#### Contents

## Introduction The kibbutz puzzle 1

#### PART I THE RISE 19

Chapter 1
How my grandparents helped create a kibbutz 21

Chapter 2
A bird's-eye view 39

Chapter 3
Why an economist might create a kibbutz 59

#### PART II THE SURVIVAL 75

Chapter 4
On the creation versus survival of societies 79

Chapter 5
The free-rider problem 87

Chapter 6
The adverse selection and brain drain problems 105

Chapter 7
The problem of human capital investment 161

#### PART III THE FALL 179

Chapter 8
The shift away from equal sharing 181

Chapter 9
Why some kibbutzim remained egalitarian and others did not 198

Chapter 10
The consequences of rising income inequality 224

Chapter 11
On the (lack of) stability of communes: an economic perspective 250

Chapter 12
Economic lessons in a nutshell 283

Chapter 13 Epilogue 292

Kibbutz timeline 297

Acknowledgments 301

References 305

Index 325

# THE MYSTERY OF THE KIBBUTZ

### To my wife Noya and our boys, Roee, Ido, and Tom