competitive system. The short-term objective is to better the standard of living of the members and to provide better services. This is only a first stage in the co-operative struggle for a better society.

The classical theory of the trade union movement is based on the right of workers to struggle for a higher standard of living and for better conditions of life and work. Industrial democracy - a modern trade union concept - advocates the right of workers to control factories and businesses and to have an equal share in the national wealth. At the same time, it is clear that in the ultimate stage of industrial democracy workers will wield control thus gaining a better and more equal distribution of wealth in society.

Co-operatives and trade unions are not an objective in themselves but a means to achieve a better distribution of national income and a higher standard of living for a majority of the nation's workers and farmers.

The basic assumptions of the Israeli labour movement, of the Israeli Co-operative Movement and the trade union organisation are:-

- (a) Workers include all men and women who use their own labour as their chief source of income; who do not exploit the labour of others; who may be salaried workers or independent workers; wage earners or farmers; intellectuals or unskilled workers, etc. All of them have the same interest and have to be organised in one labour movement.

- (b) The workers, who form the majority of the nation, have to be actively involved in the social and economic development of their people. Their task is to struggle for a better standard of living and to take an active part in building a sound and strong labour sector in the national economy.
- (c) The ultimate goal and ideal of the workers is to build a better, socialist society.
- (d) The means by which these goals are achieved are:-
 - (1) A general organisation of all workers in the country encompassing four main activities: trade union activities; economic activities; mutual help activities and cultural, educational and sports activities.
 - (2) The political party is the most important arm for controlling political power and achieving political influence ensuring workers' influence in government.
- (e) A very clear differentiation between the activities of the General Organisation of Labour (the Histadrut) and the activities of the political parties has to be kept. The Histadrut does not interfere in the activities of the political parties.
- (f) The General Organisation of Labour (Histadrut) is a democratic and voluntary organisation; membership is personal and private; only members may take part in the four activities of the labour organisation. To become a member of a trade union or of a co-operative - which belong to the Histadrut - a worker has to be first a member of the General Organisation of Labour.

Achievement Through Development

The Histadrut was founded in 1920 by 4,500 salaried workers and farmers, members of trade unions and of workers' co-operatives and of rural farmers' co-operatives. From the very beginning, trade unions and

co-operatives were organised under one roof. Trade unions and co-operatives were the two arms of one labour movement. Members of trade unions and members of co-operatives were members of the same labour movement, struggling together for the same goals.

In 1924, the Hevrat Ovdim was founded as a primary co-operative society of all worker members of the Histadrut. Hevrat Ovdim was from the beginning the framework for the economic activities of the Histadrut. All types of economic enterprises initiated by workers, such as co-operatives, financial enterprises, the Workers' Bank, insurance societies, building enterprises, Histadrut industrial enterprises, transport co-operatives, and agricultural production, marketing and supply co-operatives are an integral part of the labour economy and are co-ordinated, financed and controlled by Hevrat Ovdim.

Building a co-operative labour sector within the national economy was based on the assumption that the workers themselves had to organise their own form of savings, through pension and provident funds and through their own insurance enterprises. Hundreds of millions of Israeli pounds, saved through the Histadrut pension and provident funds were invested year after year in co-operatives and in Histadrut enterprises. Following the co-operative principle of maximization of reinvestment of surplus and profit from all co-operatives and enterprises, the labour economy had a higher annual rate of economic growth than the national economy.

Mutual help was a 'must' and necessity for the hard and very difficult objective and subjective conditions encountered by the young Jewish pioneers during their first steps in Palestine. The need to adapt themselves quickly and well to the conditions, spurred the young people to organise medical insurance and mutual help societies many years before the founding of the Histadrut. Kupat Holim, the medical insurance system, which provides free medical care, free medicines and free hospitalization to all worker members of the Histadrut and their families is a third branch of Histadrut

activities. A member of the Histadrut must be a member of Kupat Holim. Fees paid to the Histadrut are also, in fact, the fees for Kupat Holim. As a practical expression of mutual help among worker members of the Histadrut, pension funds were established, insuring old age pensions to all working members.

Educational, cultural and community development activities are the fourth branch of activities. Workers' colleges for workers' education, professional and training schools, rest and recreation homes, old age homes, sports teams in all fields and a daily paper are just a few of the Histadrut's functions.

The General Organisation of Labour in Israel is, in fact, a large co-operative society based on mutual help and co-operation among all members. The surplus and profits of the labour economy, co-operatives and Histadrut enterprises are reinvested, partly in less-developed regions of the country to provide jobs and speed development for those areas; partly in the small and weak co-operatives and Histadrut enterprises to ensure their quick and satisfactory development; partly in the Histadrut mutual help institutions to provide better medical services, more beds in hospitals for sick members of the Histadrut; partly in educational, cultural, recreational and sports activities. Thus, the surplus and profits are indirectly transformed into better services for members, contributing indirectly to a better and higher standard of living of worker members of the Histadrut.

Ninety per cent of the labour force in Israel is organised in forty national unions. Some are craft unions such as the teachers' union. Others are industrial unions like the textile workers' union. And there are general workers' unions such as the civil servants' union. Ninety per cent of the organised workers in Israel are covered by collective agreements.

To become a member of a union one must first become a member of the Histadrut. Fees are paid to the Histadrut and not to the union. No union

rivalry may take place in any enterprise. The executive committee and the executive bureau of the Histadrut co-ordinate the unions' activities, approve their budgets, and decide on their general wage policies.

A worker member of the General Organisation of Labour in Israel (that is, the Histadrut) is at the same time a member of a union, a member of Hevrat Ovdim (the general co-operative society) and a member of Kupat Holim, the general sick fund and medical insurance system.

The Histadrut provides a large range of services for its members: consumers' co-operative services, housing, credit, membership in old age pension funds, medical care, membership in all types of co-operatives, educational and cultural services, etc.

Trade unions and co-operatives are the workers' arm to achieve industrial democracy in Israel. Co-operatives are the most advanced stage in the field of industrial democracy. They are characterized by the workers' control of enterprises and the workers' ownership of the means of production. The Histadrut enterprises compete with private and governmental enterprises in offering the workers a better salary. Co-operatives and Histadrut enterprises are the leading sector in the industrial democracy of Israel.

The most important achievement of the Histadrut is the enrolment of the wage earners and salaried workers in trade unions, and the enrolment of the farmers, independent craftsmen and professionals in co-operatives. They are all struggling together for a higher standard of living and a better society. All their activities are co-ordinated and controlled by the sole General Labour Movement, the Histadrut.

Current Problems

Some of our current problems may usefully be seen against the background of the following tables:-

Table No. 1:

EMPLOYMENT IN ISRAEL AND IN HEVRAT OVDIM
ECONOMY IN 1971

	No. of Employed	Percentage of the to- tal labour force	Percentage of Histadrut Membership
Total Labour Force	1,032,800	100	-
Histadrut Membership	867,000	85	100
Members of Co-operatives	181,000	17	21
Employed in Hevrat Ovdim- owned enter- prises	54,000	5	6
Trade Union Members	632,000	63	73

Source: Statistical Abstract of the Histadrut Research
 Institute - 1974.

(Continued)

Table No. 2:

HEVRAT OVDIM'S CONTRIBUTION TO THE NET NATIONAL
PRODUCT BY MAJOR ECONOMIC BRANCHES - 1971

(By Percentage)

Economic Branch	Histadrut Economy	National Economy	Histadrut as Part of National Economy
	1	2	3 = (1) (2)
Agriculture	25	7	74
Manufacturing	21	26	18
Construction and Public Works	10	9	24
Transportation	9	8	20
Trade, Banking and Services	35	50	13
Total:	100	100	20

Source: Ehud Shilo, "Israel's Labour-Controlled Economy" in Review of Public and Co-operative Economy in Israel, No. 1, 1973. Jerusalem Academic Press, Page 7.

Problems

- (1) The labour economy (Hevrat Ovdim - the co-operative sector and the Histadrut enterprises), the Government enterprises and the private enterprises are the three major sectors of the Israeli national economy. The general trend in

recent years is marked by a gradual decline of the labour economy's share in the national economy. For example, the net product of the labour economy in 1965 was 22.5%, in 1970 19.4% and 16.9% in 1973. The employment in the labour economy was 24.1% in 1965, 22.7% in 1970 and 22% in 1973. Competition between the capitalistic private sector and the labour-oriented, co-operative sector resulted in a more favourable development for the private sector and private investments.

- (2) Efficiency and modern management of competitive business enterprises are sometimes in conflict with the principles of democratic control and with the ideal of a socialist society. Large enterprises are more efficient; professional managers have to be hired. Rapid growth is compelling many co-operatives to employ hired labour, to pay salaries and to exploit labour. The Histadrut co-operatives are looking for adequate solutions such as workers' participation and workers' control in Histadrut factories.
- (3) The co-operatives and labour economy sector in the Israeli economy has to struggle very hard to maintain its unique co-operative character in the face of the strong impact of the whole range of the capitalist sector. The relative decline of the labour economy's share in the national economy; structural changes in the Histadrut enterprises and co-operative societies; a decline of the political-ideological factor among workers and members of co-operatives; a belief that socialism is no longer the only way of life open and the only choice left to workers as it was previously - all of these things have contributed to a decline in the co-operative sector.

In conclusion, I believe that the future of the co-operative sector and of the labour economy are very much related to: (a) the economic efficiency and rapid economic growth of these sectors; (b) a return to socialism by means of an effort to reach the long-term objective of the Co-operative Movement - the building of a better society to replace the competitive, capitalistic one.